Annual Report 2023

Building families and helping people live better lives

FERRING
PHARMACEUTICALS

Annual Report **2023**

Contents

Entering an exciting new phase of growth

Jean-Frédéric Paulsen
Chairman of the Board of Directors

Lars Rebien Sørensen
Vice-Chairman

> **Ferring is evolving to make the most of enormous opportunities.**

In 2023, we launched two innovative, first-in-class medicines, following their approval by the U.S. Food and Drug Administration (FDA) at the end of 2022. During the year, we have focused on delivering the value of these two medicines – Adstiladrin® (nadofaragene firadenovec-vncg) and Rebyota® (fecal microbiota, live – jslm) – for patients and clinicians, and for everyone at Ferring as we enter an exciting new phase of growth.

The U.S. launch of Adstiladrin means that, for the first time, patients with a severe form of bladder cancer and few other available treatment options can receive a highly innovative intravesical gene therapy which mobilises the body's natural defence to fight the disease. The importance and potential of this new therapy were recognised by our USD 500 million royalty financing agreement with Royalty Pharma, a leading funder of innovation in the biopharmaceutical sector.

With the U.S. approval of Rebyota, Ferring established a new therapeutic class by advancing a microbiome-based treatment from a scientific concept into current clinical practice. These new products together represent an important achievement for Ferring, complementing our leading position in reproductive medicine and establishing our reputation as innovators in our historically strong areas of gastroenterology and urology.

The company must clearly evolve to make the most of these opportunities, and there were some significant changes to our Board leadership beginning in July 2023. This joint message reflects an important transition at the very top of Ferring, with Jean-Frédéric Paulsen becoming Chairman of the company founded by his grandfather Dr. Frederik Paulsen and Eva Paulsen in 1950. Lars Rebien Sørensen, who has held the post of Chairman since 2021, became Vice-Chairman, ensuring continuity of leadership and the widest possible range of skills and experience.

During the year, we also welcomed two new members to the Board of Directors. Viviane Monges, who took over as Chair of the Audit and Finance Committee, brings a wealth of experience, having held senior corporate positions in the life sciences and consumer sectors. Henrik Normann, who also joined the Board of Directors, was previously President and CEO of Nordic Investment Bank, and has chaired or served on the boards of other leading institutions.

We would like to express our warm thanks to Jeffrey Hobbs, who stood down from his role as Vice Chairman and Executive Director during the year. Jeffrey has given several decades of outstanding service to the Ferring Group and his astute guidance and counsel have played a significant role in Ferring's growth and success.

We would also like to thank Hélène Ploix and Alexandra, Countess of Frederiksborg, who stood down from the Board of Directors after many years of service. Finally, we wish to convey our special thanks to Per Falk, who stands down as President in April 2024 having held this position since 2019. All these colleagues have made a tremendous contribution to the transformation of Ferring into the successful business it is today.

Our Executive Committee was strengthened by the appointment of Pierre-Yves Berclaz, who became Executive Vice President and Chief Medical Officer following the departure of Mirjam Mol-Arts, and Cyril Grandchamp-Desraux, who joined in January 2024 as Executive Vice President and Chief Commercial Officer.

As we look forward to another year filled with enormous potential for Ferring, we are confident not just in the qualities of our senior executive team, but also in the many thousands of colleagues worldwide whose dedication and expertise will help to ensure that we succeed in our never-ending mission of helping people live better lives.

Breakthroughs that will define Ferring's future

Per Falk
President

> **We constantly innovate to push back the frontiers of medical science.**

For more than 70 years, Ferring has built its reputation as a company that understands and responds to the needs of patients, and constantly innovates to push back the frontiers of medical science. There have been many breakthroughs down the decades, but when we look back on 2023, we may well recognise it as a true turning-point in the history of Ferring.

While the company's heritage remains firmly rooted in reproductive medicine and maternal health, 2023 was the year in which we brought two game-changing innovations to market. The year began with the launch of Rebyota® (fecal microbiota, live – jslm), the first microbiome-based live therapeutic ever to be approved by the U.S. Food and Drug Administration. This was followed by Adstiladrin® (nadofaragene firadenovec-vncg), a new form of gene therapy with the potential to transform the treatment of certain urological cancers.

Progress such as this requires an extraordinary level of coordination and teamwork throughout the organisation. In addition to Ferring's commercial, medical and regulatory teams, I would like to congratulate everyone in our global Technical Operations network who overcame many challenges to ramp up production and make these new products available to patients in the USA.

During the year, we integrated production of the active pharmaceutical ingredient for our leading fertility treatment Menopur® (menotropins for injection) into the Ferring manufacturing network, ensuring we are better able to serve the needs of patients in future.

It was also a crucial year in terms of research and development, with the launch of a new R&D operating model which promises to transform Ferring's approach to drug discovery. We are increasingly investing in strategic partnerships, in-licensing agreements, and acquisition of assets from third parties, recognising that external sourcing is now a more effective strategy for new drug development. At the same time, we consolidated all our internal drug discovery efforts in Soundport, Ferring's state-of-the-art complex in Copenhagen, Denmark, which provides a centre of excellence for the company's scientific research.

I am proud that in 2023, we marked the tenth anniversary of Project Family: Safe Birth, which is driven by the vision that no woman should die while giving birth. This high-profile commitment aims to tackle postpartum haemorrhage, a leading cause of maternal mortality worldwide. In 2023, we provided one million doses of our medicine Carbetocin Ferring at an access price for women in low- and lower middle-income countries.

Our contribution was recognised when Ferring was included in Fortune's "Change the World" List of companies that have made the greatest impact in addressing society's unmet needs. This is one of the longest running public-private partnerships in healthcare and continues to evolve with our contribution to the World Health Organization's REACH clinical trial. This is one of many activities that form part of our Environmental, Social and Governance (ESG) strategy, demonstrating our commitment to the highest standards of sustainability.

This marks my final year as President at Ferring, a position I have held since January 2019, after joining the company in 2015. I shall always look back with pride on what we have achieved during my time here. Above all, I leave with a profound sense of gratitude to the whole "Ferring family", whose dedication and commitment are the foundation of the company's success. I am confident that in the hands of the new leadership, Ferring will continue to prosper as it enters a new phase of progressive growth.

Per Falk
President

A year of resilience
at a pivotal point in our journey

Dominic Moorhead
Chief Financial Officer

> **“We are in a robust position to invest in delivering on our strategic growth goals.”**

P&L statement Key financials	2023 € million	2022 € million	% Change @CER	% Change @AER
Total revenues	**2,196**	**2,277**	**+1%**	**-4%**
of which sales of goods	2,159	2,214	+2%	-2%
Operating profit	**139**	**231**	**-19%**	**-40%**
OP as % of sales	6.5%	10.4%	-	-
Net income	**118**	**176**	-	**-33%**
NI as % of sales	5.5%	7.9%	-	-

In 2023 Ferring Pharmaceuticals reported total revenues of €2,196 million, which was -4% lower than 2022 at actual exchange rates (AER), but +1% higher at constant exchange rates (CER). This was achieved through robust performance in our core franchise of reproductive medicine and helped by a continued contribution from our legacy products. Unfortunately, a number of supply interruptions tempered growth in the second half of the year. Depreciation of the U.S. dollar versus the euro resulted in the decline at AER.

Business activities normalised during the first half of 2023 following the Menopur® supply constraints in late 2022 and related cost containment measures, leading to increased investments and overall spending across the Group, especially related to the new product launches of Rebyota® and Adstiladrin® in the U.S. In addition, the year saw some significant one-time items linked mainly to the acquisition of the Massone Group and impairment of intangible assets. Overall, operating expenses increased by +€86 million versus the prior year (+7% at AER and +9% at CER), and totalled €1,352 million.

For the year as a whole, lower revenues combined with increased investments and one-time items resulted in an operating profit of €139 million, a decrease of -€92 million versus the prior year (-40% at AER and -19% at CER). In particular, asset impairments totalled €139 million, of which €115 million related to Rebiotix Inc. following the acquisition in 2018. Importantly, EBITDA increased by +€43 million (+12% at AER) to reach €406 million and equated to 19% of sales, which is a margin improvement of +2 percentage points.

Net income for the year reached €118 million, which was -33% (at AER) lower than the prior year, with reduced taxation being largely offset by foreign exchange currency losses and higher financial charges.

Revenues reached €2,196m
(-4% at AER, +1% at CER)

Total revenues, comprising sales of goods, royalty income and other income, reached €2,196 million, a decrease of -4% at AER or a growth of +1% at CER.

Royalty income and other income totalled €38 million, a decrease versus the prior year which included some non-recurring incomes.

Sales of goods totalled €2,159 million, with a decline versus 2022 of -2% at AER but an increase of +2% at CER. The depreciation of several currencies against the euro, particularly the U.S. dollar, resulted in an unfavourable currency effect of -€92 million versus the prior year. At CER, sales increased by +€37 million for the year, driven by Menopur® performance in the U.S. and a business model change for Firmagon® in Japan, partly offset by a recall of Endometrin® and continued limited supply of Menopur® in the rest of world markets.

Sales of goods by region	2023 € million	2022 € million	% Change @CER	% Change @AER
U.S.	980	920	+9%	+7%
ELAC*	686	753	-4%	-9%
APMA*	474	531	-5%	-11%
Other	18	10	+88%	+90%
Total sales of goods	2,159	2,214	+2%	-2%

** See explanation below*

Performance across the regions based on changes in sales of goods at CER is explained as follows.

The U.S. was the largest area with sales of €980 million (45% of total), with growth of +9% (CER) driven by excellent Menopur® performance of +27% (CER) and the launches of Rebyota® and Adstiladrin®. This was partly offset by Endometrin® and Fyremadel® which were impacted by supply interruptions.

Europe, Latin America and Canada (ELAC) generated sales of €686 million (32% of total). Despite the positive performance of Rekovelle®, Pentasa® and Minirin®, along with the launch of Menopur® Pen, the supply shortage of Menopur® Multidose and Menopur® 75IU in key regional markets resulted in a -4% (CER) overall sales decline compared to the previous year.

Asia Pacific, Middle East and Africa (APMA) achieved sales of €474 million (22% of total), a decline of -5% (CER) versus the prior year. Although Rekovelle® drove strong growth, the Reproductive Medicine and Maternal Health (RMMH) franchise faced challenges due to the Menopur® supply shortage and Endometrin® recall, resulting in a -19% (CER) decline in sales compared to the previous year. This was partially offset by a business model change for Firmagon® in Japan.

Sales of goods by franchise/product	2023 € million	2022 € million	% Change @CER	% Change @AER
RMMH	1,171	1,211	0%	-3%
of which Menopur®	*816*	*771*	*+9%*	*+6%*
Microbiome/Gastroenterology	530	563	0%	-6%
of which Pentasa®	*331*	*342*	*+2%*	*-3%*
Urology/Uro-oncology	312	291	+13%	+8%
of which Minirin®	*181*	*183*	*+4%*	*-1%*
Orthopaedics	131	141	-4%	-7%
Other	15	8	+103%	+97%
Total sales of goods	2,159	2,214	+2%	-2%

From a therapeutic perspective, our core RMMH franchise achieved sales of €1,171 million (54% of total sales), resulting in a flat performance at CER compared to the previous year. Within this, the flagship product Menopur® reached sales of €816 million with strong growth of +9% at CER (equivalent to €68 million). This was somewhat offset by the voluntary recall of Endometrin® and supply interruption for Fyremadel®.

The Gastroenterology and Endocrinology franchise reached sales of €530 million (25% of total sales). Price erosion was offset by volume growth in Pentasa® and Zomacton® and by the Rebyota® U.S. launch, resulting in flat sales overall compared to prior year at CER.

The Urology and Uro-oncology franchise recorded sales of €312 million (14% of total sales) with growth of 13% (CER), primarily driven by the business model change for Firmagon® (+24% CER), growth of Minirin® (+4% CER), and the Adstiladrin® U.S. launch.

Continuing to invest for the next phase of profitable growth

Total revenues were +1% higher than the prior year at CER, benefiting from the Menopur® recovery plus the Firmagon® business model change, as well as initial sales from the launch products. The gross profit margin was 69% of sales in 2023 versus 68% in 2022, a slight increase of +1 percentage point.

Operating expenses totalled €1,352 million and increased by +9% at CER (+7% at AER) versus the prior year. Within this, sales and marketing costs increased by +11% at CER (+6% at AER) representing 26% of sales, due to important investments in the launch of Rebyota® and Adstiladrin®. Research and development investments reduced by -3% at CER (-1% at AER) representing 16% of sales, as the development pipeline evolved and certain clinical studies reached their conclusion.

General and administration costs increased by +13% at CER (+12% at AER) due to investment in modernising our core infrastructure and the implementation of new systems.

In addition, other operating expenses increased by +21% at CER (+20% at AER) impacted by several one-time items including impairment of assets related to Rebiotix Inc. due to a slower than expected build-up of Rebyota U.S. sales; the restructuring of the Ferring Research Institute linked to the new operating model for global drug discovery and external innovation; and one-time restructuring expenses to streamline certain activities. This was largely offset by gain on acquisition on the acquisition of the Massone Group, the release of a contingent consideration liability, and the reversal of an impairment following the approval in Japan of Cortiment® MMX™[1].

As a result, the operating profit for the year was €139 million (7% of sales), which was a decrease versus prior year of -€44 million (-19%) at CER and -€92 million (-40%) at AER, the difference being the unfavourable foreign exchange impact of -€47 million due to the depreciation of several currencies against the euro, especially the U.S. dollar.

The positive tax result in 2023 is driven by several one-time items which reduced the overall tax charge for the Group, including gain on acquisitions qualifying as non-taxable income; utilisation and recognition of tax losses carry-forwards in relation to Rebiotix Inc.; and tax credits received in Switzerland.

Thus net income for the year reached €118 million (6% of sales) which was -33% lower than the prior year, with the impact of the tax position being largely offset by higher financial charges related, among other factors, to the hyperinflation in Argentina.

Cash flow statement Key financials	2023 € million	2022 € million	Change € million	% Change @AER
Operating	**70**	**250**	**(180)**	**-72%**
of which EBITDA	*404*	*361*	*43*	*+12%*
Investing	**(226)**	**(390)**	**164**	**+42%**
Free cash flow	(156)	(138)	(18)	-
Financing	**724**	**(164)**	**890**	**+543%**
Net cash flow	**551**	**(308)**	**859**	-
Closing net cash	900	350	-	-

Net cash generated from operating activities amounted to €70 million (versus €250 million in the prior year) as a consequence of investments in working capital with the acquisition of the Massone Group, as well as factors such as building inventory to support the new product launches. Importantly, EBITDA increased by +€43 million (+12% at AER) to reach €404 million, and equated to 19% of sales which is a margin improvement of +2 percentage points.

Net cash used for investment activities decreased to €226 million versus €390 million in the prior year, but was still at a high level. In particular, investments in property, plant, and equipment increased by +€23 million to reach €154 million, mainly focused on strengthening our manufacturing network. However, this was more than offset by a decrease in investments in intangible assets and licences of -€51 million following a high level in the prior year.

Thus, free cash flow was €18 million higher in outflow than the prior year, reaching an outflow of €156 million in 2023. This was the second year of a heavy investment phase as the company pursues its growth agenda to transition to a new growth trajectory with the launch of pivotal new products.

Net cash from financing activities amounted to an inflow of €724 million versus an outflow of €164 million for the prior year, which included loan and business collaboration repayments. In 2023, as part of a planned refinancing, the company raised €500 million (490 million Swiss francs) from the public offering of Swiss Franc Bonds (split between 4- and 8-year tenors), and €272 million ($300 million) from an upfront payment under a revenue interest financing agreement on Adstiladrin® with Royalty Pharma. No dividend was paid in 2023 due to the current heavy investment phase of the company.

Consequently, the cash position at the end of 2023 totalled €900 million versus €350 million at the end of 2022, an increase of €550 million. This places the Group in a robust position to invest in delivering on its strategic growth goals over the coming years.

Continuing to lay the foundation for the success of our strategic agenda

2023 was an important year for Ferring: two novel therapies were made available to patients which will drive our growth in years to come, and we acquired an important manufacturing operation which underpins our flagship product Menopur®. We continued to show great resilience in laying the foundations for the success of our growth agenda, as well as managing through a number of supply interruptions. To support our ambitions, we continued to diligently prioritise resources and to optimise our core systems and processes in support of our strategic agenda.

I would like to recognise and thank all of our colleagues across the company who are ensuring the continued success of our in-market portfolio, navigating the path for the success of our new products, and building the support capabilities and processes that will provide a platform for our future growth.

Dominic Moorhead
Chief Financial Officer

Ferring at a glance

Ferring Pharmaceuticals is a privately owned, research-driven, specialty biopharmaceutical group committed to building families and helping people live better lives. We are leaders in reproductive medicine and maternal health, and in areas of gastroenterology and urology. We are at the forefront of innovation in microbiome-based therapeutics and uro-oncology intravesical gene therapy.

Ferring was founded in 1950 and employs more than 7,000 people worldwide. The company is headquartered in Saint-Prex, Switzerland, and has operating subsidiaries in more than 50 countries and market its medicines in over 100 countries.

New therapies to help people live better lives

Ferring has developed a world-class portfolio of innovative therapies that help healthcare professionals to manage severe or life-changing diseases and medical conditions. In 2023, we launched two important first-in-class products which offer a novel approach to the treatment of diseases with a significant unmet patient need. The approvals of Adstiladrin® and Rebyota® by the U.S. Food and Drug Administration (FDA) have given Ferring a significant presence in uro-oncology gene therapy and the microbiome. These innovations build on our traditional strengths in reproductive medicine and maternal health, gastroenterology and urology. The approvals also demonstrate our ability to use cutting edge science and technology to develop pioneering approaches in healthcare.

Our achievements were recognised by the media organisation Fast Company, which named Ferring as one of the world's most innovative companies in 2023 for our pioneering research into uro-oncology and the microbiome.[1]

Reproductive Medicine and Maternal Health

Ferring has long been recognised as a leader in the field of reproductive medicine and maternal health. For more than 70 years we have applied innovations in fertility, obstetrics and gynaecology to support potential parents in their family-building journey.

In 2023, Reproductive Medicine and Maternal Health contributed

54%

of the company's revenues

In addition to our portfolio of speciality medicines, we are committed to promoting awareness and understanding among healthcare professionals and have launched a number of educational programmes and partnerships during 2023. Ferring is also involved in researching and developing new therapies in areas of high unmet need, such as female and male infertility and medical conditions affecting pregnancy.

One of Ferring's leading products is **Menopur®** (menotropins for injection) 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 using assisted reproductive techniques (ART) such as in vitro fertilisation (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, enhancing patient convenience. In 2023, **Menopur® Pen** was made available to patients in Germany and the Nordic countries following the first launch in Switzerland in 2022.

We continue to work with relevant health authorities to manage Menopur supply and address the changes to the manufacturing process identified towards the end of 2022. No impact on safety or efficacy has been identified. In January 2023, we acquired the company which supplies the active pharmaceutical ingredient for Menopur, and its manufacturing has now been integrated into Ferring's Technical Operations network.

1. *https://www.fastcompany.com/90848863/most-innovative-companies-medicines-therapeutics-2023.*

Rekovelle® (follitropin delta) provides an alternative approach to infertility treatment as 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 individualised dosing regimen based on the user's body weight and anti-Müllerian hormone (AMH) level, a biomarker used to assess ovarian reserve and predict the response to stimulation. Rekovelle is approved in 77 countries. In March 2023, we presented results from the PROFILE study, the first prospective study of Rekovelle in a real-world clinical setting, involving more than 940 women in 10 countries. The study demonstrated the effectiveness of Rekovelle across a broad range of patients in routine clinical practice, supporting its efficacy and safety profile as shown in randomised controlled trials.[1]

Chorapur®/Novarel® (HP-hCG) is a glycopeptide hormone administered by intramuscular injection to induce ovulation. It mimics the action of luteinising hormone (LH) 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®/Lutinus® (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[2] (triptorelin acetate) is used to downregulate the pituitary gland before and during controlled ovarian stimulation in women undergoing IVF. Another formulation, **Decapeptyl® Depot[2]**, 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.

Fyremadel® (ganirelix acetate) is a GnRH antagonist for prevention of premature LH surge in women undergoing controlled ovarian stimulation for ART. Fyremadel is supplied in a pre-filled syringe for subcutaneous administration.

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.

1. *Prospective multicenter non-interventional real-world study to assess the patterns of use, effectiveness and safety of follitropin delta in routine clinical practice (the PROFILE study) – Front. Endocrinol., 22 December 2022 Sec. Reproduction Volume 13 – 2022.*
2. *In certain markets, the Decapeptyl trademark is owned by third parties.*

Carbetocin is a heat-stable formulation which does not require refrigeration, unlike oxytocin, the standard of care for prevention of PPH. This makes our medicine especially suitable for use in low- and lower middle-income countries, which often have a hot climate and unpredictable power supply. Under the brand-name **Carbetocin Ferring**, it is being provided at a sustainable access price to the public and not-for-profit sectors in L&LMICs in line with our commitment to the World Health Organization (WHO). *(For more on access to Carbetocin Ferring, see "Building families – from conception to birth" on page 30)*.

Professional education in reproductive medicine

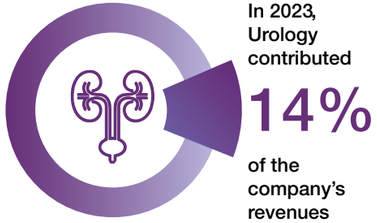
In addition to our portfolio of therapies, Ferring also raises awareness and provides professional education on reproductive medicine and maternal health. In October 2023, we announced a USD 5 million endowment to the American Society for Reproductive Medicine (ASRM), the largest in the society's history, which addresses a major funding gap. The Ferring Endowment for the Education of Healthcare Professionals in Training will be used to create, establish and maintain innovative educational programmes for healthcare professionals in the field of reproductive endocrinology and infertility. ASRM is based in Washington, D.C. and has members in more than 100 countries.

In a separate initiative, 2023 saw a major acceleration in our programme to provide embryo transfer simulation (ETS) training, which helps prepare clinicians for the critical moment in an IVF cycle when a fertilised embryo is transferred into the uterus. We have supported ETS training in the U.S. since 2018, and last year announced a partnership with VirtaMed to roll out the programme in Europe, Asia and South Africa. By the end of 2023, the ETS programme was available in 26 countries with almost 3,500 healthcare professionals trained to date.

In 2023, our e-learning platform for U.S. fertility clinic staff was rebranded as FertilitySkills. This online library of modules offers short videos covering key topics in reproductive endocrinology and infertility developed for fertility clinic nurses and advanced practice providers. These videos are available on demand to allow for flexible, self-paced learning. So far, more than 2,000 clinical experts have signed up and feedback has been overwhelmingly positive. We also launched ART Mirrors and Spotlights, a programme which gives healthcare providers greater insight into a range of scientific trends and topics. Finally, in 2023 we launched Leaders In Fertility Excellence (LIFE), an international network for current and emerging leaders in the field of fertility. The first 14 healthcare professionals from the Asia-Pacific, Europe, Canada and Latin America have begun a programme of scientific engagement.

Urology and Uro-Oncology

Ferring has a long-standing presence in the fields of urology and uro-oncology, and in 2023 we established a new Uro-Oncology Global Franchise to reflect our growing investment in the treatment of urological cancers. This follows the landmark approval of our ground-breaking intravesical gene therapy **Adstiladrin**® (nadofaragene firadenovec-vncg) by the U.S. FDA in December 2022. Adstiladrin is indicated for the treatment of adult patients with high-risk non-muscle invasive bladder cancer (NMIBC) with carcinoma in situ (CIS) with or without papillary tumours, who are unresponsive to Bacillus Calmette-Guérin (BCG) treatment, the first-line standard of care. As the first and only approved gene therapy administered locally into the bladder (i.e. intravesically), Adstiladrin represents a major therapeutic advance, offering a potential alternative to invasive and life-changing bladder removal surgery (i.e. radical cystectomy).



In 2023, Urology contributed

14%

of the company's revenues

Firmagon® (degarelix)[1] 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., EU 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.

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.

Adstiladrin: a breakthrough in gene therapy

Adstiladrin is a non-replicating adenovirus vector-based therapy containing the gene encoding interferon alfa-2b protein, administered by catheter directly into the bladder once every three months. The vector enters the cells of the bladder wall, releasing the active gene and causing the bladder's cell walls to secrete high quantities of interferon alfa-2b, a naturally occurring protein which the body uses to fight cancer. This approach essentially turns the bladder wall cells into interferon microfactories, enhancing the body's own natural defences against the cancer.

Non-muscle invasive bladder cancer (NMIBC) is a form of cancer which affects the inner lining of the bladder and has not penetrated into the deeper muscle layer, or spread to other parts of the body.[3] Bladder cancer is the sixth most common cancer in the U.S., with 75% of new cases presenting as NMIBC. In patients with high-risk NMIBC, intravesical BCG remains the first-line standard of care. However, more than 50% of patients who receive initial treatment with BCG experience disease recurrence and progression within one year, with many becoming unresponsive to BCG.[4] Current treatment options for these patients are limited, and the standard of care is the highly invasive life-changing procedure of radical cystectomy (or complete removal of the bladder). Our ambition is for Adstiladrin to become the new standard of care for these patients and the backbone therapy in NMIBC while also driving our research into other urothelial cancers.

1. *In Japan, degarelix is approved and commercialised under the name Gonax®.*
2. *In certain markets, the Decapeptyl trademark is owned by third parties.*
3. *Boorjian SA, Alemozaffar M, Konety BR, et al. Intravesical nadofaragene firadenovec gene therapy for BCG-unresponsive non-muscle-invasive bladder cancer: a single-arm, open-label, repeat-dose clinical trial. Lancet Oncology 2021; 22: 107–17.*

Adstiladrin was commercially launched with an Early Experience Program in the U.S., at clinical trial sites that participated in the Phase 3 study and in community clinics with the highest number of eligible patients with NMIBC. This temporary programme demonstrated our commitment to treat as many patients as possible in the short term, while ensuring every patient who started on Adstiladrin was able to continue for the duration of their treatment. The Early Experience Program was ended in January 2024 when full product supply became available ahead of schedule and Adstiladrin is now available nationwide. The Phase 3 clinical study continues to generate important data, and in November we presented 36-month follow-up results showing a sustained durability of response with Adstiladrin.[5]

The therapeutic potential of Adstiladrin was recognised when it was added to the National Comprehensive Cancer Network (NCCN) guidelines in the U.S. as a treatment option for bladder cancer. From January 2024, it was also included in the guidelines[6] of the American Urological Association/Society of Urologic Oncology (AUA/SUO)[7]. In August 2023, we announced a USD 500 million royalty-based financing agreement with Royalty Pharma, a leading funder of innovation in the biopharmaceutical industry. This will enable us to maintain significant investment in the launch, manufacturing and life-cycle management of Adstiladrin. The agreement is a further demonstration of Adstiladrin's value in addressing significant unmet medical needs, and highlights its potential as a key growth driver for Ferring.

Microbiome and Gastroenterology

Ferring has a long-standing heritage of innovation in the field of gastroenterology. In January 2023, we took a major step forward in harnessing the power of the human microbiome to address significant unmet patient needs with the U.S. launch of **Rebyota**® (fecal microbiota, live – jslm), the first and only single-dose microbiome-based treatment approved by the FDA for the prevention of recurrent *Clostridioides difficile (C. diff)* infection (CDI) in individuals 18 years of age and older, following antibiotic treatment for recurrent CDI. Rebyota was approved by the FDA in November 2022. In late 2023, we submitted Rebyota for regulatory approval in Brazil and Mexico. For more on this product, see below.

In 2023, Microbiome and Gastroenterology contributed

22%

of the company's sales of goods

Pentasa® (mesalazine) is used to treat mild to moderate ulcerative colitis. Pentasa is a leading product for Ferring worldwide, except in the U.S. where it is marketed by Takeda 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 supplied in a sachet to be mixed with water.

Clenpiq® (sodium picosulfate) is an oral solution for cleansing the colon in adults undergoing a colonoscopy. It is supplied in bottles as a ready-to-drink oral formulation.

4. *American Cancer Society. Key Statistics for Bladder Cancer. https://www.cancer.org/cancer/bladder-cancer/about/key-statistics.html. Updated January 13,2023. Accessed October 15, 2023.*
5. *U.S. Food & Drug Administration. FDA approves first gene therapy for the treatment of high-risk, non-muscle-invasive bladder cancer [media release]. Last accessed on 16 December 2022. https://www.fda.gov.*
6. *NCCN Clinical Practice Guidelines in Oncology – Bladder cancer – Version 1-2024. https://www.nccn.org/professionals/physician_gls/pdf/bladder.pdf. Accessed 12 February 2024.*
7. *Diagnosis and Treatment of Non-Muscle Invasive BladderCancer: AUA/SUO Guideline: 2024 Amendment. Jeffrey M. Holzbeierlein. Vol. 211, in press, 1-6, April 2024. The Journal of Urology. Last accessed on 8 February 2024.*

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.

Rebyota: unlocking the therapeutic potential of the microbiome

Rebyota is the first and only single-dose microbiota-based live biotherapeutic approved to prevent recurrence of *Clostridioides difficile (C. diff)* infection (CDI) starting at first recurrence.

CDI is a potentially deadly infection which can cause debilitating symptoms such as severe diarrhoea, fever, stomach tenderness or pain, loss of appetite, nausea and colitis (an inflammation of the colon). The infection can lead to a vicious cycle of recurrence, causing a significant burden for patients and healthcare systems. It has been estimated that up to 35% of cases recur after initial diagnosis, and people who have had a recurrence are at significantly higher risk of further infections.

Nearly 10% of people die within 30 days of recurrence[2] and more than 16% of patients with recurrent CDI die within a year.[3] Antibiotics are the current standard of care for treating CDI, but they can contribute to this cycle of recurrence, and potentially also to the global rise in antibiotic resistance.

Rebyota aims to break the vicious cycle of recurrent CDI by delivering potentially trillions of healthy donor-derived live microbes, including Bacteroides, directly to the gut microbiome. The treatment comes in a single 150 mL dose and is administered in minutes during one visit to a doctor's office. Rebyota is derived from qualified donors and the source material is tested for a range of transmissible pathogens.

1. *MMX is a trademark of Cosmo Pharmaceuticals SA.*
2. *Lessa F et al. Burden of Clostridium difficile Infection in the United States. N Engl J Med 2015;372:825-34.*
3. *Olsen M et al. Recurrent Clostridium difficile infection is associated with increased mortality. Clinical Microbiology and Infection, pub online 2014.*

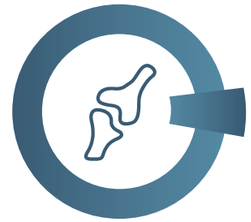
The efficacy and safety of Rebyota were studied in the largest clinical trial programme ever conducted in the field of microbiome-based therapeutics, including five clinical trials with more than 1,000 participants. The U.S. FDA approval of Rebyota was based on results from the randomised, double-blind, placebo-controlled Phase 3 PUNCH™ CD3 trial, in which a single dose of Rebyota showed superiority to placebo in reducing recurrent CDI after standard-of-care antibiotic treatment. More than 90% of participants who achieved treatment success remained free of CDI recurrence for six months.

In July 2023, an integrated safety analysis from five prospective clinical trials for Rebyota was published, providing further evidence that Rebyota is a safe and well-tolerated treatment for patients with recurrent CDI. A post hoc analysis of data from the pivotal Phase 3 trial presented in October 2023 found a correlation between the composition of the gut microbiome and health-related quality of life in patients with recurrent CDI. The approval of Rebyota has established a new therapeutic class, and we are proud to have played a pioneering role in helping to transform the promise of the gut microbiome into clinical practice.

During 2023, we conducted a major outreach programme to educate U.S. healthcare professionals on the importance of rethinking their treatment of recurrent CDI. We established educational and support programmes which offer guidance to healthcare providers on matters such as access and patient assistance. A range of tools and digital channels were also made available to inform and support patients. With regulatory submissions under way in other countries, we have begun planning and mobilising resources to bring this new therapy to more patients suffering from recurrent CDI worldwide.

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.



In 2023, Orthopaedics contributed

6%

of the company's revenues

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.

In 2023, Endocrinology contributed

3%

of the company's revenues

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. Leveraging the excellence of our in-house scientists and our network of external partners, we are exploring an increasing range of opportunities to develop new treatment options for patients and healthcare professionals across our core therapy areas. In 2023, Ferring's research and development (R&D) budget was 16% of the company's total sales revenue. In the future, we expect this percentage to change as the R&D budget adapts to developments in the pipeline.

Our strategic focus – advancing science together for patients

Our R&D strategy is geared towards continuous value creation for patients in line with the company's growth agenda. This involves a process of continuous improvement by our global R&D team, together with a greater emphasis on external innovation and operational excellence.

In terms of therapeutic areas, we are seeking to raise the bar for innovation in reproductive medicine by investigating new formulations and the use of recombinant technology. In uro-oncology and the microbiome, we are building on the approval of two first-in-class products and leveraging them to target other associated diseases where there is a high unmet medical need.

Rebalancing our investment in drug discovery

In 2023, Ferring launched a new operating model for R&D which will transform our approach to drug discovery. As the pace and complexity of innovation increase, it has become more effective to pursue an external sourcing strategy for new drug development. To complement our internal drug discovery expertise, we are therefore investing in strategic partnerships, in-licensing agreements, and acquisition of new assets from third parties. We believe this approach is more flexible and sustainable than a purely in-house strategy, increasing the probability of success and supporting our growth agenda in the mid- to long-term.

This change in focus and direction has required some restructuring of our internal network, including the discontinuation of R&D operations at the Ferring Research Institute in San Diego, USA. In 2023, a number of projects were transferred from San Diego to Soundport, our state-of-the-art laboratory and office building in Copenhagen, Denmark. Soundport was opened in 2022 to provide a centre of excellence for scientific research throughout Ferring.

Partnerships

As a science-driven company, we are continuously extending our knowledge and capabilities by collaborating with world-leading institutions and research organisations. We actively pursue external relationships which will complement our in-house research, and we strive to be recognised as the partner of choice in our core therapy areas. Ferring's proven translational, development, manufacturing and marketing capabilities make us the ideal partner for biotech firms, and we are also strengthening our strategic collaborations with technology companies and academic institutions worldwide. Details of our leading research partnerships are shown under the therapeutic areas.

Strengthening the pipeline in our core therapy areas

Reproductive Medicine and Maternal Health

We remain committed to exploring unmet needs in reproductive medicine and maternal health. In 2023, we continued our research programme into follitropin delta, the recombinant follicle stimulating hormone approved in many countries as Rekovelle. We continue working with the FDA to bring Rekovelle to patients in the U.S. as soon as possible.

In April 2023, we announced a major new strategic collaboration with the BioInnovation Institute Foundation (BII) to accelerate innovation in women's health. This seeks to address the problem that women's health is chronically underserved, with only 1% of global healthcare research funding invested in female-specific conditions, excluding oncology. The collaboration aims to bridge this gap by supporting early-stage innovation and leverages BII's proven skills in translational science incubation, as well as Ferring's expertise in early-stage development and reproductive medicine.

The collaboration further strengthens Ferring's relationship with BII, a Copenhagen-based non-profit foundation which helps to create and support life sciences start-ups with knowledge, funding and infrastructure. In 2022, Ferring joined the 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.

In 2023, we continued to leverage a number of other important collaborations, such as the partnership between the Ferring Institute for Reproductive Medicine and the Chinese Academy of Sciences, and with ReproUnion (part of Medicon Valley) and the Milner Therapeutics Institute in the U.K.

Urology and Uro-Oncology

In uro-oncology, we are aiming to further develop our first-in-class approved intravesical gene therapy Adstiladrin by exploring combination treatments and adjacent indications, as well as expanding access in other markets outside the U.S. In 2023, two clinical trials were initiated within the current indication – a Phase 3 trial in Japan and the Phase 4 ABLE-41 patient registry to explore early use, experiences and outcomes of Adstiladrin in a real-world setting in the U.S. In addition, we developed a comprehensive programme of clinical studies to investigate the wider use of Adstiladrin in treating urothelial cancers. With Adstiladrin as the foundation, our ambition is to broaden our portfolio and pipeline to become a therapeutic leader in urological cancers.

Microbiome and Gastroenterology

We are working to unlock the therapeutic potential of the human microbiome, an exciting and fast evolving area of medicine. Our goal is to apply robust science and clinical data so that microbiome-based therapies can be brought into everyday clinical practice. At the forefront of progress is the gut microbiome, where an imbalance can have a dramatic impact on people with debilitating conditions such as recurrent CDI, ulcerative colitis and other forms of inflammatory bowel disease (IBD).

Our first major milestone was the approval of Rebyota by the U.S. FDA to tackle the challenge of recurrent CDI. We are evaluating how best to build on this innovative treatment by exploring further approaches to microbiome therapy in areas of high unmet clinical need. For example, in 2023 we began a clinical study using colonoscopy to administer Rebyota to patients with recurrent CDI.

In November 2023, Ferring entered into an R&D collaboration and licensing agreement with PharmaBiome AG to drive forward new microbiome-based biotherapeutics in the field of gastroenterology. PharmaBiome, also based in Switzerland, has developed a unique technology platform for the design of bacterial consortia as live biotherapeutic products. The collaboration therefore combines Ferring's development and commercialisation capabilities with PharmaBiome's compelling technology to research, develop and manufacture novel microbiome-based therapies. The deal gives Ferring the exclusive rights to develop and commercialise any products arising from the collaboration.

In 2023, we also maintained a number of existing partnerships in the field of gastroenterology. For example, we continued our collaboration with the Danish biotechnology company Gubra to further develop and characterise preclinical models of IBD. This aims to advance our early pipeline of targets in intestinal inflammation and fibrosis.

In another innovative project, we used artificial intelligence (AI) to help design a clinical trial investigating the Interleukin-6 (IL-6) inhibitor olamkicept as a potential treatment for colonic inflammatory diseases. We collaborated with PwC Denmark to build a computational model, known as a digital twin, representing patients with a range of conditions which could be analysed and optimised in designing clinical trials. This allowed us to explore questions about initial dosing regimens, potentially avoiding multiple complex clinical studies.

Orthopaedics

We made further progress in our late-stage collaboration with Seikagaku Corporation relating to SI-6603, an investigational treatment for radicular leg pain or sciatica associated with lumbar disc herniation. This therapeutic enzyme was approved in Japan in 2018 and is marketed there as Hernicore®[1] (condoliase) by Seikagaku Corporation. In May 2023, we announced positive topline Phase 3 results for SI-6603 showing a statistically significant improvement in worst leg pain score versus control at 13 weeks after injection. Ferring intends to commercialise SI-6603 in the U.S. if approved, and has received further rights to develop, register and commercialise the product worldwide, excluding Japan.

1. Hernicore is a trademark of SKK in Japan.

R&D pipeline of clinical trials (active or completed in 2023)

Therapeutic area	Trial description	Indication	Phase 1	Phase 2	Phase 3	Phase 4
Reproductive Medicine and Maternal Health	Evaluate the effect of carbetocin on the QT/QTc interval in healthy subjects (TQT phase)	Postpartum haemorrhage	●			
	ADAM: Assessment of follitropin delta efficacy and safety for treatment of men with idiopathic infertility	Idiopathic male infertility		●		
	Rekovelle India: Multicentre trial in India comparing the efficacy and safety of follitropin delta with follitropin alfa in controlled ovarian stimulation in women undergoing ART	Infertility			●	
	BEYOND (phase completed): Compare the efficacy and safety of individualised follitropin delta dosing, using a long GnRH agonist protocol and GnRH antagonist protocol in women undergoing controlled ovarian stimulation	Infertility			●	
	ADAPT: Assessment of conventional dosing in women undergoing ART with follitropin delta treatment	Infertility				●
Uro-oncology	Evaluate the safety and efficacy of Adstiladrin administered intravesically to Japanese subjects with high grade BCG-unresponsive non-muscle invasive bladder cancer	High-risk non-muscle invasive bladder cancer (HR NMIBC)			●	
	Adstiladrin early utilisation and outcomes in the real-world setting in the U.S. Non-interventional real-world study	High-risk non-muscle invasive bladder cancer (HR NMIBC)				●
	Post-authorisation observational cohort safety study of hyponatraemia and cardiovascular and thromboembolic events in nocturia patients treated with Nocdurna	Nocturia				●
	Non-interventional, observational PAP data-based study to investigate the post-marketing safety by intensive monitoring of Firmagon in Chinese patients (phase completed)	Prostate cancer				●
Microbiome/ Gastroenterology	Explore the safety and clinical effectiveness of Rebyota administered by colonoscopy to adults with recurrent *Clostridioides difficile* infection	Recurrent *Clostridioides difficile* infection	●			
	Pragmatic randomised controlled study of mesalazine and budesonide to assess the effectiveness of two patient management strategies in mild to moderate ulcerative colitis	Ulcerative colitis	●			
	Evaluate the safety and tolerability of Rebyota (microbiota suspension) in subjects with recurrent *Clostridioides difficile* infection	Recurrent *Clostridioides difficile* infection				●
	Observational study of Rebyota for the prevention of recurrence of *Clostridioides difficile* infection in adult patients	Recurrent *Clostridioides difficile* infection				●
	Non-interventional study to describe the safety of Picolax (phase completed)	Bowel preparation				●

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 70 years. We recognise that many people worldwide are unable to access the care, treatment and support they need to build a family. For this reason, we are passionate about tackling inequities and disparities in reproductive medicine and maternal health.

Through our #ProjectFamily Commitment, we advocate for better access to healthcare and support for people throughout their family-building journey. We also collaborate with partner organisations to reduce maternal and infant mortality. All these programmes are inspired by the four pledges of Ferring's #ProjectFamily Commitment, and support our environmental, social and governance (ESG) strategy *(for more on this, see "Our commitment to sustainability" on page 37)*.

1. Learning from patients to improve their treatment and care

Ferring is committed to improving the treatment and support available for women when they are pregnant or give birth, and we are guided by their needs and preferences. We are constantly seeking to gain a deeper understanding of patients' experiences, ensuring we reflect their needs when researching and designing our medicines and support programmes.

For example, in November 2023 we published a report entitled "Real Voices, New Insights: Eureka Moments for Fertility in Asia", based on the findings of our EUREKA survey which explored attitudes to infertility in seven countries in the Asia-Pacific region. The survey involved more than 1,465 respondents who were considering or undergoing fertility treatment, or had done so in the past. The report is designed to help couples, governments, and society at large understand the infertility journey in light of the declining birth rate crisis in many Asian countries.

The EUREKA survey exposed a worrying lack of knowledge about infertility and conception. In Indonesia, Japan, Korea, Singapore and Vietnam, at least 70% of respondents had a low to moderate level of knowledge, increasing to almost 76% in Singapore. On average, respondents took 6.8 years from deciding to have a baby to eventual conception, including an average of 3.6 years trying to conceive naturally – more than three times the period recommended by the World Health Organization (WHO) before seeking medical advice. With age playing such an important role in treatment success, the report concluded that more should be done to raise awareness so couples seek professional advice earlier in their fertility journey. The report also highlighted the "emotional rollercoaster" involved in the diagnosis and treatment of infertility, and called for better psychological support to help people complete their therapy.[1]

1. *The report is available at https://ferring.sg/eureka/.*

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. In 2023, we marked the 10th anniversary of Project Family: Safe Birth, which is driven by a vision that no woman should die while giving birth. The programme was launched in 2013, originally under the name Project CHAMPION, in collaboration with the WHO and MSD for Mothers.

Our 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).[1] Carbetocin Ferring, our medicine for preventing PPH, is heat-stable and does not require refrigeration, and is therefore suitable for use in countries without reliable cold chain storage. We are committed to supply Carbetocin Ferring at an affordable and sustainable price to publicly funded or not-for-profit healthcare facilities in L&LMICs, with more than 80 countries in scope.

Our mission is to help protect the lives of 20 million women and their families by 2030 through sustainable access to Carbetocin Ferring (*for more on Carbetocin Ferring, see "New therapies to help people live better lives" on page 19)*.

We collaborated with the WHO Human Reproduction Programme (HRP) and MSD for Mothers on the CHAMPION trial, which compared heat-stable carbetocin to oxytocin for the prevention of PPH following vaginal delivery. The study involved around 30,000 women in 10 countries and resulted in the approval of Carbetocin Ferring in Switzerland and India in 2020. The first patient outside of a clinical trial was given this medicine in India in 2021. In 2022, Carbetocin Ferring received WHO prequalification, enabling faster approval in countries using this regulatory process. Carbetocin Ferring is now registered and available in India and 17 other countries, mostly in Africa, with seven further approvals pending. These countries, together with those where no registration is required, make up 70% of the global toll of maternal deaths. Further submissions are being pursued.

1. *Trends in maternal mortality 2000 to 2020: Estimates by WHO, UNICEF, UNFPA, World Bank Group and UNDESA/Population Division. Available at: https://iris.who.int/bitstream/handle/10665/372247/9789240069251-eng.pdf. Last accessed January 29, 2024.*
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.*

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 health needs. We are working with MSD for Mothers, Concept Foundation and other organisations to implement the PPH Prevention Guidelines and EML, and to provide training and education on the appropriate use of this medicine. We are supporting implementation research by Jhpiego, Smiles for Mothers and other partners to assess the feasibility of introducing Carbetocin Ferring to the public sector in L&LMICs.

We worked with the WHO HRP to launch the REACH study, a PPH treatment indication trial funded by the health donor agency Unitaid and MSD for Mothers. We also contributed to the development of a global multi-stakeholder Roadmap to combat PPH until 2030.[1]

In September 2023, the contribution made by Project Family: Safe Birth was recognised when Ferring was included in Fortune's "Change the World" List of companies that have had the most positive impact in addressing society's unmet needs.

In a separate initiative aimed at reducing maternal and infant mortality, we continued our support for GreenLamp, an organisation dedicated to making childbirth safer in rural Ethiopia *(for more on this, see "Our commitment to sustainability" on page 41)*.

1. *A roadmap to combat postpartum haemorrhage between 2023 and 2030. https://www.who.int/publications/i/item/9789240081802.*

3. Closing gender and racial inequality gaps

Ferring is committed to reducing disparities and delivering better outcomes at every stage of the reproductive journey, recognising 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. We also support a number of research projects into male infertility. During 2023, research continued in five countries supported by Ferring's first Grants Programme for Equity in Reproductive Medicine and Maternal Health. These grants were awarded in 2022 to research projects tackling racial disparities in areas such as maternal mortality, IVF, pregnancy and postpartum outcomes.

We also support a multi-year project to address the gender gap in healthcare under the auspices of the World Economic Forum (WEF) Women's Health Initiative. This involves a coalition of UN agencies, academics, businesses, social organisations and women's health advocates, and resulted in the launch of a report entitled Closing the Women's Health Gap at the WEF Annual Meeting in Davos, Switzerland, in January 2024.[1]

The study reveals that although women on average live longer than men, they spend 25% more of their lives suffering from debilitating health conditions. It has been calculated that closing this health gap could realise annual savings of USD 1 trillion for the global economy by 2040. This is intended to persuade policymakers, regulators and business leaders that investing in women's health makes good sense from a socio-economic, as well as a humanitarian perspective.

Recognising the need to advocate for greater equity in women's healthcare at the heart of U.S. government, Ferring opened a new Corporate Affairs Office in 2023 close to Capitol Hill and the White House in Washington, D.C. The office provides a base to facilitate contact with legislators, advocacy groups and other stakeholders, and marks a new era of engagement for Ferring in the U.S. capital.

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 to do so. We are constantly exploring new ways to support patients on their family-building journey.

Fertility Out Loud, our digital platform and social media community for aspiring parents in the U.S., illustrates our commitment to developing innovative resources that address unmet needs on the journey to parenthood. Through Fertility Out Loud, aspiring parents can access the resources they need to speak out, take action and seek help from healthcare providers.

1. *WEF_Closing_the_Women's_Health_Gap_2024.pdf (weforum.org).*

One such offering is Fertility Outreach, a text-based platform connecting aspiring parents with fertility coaches for real-time guidance. Since the launch in October 2022, the platform has engaged more than 6,000 users.

In late 2023, we launched the Fertility Out Loud docuseries on YouTube. This features four couples living in the U.S. who share their diverse experiences and emotional realities as they navigate the path to parenthood, including the stories of an LGBTQ+ couple who conceived their first child through IVF and a couple pursuing options to treat male factor infertility. The docuseries aims to use compelling, real-life stories to build awareness, increase education, and address the stigma associated with infertility. In addition, a number of global initiatives 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.

In 2023, more of our employees who wish to build a family took advantage of the company's unique package of financial and other benefits called "Building Families at Ferring". Reflecting this success, we were accredited as a fertility-friendly employer by Fertility Matters at Work and named as the most adoption-friendly workplace in the USA for the second year running *(for more on this, see "Our commitment to sustainability" on page 42)*.

Optimising our technical operations network

In 2023, Ferring Technical Operations (TechOps) maintained its focus on supporting the company's growth agenda by managing the performance of our manufacturing network, addressing any supply-related issues that arise, and preparing for the future by supporting the rollout of our products Adstiladrin and Rebyota. We delivered tangible results in the form of profitable growth, customer-focused innovation, improved operational excellence, and ongoing support for our people and culture. This was done in the face of growing external challenges, including the energy crisis and disruption to supply chains arising from conflicts in Ukraine and the Middle East.

During the year we made significant investments across our manufacturing network, which includes sites in Argentina, China, the Czech Republic, Denmark, Germany, India, Israel, Mexico, Switzerland, the U.K. and U.S.

The TechOps team faced one of its greatest challenges following the approval of our novel intravesical gene therapy Adstiladrin by the U.S. FDA in December 2022. Adstiladrin offers a potentially transformational treatment for patients with non-muscle invasive bladder cancer, so it was vital to meet long-term demand before making it available for the first time. Adstiladrin is manufactured at FinVector Oy in Kuopio, Finland, a member of the Ferring Ventures Group. FinVector is a pioneer in its field, with cutting edge facilities and global expertise in manufacturing viral-based gene therapy products.

In June 2023, we announced that the FDA had approved a scaling-up of the drug substance manufacturing process for Adstiladrin. We increased production at FinVector, enabling full availability of Adstiladrin across the U.S. To help ensure long-term supply, Ferring has invested in a dedicated gene therapy drug product facility at our U.S. site in Parsippany, New Jersey. Technology transfer to the new manufacturing site is well underway. *(For more on this product, see "Adstiladrin: a breakthrough in gene therapy" on page 20)*.

TechOps also scaled up production to support the launch of Rebyota, the first microbiota-based live biotherapeutic to be approved by the FDA. Rebyota was made available to patients in the U.S. in January 2023, and TechOps delivered launch volumes on time and in full. During the year we nearly tripled the donor pool and more than doubled production compared to the previous year.

In addition, we made significant investments in established products within our core therapeutic area of reproductive medicine and maternal health. In January 2023, Ferring acquired the Massone Group in Argentina which supplied the active pharmaceutical ingredients (APIs) for Menopur and Chorapur/ Novarel. During the year, Massone's manufacturing operations were integrated into our TechOps network, ensuring we are better able to serve the future needs of patients.

At the same time, we increased production of the pre-filled Menopur Pen to support launches in Germany and the Nordic countries. This included doubling of manufacturing capacity at our plant in Scotland, with a new building containing the assembly and labelling line for both Menopur Pen and Rekovelle. Following a major investment in new bioreactors for Rekovelle in 2023, we are examining plans to establish a second manufacturing site to support anticipated growth in demand for this product.

In the field of gastroenterology, we made further investments to maintain the growth of Pentasa, our leading therapy for ulcerative colitis. This included a significant increase in capacity at our Danish affiliate Syntese A/S, expansion of our plant in Switzerland, and the creation of two new production facilities in India.

All these activities were conducted under our strategic framework, which is designed to ensure TechOps is "fit for the future" and able to deliver on the company's growth agenda. The framework includes the rollout of a digitalisation project and a comprehensive risk management system to help us anticipate the unexpected. This included the introduction of power generators and oil tanks across our European sites to mitigate risks arising from the energy crisis. Underpinning everything is our commitment to the 1,800 people who work in TechOps, as we seek to build a culture that attracts, retains and develops talent by engaging and inspiring our employees.

Our commitment to sustainability

A company's value is determined not just by its business performance and record of innovation, but also by its commitment to environmental sustainability, the contribution it makes to society, and its adherence to ethical standards. Our environmental, social and governance (ESG) principles are embodied in the Ferring Philosophy,[1] which places people at the heart of our business and prioritises the pursuit of excellence and the highest standards of integrity in everything we do.

During 2023, we made further progress towards our goal of sustainability based on the findings of a materiality assessment conducted for us by independent experts in 2021.

This examined all Ferring's activities under the three pillars of Purpose, People and Planet, providing an objective basis to identify priorities for action, establish achievable targets, and implement metrics to monitor progress.

The assessors applied a rigorous methodology called double materiality, which examines both the financial impact of each sustainability issue on the company, and the impact of the company's operations and supply chain on people and the environment. Another double materiality assessment will be carried out in 2024, in line with the new EU Corporate Sustainability Reporting Directive (CSRD), to reassess the most salient areas for Ferring.

1. *See https://www.ferring.com/about-ferring/approach/ferring-philosophy/.*

The 2021 assessment identified seven topics with a financial and materiality impact for Ferring:

Financial materiality (Impact on business)		Impact materiality (Impact on people and/or planet)
examines how sustainability risks and opportunities may impact the company from a business viewpoint.	A double materiality assessment takes two different perspectives into account	**considers actual or potential significant impacts on people and the environment relating to the company's operations and supply.**
Improving energy efficiency and switching to renewable energy can decrease costs and reduce exposure to future environmental taxes.	**GHG emissions and energy**	Pharmaceutical companies often operate energy-intensive facilities in their operations and supply chain. Unless properly managed, this can lead to negative environmental impacts, including climate change.
Human rights infringements can have a serious impact on a company's licence to operate. Additionally, the EU Human Rights Due Diligence Directive may include sanctions or penalties for non-compliance.	**Human rights**	Ferring has a duty to respect human rights worldwide within its sphere of influence and to ensure that human rights are not compromised by its business activities, including by its suppliers.
Strategic approaches to improve access to medicines (e.g. pricing frameworks that account for differing levels of economic development and healthcare need) can provide opportunities for growth, innovation and partnerships.	**Access and affordability**	Pharmaceutical companies play an important role in providing affordable access to medicines and treatments.
A diverse workforce with different backgrounds and experiences brings greater engagement and creativity. This helps companies solve challenging problems and meet the needs of a range of patients and customers.	**Diversity, equity and inclusion**	Greater diversity helps create more inclusive attitudes towards fertility and parenthood within society. Employees benefit from a diverse, equitable, and inclusive work environment.
The pharmaceutical industry relies on highly skilled employees to conduct clinical trials, commercialise products and manage stakeholder relations. Businesses that can attract and retain employees are better positioned to protect and enhance company value.	**Employee engagement**	Developing a highly skilled and motivated workforce will make the company grow, and ultimately drive our success, leading to improved patient outcomes through innovations in R&D and products.

Financial materiality (Impact on business)		Impact materiality (Impact on people and/or planet)
For pharmaceutical companies to maintain their social licence to operate, it is crucial to identify and address ethical issues, in particular those relating to the use of life science technologies for the discovery, development and production of products.	**Bioethics**	Conducting business in an ethical manner (e.g. with regard to clinical trials, animal testing and use of human biosamples) is critical to ensuring patient wellbeing and benefits.
Product safety concerns, manufacturing defects or inadequate disclosure of product-related risks, can lead to potential financial and other impacts for the company. Addressing these areas protects shareholder value.	**Product quality and safety**	Improved product quality and safety leads to better patient outcomes and builds trust within society.

Each of these topics has its own objectives, targets and metrics, and our disclosures must comply with the non-financial reporting requirements of the Swiss Code of Obligations and the European Union Corporate Sustainability Reporting Directive (EU-CSRD), when applicable. To ensure adherence, accurate and specific data must be collected throughout the year, and in 2023 we improved the robustness of our data collection process through a data mapping exercise aligned with the European Sustainability Reporting Standards (ESRS). We also identified timings, methodologies and frameworks for data collection, with potential for automation using appropriate software. The goal is to create a simplified process for gathering, storing and analysing ESG data covering all material topics and other aspects of sustainability.

Since 2016, Ferring has also participated in the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative, and we continually strive to align our strategies and operations with the relevant UN Sustainable Development Goals (SDGs). This further demonstrates our commitment to setting ambitious and measurable targets that meet global standards of sustainability.

In 2023, we embarked on a programme to embed sustainability into all aspects of Ferring's activities worldwide. An ESG Steering Committee of senior leaders, established in 2022, is driving the integration of ESG principles into every level of the organisation.

Where appropriate, sustainability key performance indicators were included in Ferring's Group and functional objectives, and we strengthened our global network of sustainability ambassadors to support and drive initiatives. Sustainability priorities and goals were shared with employees through multiple communication channels including townhall meetings, newsletters and events to raise awareness, and ESG training programmes were introduced to build knowledge.

Ferring's annual ESG Report gives detailed information on the material topics and on the progress we are making towards reaching our ESG targets.

Environmental

Greenhouse gas (GHG) emissions

We successfully collected data on greenhouse gas emissions for the first time in 2021, including scope 1, 2 and 3 emissions.[1] In 2023, this was extended to encompass all Ferring's global operations, including manufacturing, R&D and marketing and sales sites. The methodology was also refined to increase the quality of data in terms of accuracy and completeness, and to develop a decarbonisation roadmap. Data on Ferring's GHG emissions for 2022-23 will be disclosed in the 2023 Sustainability Report. This will enable us to set targets under criteria laid down by the Science Based Targets initiative (SBTi), supported by a comprehensive decarbonisation plan for near-term targets, and a strategy aiming at decoupling economic growth from GHG emissions for long-term and net zero targets.

In the meantime, we are maximising opportunities to reduce our carbon footprint in manufacturing and logistics through measures such as electrifying road transport on the main route from our global headquarters. We are insetting hydrotreated vegetable oil (HVO), a diesel-like fuel that can be produced from vegetable oil and other residues from the agriculture and food industry. A sustainable packaging plan was also introduced to reduce the amount of packaging material (mainly paper, cardboard and plastic) and reuse tertiary packaging (such as pallets).

Social

Human rights

Ferring has an overriding duty to respect the human rights of everyone involved in our business, including patients, employees, workers in the value chain, and people in the communities where we operate. During 2023 we prioritised key areas of focus, evaluated recommendations, and agreed action plans to prevent or address potential concerns. We also developed a Human Rights Commitment setting out our general approach across every aspect of Ferring's operations.[2]

For Ferring employees, we pursued a number of health and safety initiatives with the goal of reducing the lost time incident rate (LTIR). We also maintained global access to the Ferring AlertLine, a tool available in 180 languages for employees or people outside Ferring to provide information confidentially on any potential concerns.

In a further important initiative to protect privacy, we finalised a data governance roadmap to strengthen our privacy processes, and will shortly begin a pilot to assess the effectiveness of the data classification project.

1. *Scope 1: Emissions from sources that a company owns or directly controls. Scope 2: Emissions caused by the production of energy used by the company. Scope 3: Emissions that a company is indirectly responsible for, e.g. when it buys products from suppliers.*
2. *See https://www.ferring.com/wp-content/uploads/sites/16/2023/12/Human-Rights-Commitment.pdf.*

A new and robust due diligence process was introduced for suppliers, with processes for systems handling and storing personal information.

We remain committed to responsible supplier selection and are reviewing our processes to ensure that sustainability criteria are applied to 90% of new contracts with a value of more than €1m. We also introduced a framework for vendor due diligence to optimise supplier management and value chain working conditions.

Access and affordability of healthcare

We maintained progress on our Safe Birth programme to reduce maternal deaths by providing our heat-stable medicine Carbetocin Ferring for prevention of postpartum haemorrhage at an affordable and sustainable access price in low- and lower middle-income countries. This is implemented through a long-term collaboration with the WHO and MSD for Mothers *(for more on this, see "Building Families – from conception to birth" on page 31)*.

We also continued our five-year programme to help improve health centres and train midwives in rural areas of Ethiopia. The project is designed and managed by GreenLamp, a non-profit organisation whose mission is to empower women and girls through education, healthcare, and technology to support change in their communities. In 2023, we extended our support to include three more health centres in Ethiopia, which are being provided with medication and supplies such as sterilisation kits, blankets for newborn babies, and food for maternity wards. We also installed three more solar-powered systems with fridges, allowing more effective treatment and storage of medicines. We maintained our support for a midwife mentor to train and coach other health workers, and established an outreach service so she can spend time at the health centres, offering ultrasound scans, ante- and post-natal checks, nutritional and development education, and family planning.

These initiatives form part of our access and affordability strategy, which aims to integrate market access planning into global drug development, provide greater educational support and formalise corporate giving, and develop patient assistance programmes for those without the means to pay.

Diversity, equity and inclusion

Our commitment to diversity, equity and inclusion (DE&I) is fundamental to the way we work at Ferring. In 2023, we introduced further initiatives to demonstrate our commitment to creating a more inclusive and equitable workplace. We established a Taskforce to drive the integration of DE&I principles into our policies and processes, guided by the three pillars of our strategic roadmap, namely talent and representation, opportunity and reward, and culture and connection. We have identified a series of goals including increasing the gender balance in leadership, implementing locally driven plans to remove barriers and access diverse talent, and building a culture of inclusion through interactive training. We have also adopted measurable targets, fostering shared accountability across business areas, geographies and organisational levels.

In 2023, we identified a methodology for measuring inclusion based on our engagement data. In another important step, we developed internal guidance and a governance framework to support the rollout of Employee Resource Groups (ERGs). These groups are a catalyst for fostering an inclusive culture based on shared experiences, perspectives, and interests. The first global ERG, the Women's Inclusion Network, is being launched in early 2024, inspired by the success of the Ferring U.S. Women's Council.

Another demonstration of our commitment to the principles of DE&I is the Building Families at Ferring (BFF) programme, under which employees are entitled to 26 weeks of paid parental leave for both parents. The programme also offers unlimited financial support for those who experience challenges becoming parents. This ensures access to counselling, and to available options including fertility treatment, egg and sperm freezing, adoption or surrogacy programmes, and to counselling. Since BFF was launched in July 2022, 133 employees have taken advantage of the financial benefits and 385 have taken parental leave. In 2023, Ferring was accredited as a Fertility-Friendly Employer by Fertility Matters at Work, recognising our industry-leading support package and our progress in integrating fertility into employee conversations and training. For the second year running, the Dave Thomas Foundation for Adoption named Ferring Pharmaceuticals as the most adoption-friendly workplace in the USA.

Employee engagement

Developing and measuring employee engagement is a priority for Ferring, as we seek to create a fulfilling workplace where everyone can thrive and deliver their best. Results from our annual Global Engagement Survey show a strong team spirit at Ferring, where new ideas are listened to and accepted, and employees feel supported by each other in their commitment to do high-quality work. In 2023, the latest survey produced a 92% participation rate (the highest ever), with an overall engagement mean of 4.14 (down slightly by -0.04 from 2022) and a 3.99 score for follow-through on action plans (down slightly by -0.06 from 2022). Following previous surveys, we focused on action plans as the best means for managers and their teams to bring about improvement. In 2023, we examined how these plans work for different groups of employees and adapted them accordingly, as well as reinforcing managers' accountability for implementation. We also developed our network of engagement ambassadors and elevated their status and corporate recognition. In recognition of these efforts, Ferring won a Gallup Exceptional Workplace Award for the second year running.

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.*

Governance

Bioethics

Ferring has a strong heritage and values, and we have always placed ethical considerations at the heart of everything we do. As the company expands, we have increasingly focused on formalising our approach to bioethics, in other words the ethical principles and issues relating to biology, medicine and healthcare. We laid the foundations for this by establishing a Global Bioethics Department and strategic plan, and in 2023 we moved to the next level by implementing an overarching bioethics policy and publishing policy statements on topics such as reproductive medicine and maternal health. We developed criteria and established baselines for measuring our bioethics performance and set up a cross-functional Bioethics Steering Committee for senior leaders with the Chief Sustainability Officer as a member.

To embed a bioethics culture and consciousness across the organisation, we created an intranet site with information for employees, established a Bioethics Advisory Service to help resolve any ethical dilemmas, and contributed to internal meetings to raise awareness.

Product quality and safety

Ferring is committed to the development, production and commercialisation of safe and effective products and services that meet the needs and expectations of our patients, customers, regulators and healthcare professionals. In 2023, we maintained constant vigilance to ensure the safety, efficacy and quality of our medicines for patients, physicians and clinical trial participants.

Our leadership

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

Board of Directors

Jean-Frédéric Paulsen
Chairman

Mr. Paulsen has been Chairman of Ferring Ventures SA since 2020 and joined the Ferring Board of Directors in July 2021, becoming Chairman in July 2023. He is also Chairman of the International School of Economics at Tbilisi State University, having previously served as Senior Advisor to four Ministers of Economy and Sustainable Development in Georgia. Before joining Ferring, Mr. Paulsen 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 Board Research and Development and Production Committee

Dr. Lundberg joined the Board of Ferring in January 2021 as a non-executive director and Chair of the Board Research and Development and Production Committee. When Dr. Lundberg joined Ferring, he had 22 years' leadership experience with global organisations such as AstraZeneca and Eli Lilly, supervising the research and development of more than 250 drug candidates leading to 30 approved products across multiple therapeutic areas. He has also served on the boards of several biotechnology companies and on government committees in the EU 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.

Lars Rebien Sørensen
Vice-Chairman

Mr. Sørensen became Chairman of Ferring's Board of Directors in July 2021, and was appointed Vice-Chairman in June 2023 when Jean-Frédéric Paulsen assumed the role of Chairman. 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.

Viviane Monges
Chair of the Audit and Finance Committee

Ms. Monges joined Ferring's Board of Directors in July 2023 as Chair of the Audit and Finance Committee, having previously held senior positions at leading corporations in the life sciences and consumer sectors. She is Chair of the Board at EUROAPI and serves on the boards of Pharvaris, ADC Therapeutics and Novo Holdings. She has also held board-level or other senior positions at UCB, DBV Technologies, Voluntis and Idorsia. Ms. Monges was a Chief Financial Officer at Wyeth Pharmaceuticals/Pfizer, Novartis and Galderma, before becoming Vice-President Business Excellence Finance & Control at Nestlé. She holds a Bachelor's degree and M.B.A. from the ESCP Business School, and an International Director Certificate from INSEAD, both in Paris, France.

Henrik Normann
Member of the Board of Directors

Mr. Normann joined Ferring's Board of Directors in July 2023. He was previously President and CEO of Nordic Investment Bank, the international financial institution of the Nordic and Baltic countries. Before joining NIB in 2012, Mr. Normann spent much of his career at Danske Bank, starting as a management trainee in 1983 and later becoming Head of Danske Bank in Denmark and Global Head of Danske Markets. He is Chairman of the Board of Directors of Investeringsforeningen Maj Invest, and has chaired or served on the boards of numerous other institutions. He holds an M.A. from Copenhagen University, Denmark, and completed the Advanced Management Program at Harvard Business School in 1995.

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.

Frederik Paulsen
Chairman Emeritus

Executive Committee

Per Falk
President
(through March 2024)

Per joined Ferring Pharmaceuticals in 2015 and was appointed President in January 2019. He is stepping down as President from April 2024. 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 Institute, Sweden, and Washington University School of Medicine, USA. Per has an M.D. degree and a Ph.D. in Biochemistry and Clinical Chemistry from Gothenburg University, Sweden.

Pierre-Yves Berclaz
Executive Vice President and Chief Medical Officer (through February 2024)
Executive Vice President, Chief Science and Medical Officer (from March 2024)

Pierre-Yves was appointed Chief Medical Officer in January 2023 with responsibility for Medical Affairs, Pharmacovigilance, Quality Assurance, Value & Access and Bioethics. He becomes Chief Science Officer on March 1, 2024, succeeding Armin Metzger who takes on the role of Chief Technical Operations Officer. Pierre-Yves previously held the position of Senior Vice President, Head of Global Medical Affairs for Neurology and Immunology at Merck KGaA/EMD Serono, based in Boston, USA. Prior to this, he spent over 14 years at Eli Lilly, holding leadership roles in Medical Affairs, Global Clinical Development, Clinical Pharmacology and Discovery Research. Pierre-Yves also spent seven years as Chief Medical Officer for Eli Lilly Japan, where he was involved in the launch of numerous new molecular entities. Earning a medical degree from the University of Lausanne, Pierre-Yves achieved a specialty training in Paediatrics at the Universities of Lausanne and Geneva. He obtained his sub-specialty in Pulmonary Medicine and his PhD in Molecular Biology from the Cincinnati College of Medicine.

Christelle Beneteau
Senior Vice President and Chief People Officer

Christelle joined Ferring in April 2021 as Chief People Officer responsible for delivering all aspects of Ferring's human capital strategy as well as corporate communications. 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 a number of major global companies and brings invaluable expertise of transforming HR functions across multiple industries and business sectors. Christelle trained as a biochemist at the Ecole 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 (through February 2024)

Alessandro joined Ferring in 2019 as Head of Global Supply Network Operations and has led Technical Operations since April 2022. He is leaving Ferring on March 1, 2024 and Armin Metzger will take over this position. Alessandro previously worked for Merck KGaA in various global leadership positions and held a range of operational roles at L'Oréal, before moving to McKinsey where he developed expertise in running global transformation and operational excellence programmes. 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.

Cyril Grandchamp-Desraux
Executive Vice President and Chief Commercial Officer (from January 2024)

Cyril Grandchamp-Desraux joined the Executive Committee in January 2024 as Executive Vice President and Chief Commercial Officer. Before joining Ferring, he was Chief Business Officer and a Board Member of POC Pharma, a digital health start-up. Prior to this, Cyril spent 18 years with Sanofi, undertaking various senior roles encompassing general management responsibilities in both developed and emerging countries. Cyril holds a degree in Public Health from University Paris XI – Le Kremlin Bicêtre in France, a Master's degree in Health Economics from University Paris IX Dauphine, and a Doctorate in Pharmacy from University Paris V.

Aaron Graff
Executive Vice President and Chief Commercial Officer (through December 2023)
Executive Chairman Ferring USA (from January 2024)

Aaron has held the post of Chief Commercial Officer since 2017. In early 2024, he will take over the leadership of our U.S. organisation as Executive Chairman Ferring USA. He remains a member of the Executive Committee until his retirement later in 2024. Aaron joined Ferring in 2002 to lead Global Marketing, Business Development and Medical Affairs based in Copenhagen, Denmark. He relocated his teams to Switzerland in 2005 and subsequently took responsibility for the Asia Region. Aaron moved back to the USA in 2010 to lead all Ferring's U.S. operations before taking on his current role. Prior to joining Ferring, Aaron worked at Bristol-Myers Squibb for more than 17 years in a variety of non-prescription and prescription sales, marketing and management positions in both the USA and Europe. He holds a Master of Business Administration degree in Marketing from New York University and a Bachelor of Business Administration degree in Finance from the University of Michigan.

Curt McDaniel
Chief Legal Officer and Board Secretary

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.

Armin Metzger
Executive Vice President and Chief Science Officer (through February 2024)
Executive Vice President and Chief Technical Operations Officer (from March 2024)

Armin was appointed Chief Science Officer in April 2022 with responsibility for overseeing Ferring's research and development activities. He will take on the role of Chief Technical Operations Officer following Alessandro Gillio's departure on March 1, 2024. Armin joined Ferring Pharmaceuticals in 2016 as Senior Vice President, Head of Global Pharmaceutical R&D. He 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.

Dominic Moorhead
Executive Vice President and Chief Financial Officer

Dominic joined Ferring in April 2017 as Chief Financial Officer, and is responsible for finance, IT, procurement, internal audit, and ESG and sustainability. He is also executive sponsor of the business process re-engineering programme. 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. 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.

Ferring products

Reproductive Medicine and Maternal Health

Carbetocin Ferring
Choragon (Chorapur/Novarel/Brevactid)
Decapeptyl Daily[1] (Gonapeptyl Daily)
Endometrin
Follitrin
Fyremadel
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

Uro-Oncology and Urology

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)

Microbiome and Gastroenterology

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

Orthopaedics

Euflexxa

Endocrinology

Decapeptyl Depot[1]
Zomacton

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 2023

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 2023 and for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion the consolidated financial statements (presented on pages 60 to 147) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, 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, International Standards on Auditing (ISAs) 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 USA;
- Assessment of the recoverability of the carrying value of intangible assets (licences and goodwill) and recognition of related contingent consideration liabilities; and
- Acquisition Accounting of the Massone Group.

Materiality
Based on our professional judgement we determined materiality for the consolidated financial statements as a whole to be €14 million.

Scoping
We structured our audit approach to reflect the organisation of the Group as well as to ensure that our audit was effective and risk focused. Further details are provided on page 57.

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 USA

Key audit matter
The Group sells its products to customers in the USA 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 2023 the total revenues included €873.4 million of GTN adjustments made in the USA, of which €104.1 million were estimates accrued at year end.

The returns and rebates that are subject to the most significant estimation uncertainty, and which also represent the largest GTN adjustments, are chargebacks, Heart Rebates and Managed Care.

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 management;
- Estimating the time lag between the point of sale and the point at which exact rebate amounts are known to the Group management 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 estimate in Note 4 of the consolidated financial statements with further disclosures provided in Note 28.

How the scope of our audit responded to the key audit matter
Our audit work 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 Group 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 Group 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 Group management to evaluate the appropriateness of Group 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 USA.

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

Key audit matter
The Group's balance sheet includes €552.5 million of intangible assets (licenses and goodwill arising from the purchases of licenses and/or businesses with licenses), which represent 14% of total Group assets and €113.4 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.

Impairments of intangible assets totalling €119.0 million have been recognised in the consolidated statement of income in 2023, relating principally to a reduction in the carrying value of the Rebiotix CGU.

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 and measurement of contingent consideration liabilities to be a key audit matter because the carrying value of the intangible assets and contingent consideration liabilities is highly material and the determination of the recoverable value, is a source of significant estimation and uncertainty. Determination of the recoverable value, particularly for the CGUs of products which are in development or at the early stages of commercialisation, as it requires management to make assumptions that are highly judgemental and are inherently uncertain since they involve forecasting forward looking information, which is dependent on future market and economic conditions.

The CGUs with the largest carrying values prior to impairment were Rebiotix and Adstiladrin, which also represented the CGUs with the most significant estimation uncertainty.

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 judgement.

The estimated impairment of goodwill and intangible assets and contingent consideration liabilities are disclosed as a critical accounting estimate in Note 4 of the Group consolidated financial statements with further disclosures provided in Notes 8, 9, 14 and 26.

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) and related contingent consideration liabilities:

- 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 also obtained an understanding of the process in relation to identification and assessment of contingent liabilities.
- 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 comparing past performance to projected future performance and obtaining market data and other evidence where future cash flows were projected to vary significantly from past performance.
- 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 of the CGUs 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 the allocation of the Rebiotix impairment charge between the components of the CGU (goodwill, intangible assets, property, plant and equipment and working capital).
- We assessed and challenged the completeness of the related contingent consideration liabilities by reviewing the different contracts and assessing the probability of occurrence 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 the carrying value of intangible assets (licences and goodwill) and recognition and measurement of related contingent consideration liabilities.

Acquisition Accounting of the Massone Group

Key audit matter
As described in Note 35 to the consolidated financial statements, the Group completed the acquisition of Massone SA and its subsidiaries (Massone Group) on 3 January 2023 for a total consideration of USD 50.0 million (€47.7 million). Group management has determined that this acquisition is a business combination under IFRS 3 Business Combinations, and has performed an assessment of the fair value of the assets and liabilities acquired and allocated the consideration accordingly.

The fair value of assets and liabilities acquired was assessed to be in excess of the consideration paid and a gain on bargain purchase of €75.5 million has been recognised.

The acquisition accounting and the valuation of assets and liabilities acquired involves a number of complex accounting judgments and estimates including the determination and application of valuation methodology and the identification of the presence or absence of assets within the business acquired.

We consider the acquisition of Massone Group to be a key audit matter due to the complexity of the acquisition accounting, the level of judgment relating to the identification and valuation of assets, the calculation of the related deferred taxes, and the liabilities assumed, and the significance of the gain on bargain purchase.

Identification of intangible assets and valuation of net assets acquired are disclosed as critical accounting estimates and judgements in Note 4 of the consolidated financial statements with further disclosures provided in Note 35.

How the scope of our audit responded to the key audit matter
Our audit work included the following procedures:

- We obtained an understanding of the key controls in relation to the acquisition accounting.
- We assessed the determination of the transaction as a business combination under IFRS 3 Business Combinations. We also validated the acquisition date selected by management.
- We obtained and reviewed legal documents including the sale and purchase agreement to understand and evaluate the key terms and conditions.
- We confirmed our understanding of the transaction by conducting inquiries with management at Group and subsidiary level.
- We visited the key operating locations of the acquired business and met with operational and finance personnel to obtain an understanding of the acquired business and verify the existence of key assets.
- We validated the completeness of acquired assets and assumed liabilities and performed an independent assessment of the differences between Ferring's accounting policies and those of the acquired business.

- We reviewed and assessed the work performed by management's external valuation experts including an evaluation of the valuation methodology used. Together with our valuation specialist, we have reviewed their valuation methods and evaluated the reasonableness of the main assumptions.

- We assessed the competency and objectivity of management's external valuation expert.

- We tested the accuracy, valuation and completeness of the consideration by recalculating the fair value of the consideration with reference to the sale and purchase agreement. We traced the cash paid to bank statements and recalculated the fair value of the remaining liability to be paid to the seller. We evaluated the Group's assessment of pre-existing relationship.

- We challenged Group management on the identification and valuation of assets and liabilities assumed in the acquisition accounting by reference to the terms of the sale and purchase agreement and the report of management's experts.

- We evaluated the appropriateness of the purchase price allocation and the recognition of a gain on bargain purchase under the principles of IFRS 3.

- We validated the appropriateness and completeness of the related disclosures in Note 4 and Note 35 to the consolidated financial statements.

Based on the audit procedures performed, we obtained sufficient audit evidence to corroborate management's judgments and assumptions regarding the acquisition accounting.

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 consolidated financial statements. In particular, we considered normalised profit before tax (profit before tax adjusted for non-recurring transactions), revenue and net assets. Using our professional judgement, we have determined materiality for the consolidated financial statements as a whole to be €14.0 million (2022: €14.0 million).

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

The materiality allocated to the in-scope components ranged between €2.2 million to €7.3 million (2022: €2.2 million to €7.3 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	2023	2022
Profit before tax normalised	9.4%	6.7%
Revenue	0.6%	0.7%
Net assets	0.9%	0.9%

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% (2022: 80%) of Group materiality for the audit of the consolidated financial statements for the year ended 31 December 2023. 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 (2022: €700 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 consolidated 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 22 (2022: 19) components. 12 (2022: 13) of these were subject to a full audit, whilst the remaining ten (2022: 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 22 components represent the principal business units and account for approximately 79% (2022: 78%) of the Group's revenue, 81% (2022: 79%) of the Group's assets and 70% (2022: 71%) 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 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 several 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 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 Accounting Standards 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 19th, 2024

Consolidated statement of income

for the year ended 31 December 2023

Continuing operations	*Notes*	2023	2022
Sales of goods		2,158,685	2,213,897
Royalty income		7,669	14,024
Other income		30,114	48,945
Total revenues	*6*	**2,196,468**	**2,276,866**
Cost of sales		(704,646)	(779,446)
Gross profit		**1,491,822**	**1,497,420**
Distribution expenses		(32,680)	(35,139)
Sales and marketing expenses		(557,666)	(523,810)
Research and development expenses		(352,032)	(349,553)
General and administrative expenses		(269,248)	(240,361)
Gain on acquisition	*35*	75,549	-
Impairment	*8*	(139,359)	(23,064)
Other operating expenses	*8*	(76,946)	(94,394)
Operating profit	*9*	**139,440**	**231,099**
Finance income		98,455	85,167
Finance expense		(144,877)	(118,132)
Finance income and expense	*10*	**(46,422)**	**(32,965)**
Income before taxes		**93,018**	**198,134**
Income tax gain/(charge)	*12*	25,450	(22,373)
Net income from continuing operations		**118,468**	**175,761**
Attributable to the owners of the Company		**118,468**	**175,761**
Earnings per share			
Basic and diluted earnings per registered share of CHF 10 *(in Euros)*	*11*	4.74	7.03
Basic and diluted earnings per registered share of CHF 20 *(in Euros)*	*11*	9.48	14.06

(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 2023

	Notes	2023	2022
Net income		**118,468**	175,761
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss			
Fair value change on listed securities held as at FVTOCI	*12,17*	661	789
(Loss)/gain on remeasurements of post-employment benefit obligations	*12,23*	(21,554)	23,299
Total		(20,893)	24,088
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges			
Reclassification to profit or loss of hedging instruments	*12*	1,142	-
Fair value change on hedging instruments	*12,31*	(3,124)	6,492
Total		(1,982)	6,492
Foreign exchange differences on translation of foreign operations [1]		(114,160)	(3,780)
Reclassification to profit or loss on disposal of foreign operations		-	(1,894)
Total		(116,142)	818
Total other comprehensive (loss)/income for the year, net of tax	*12*	(137,035)	24,906
Total comprehensive income for the year		(18,567)	200,667
Attributable to the owners of the Company		(18,567)	200,667

(1) Includes an impact of €91,297 in relation to the integration of the Massone Group in the consolidation scope.

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 2023 (before appropriation of available earnings)

Assets	Notes	2023	2022
Non-current assets			
Property, plant and equipment	*13*	713,419	625,843
Intangible assets	*14*	685,676	731,552
Right-of-use assets	*15*	283,160	272,248
Receivables	*16*	14,968	17,319
Deferred tax assets	*12*	237,691	166,898
Non-current income tax assets	*32*	21,824	-
Derivative financial instruments	*30,31*	68,177	27,791
Investments in financial assets	*17,31*	17,261	23,144
Total non-current assets		2,042,176	1,864,795
Current assets			
Inventories	*18*	588,908	424,987
Receivables and prepayments	*19*	512,477	483,392
Current income tax assets		28,317	21,925
Investments in financial assets	*17,31*	4,888	7,893
Derivative financial instruments	*30,31*	-	1,473
Cash and cash equivalents	*20,31*	900,317	349,714
Total current assets		**2,034,907**	**1,289,384**
Total assets	*30*	4,077,083	3,154,179

(Amounts expressed in thousands of Euros)

Equity and liabilities	Notes	2023	2022
Equity attributable to owners of the Company		1,540,360	1,558,927
Total equity	*21,30*	1,540,360	1,558,927
Non-current liabilities			
Borrowings	*22,31*	812,892	274,362
Deferred tax liabilities	*12*	34,709	29,414
Pension liabilities	*23*	60,078	36,646
Provisions	*24*	47,234	43,867
Deferred income	*25*	23,535	31,349
Lease liabilities	*15*	256,801	243,286
Contingent consideration liabilities	*26*	96,281	81,379
Other financial liabilities	*27*	335,321	48,762
Other liabilities		1,225	1,296
Total non-current liabilities		1,668,076	790,361
Current liabilities			
Borrowings	*22,32*	4	351
Trade accounts payable		148,009	162,052
Current income taxes liabilities		18,051	34,271
Other taxes and social security liabilities		52,530	37,721
Provisions	*24*	41,775	37,060
Deferred income	*25*	6,983	8,093
Lease liabilities	*15*	33,533	33,064
Contingent consideration liabilities	*26*	17,123	29,936
Other financial liabilities	*27*	90,384	17,830
Derivative financial instruments	*30,31*	599	5,066
Accruals and other liabilities	*28*	459,656	439,447
Total current liabilities		**868,647**	**804,891**
Total liabilities		**2,536,723**	**1,595,252**
Total shareholder's equity and liabilities		4,077,083	3,154,179

(Amounts expressed in thousands of Euros)

Consolidated statement of changes in shareholder's equity

for the year ended 31 December 2023

	Share capital	Retained earnings	Legal reserves	Foreign exchange translation reserve	Cash flow hedging reserve	Financial assets at FVOCI	Equity attributable to owners of the Company
Balance at 1 January 2022	**164,355**	**1,218,703**	**59,360**	**(21,075)**	**(2,993)**	**(88)**	**1,418,260**
Comprehensive income							
Net income	-	175,761	-	-	-	-	175,761
Other comprehensive income, net of tax							
Reclassification to profit or loss on disposal of foreign operations	-	-	-	(1,894)	-	-	(1,894)
Remeasurements of post-employment benefit obligations	-	23,299	-	-	-	-	23,299
Fair value change on hedging instruments	-	-	-	-	6,492	-	6,492
Fair value change on listed securities held as at FVTOCI	-	-	-	-	-	789	789
Foreign exchange differences on translation of foreign operations	-	-	-	(3,780)	-	-	(3,780)
Total other comprehensive income, net of tax	-	**23,299**	-	**(5,674)**	**6,492**	**789**	**24,906**
Total comprehensive income	-	**199,060**	-	**(5,674)**	**6,492**	**789**	**200,667**
Transfer to retained earnings	-	(3)	3	-	-	-	-
Dividend payment relating to 2021	-	(60,000)	-	-	-	-	(60,000)
Balance at 31 December 2022	**164,355**	**1,357,760**	**59,363**	**(26,749)**	**3,499**	**701**	**1,558,927**
Comprehensive income							
Net income	-	118,468	-	-	-	-	118,468
Other comprehensive income, net of tax							
Reclassification to profit or loss of hedging instruments	-	-	-	-	1,142	-	1,142
Remeasurements of post-employment benefit obligations	-	(21,554)	-	-	-	-	(21,554)
Fair value change on hedging instruments	-	-	-	-	(3,124)	-	(3,124)
Fair value change on listed securities held as at FVTOCI	-	-	-	-	-	661	661
Foreign exchange differences on translation of foreign operations	-	-	-	(114,160)	-	-	(114,160)
Total other comprehensive income, net of tax	-	**(21,554)**	-	**(114,160)**	**(1,982)**	**661**	**(137,035)**
Total comprehensive income	-	**96,914**	-	**(114,160)**	**(1,982)**	**661**	**(18,567)**
Reclassification of fair value changes on disposal of equity investment	-	1,362	-	-	-	(1,362)	-
Transfer to retained earnings	-	(22)	22	-	-	-	-
Balance at 31 December 2023	164,355	1,456,014	59,385	(140,909)	1,517	-	1,540,360

(Amounts expressed in thousands of Euros)

Consolidated statement of cash flows

as at 31 December 2023

	Notes	2023	2022
Net income from continuing operations		**118,468**	**175,761**
Adjustments reconciling cash generated by operating activities	*36*	32,749	178,197
Interest received		18,723	8,014
Interest paid		(14,305)	(15,064)
Income tax paid		(85,677)	(97,126)
Net cash generated by operating activities		69,958	249,782
Cash flows from investing activities			
Purchase of property, plant and equipment		(153,606)	(130,966)
Purchase of intangible assets		(85,571)	(136,266)
Proceeds of loans to key management and others		(471)	(1,775)
Repayment of loans due from key management and others		3,892	3,135
Repayment of loans due from related parties	*17*	5,000	-
Proceeds from sale of non-current assets		5,276	1,605
Net cash outflow on acquisition of subsidiary in 2018	*26*	-	(121,354)
Net cash outflow on acquisition of subsidiary in 2022	*26,35*	(151)	(4,077)
Net cash inflow on acquisition of subsidiary in 2023	*27,35*	(794)	-
Net cash used in investing activities		(226,425)	(389,698)
Cash flows from financing activities			
Repayment of lease liabilities	*15*	(33,551)	(29,947)
Repayment of borrowings		(347)	(209)
Proceeds from business collaboration financing	*27*	272,355	-
Transaction costs related to proceeds from business collaboration	*27*	(413)	-
Repayment of business collaboration financing	*27*	(13,158)	(21,790)
Proceeds from issuance of bonds	*22*	499,533	-
Transaction costs related to bonds	*22*	(696)	-
Repayment of loans from related parties		-	(52,000)
Dividends paid		-	(60,000)
Net cash used in financing activities	*29*	**723,723**	**(163,946)**
Effect of foreign exchange rate changes on cash and cash equivalents		(16,653)	(3,723)
Net increase in cash and cash equivalents		**550,603**	**(307,585)**
Balance of cash and cash equivalents less bank overdrafts at the beginning of the year	*20*	349,710	657,295
Balance of cash and cash equivalents less bank overdrafts at the end of the year	*20*	900,313	349,710

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, established by the late Dr. Frederik Paulsen, the founder of the Ferring Group.

Ferring Holding SA directly owns Ferring International Center SA and Ferring B.V. 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 19 March 2024.

2. Adoption of new and revised standards

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

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

Standards, amendments, and interpretations adopted in 2023
(No material impacts in the financial statements were identified – except for the income tax note)

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The group has adopted the amendments to IAS 1 for the first time in the current year.

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the "four-step materiality process" described in IFRS Practice Statement 2.

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

The group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

- Amendments to IAS 12: Income taxes – International Tax Reform – Pillar Two Model Rules

The group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary and a mandatory exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

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

The group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

- IFRS 17 – Insurance Contracts

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

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 2023 and have not been adopted by the Group.

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

- Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

- Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current).

Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period.

However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024.

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term "supplier finance arrangements" is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024.

Earlier application is permitted.

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine “lease payments” or “revised lease payments” such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

The objective of the Amendments is to provide guidance on when to conclude that a currency is not exchangeable into another currency, how to set an exchange rate in those situations and what information to provide when a currency is not exchangeable.

The amendments to IAS 21 are applicable for annual periods beginning on or after 1 January 2025, with earlier application permitted.

Climate change and ESG

Ferring Group recognises and understands the challenges of climate change and has therefore committed to reach net-zero greenhouse gas emissions by 2050 through the Science Based Targets initiative (SBTi). Consequently, we continuously assess our operations including their efficiency and their impact on the environment, while defining an action plan to reduce our emissions. Our Environmental, Social and Governance (ESG) disclosures and policies are evolving to comply with the Swiss Code of Obligations concerning non-financial reporting effective 1 January 2024. They are being developed using the European Sustainability Reporting Standards (ESRS), as a foundation to our future reporting requirement, under the Corporate Sustainability Reporting Directive (CSRD). Thus, the Group is reassessing the sustainability impacts, risks and opportunities as well as conducting a new double materiality assessment. This is an ongoing process that has not required significant investments and should result in reduced costs of production.

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. Accounting policies

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.

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 38 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, except for foreign operations in hyperinflationary economies. 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.

Hyperinflation

The Group for any hyperinflationary economy, restate non-monetary positions on the balance sheet of the financial statements with the help of conversion factor (presenting it at the measuring unit current, to reflect their fair value).

The conversion factor is mainly the cumulative inflation rate for balance sheet positions.

To estimate the potential impacts on Group accounts from the application of IAS 29, the balance sheet positions are revalued, and the potential impact derived. Tangible assets, intangible assets and deferred taxes are revalued as well as the equity. Remaining positions are either monetary items, which are not revalued or lower balances items with a shorter life span, and thus should not have any significant impact.

The hyperinflationary economies in which the Group operates are Argentina and Turkey.

Following the acquisition of the Massone Group in 2023, the Group will apply IAS 29 "Financial Reporting in Hyperinflationary Economies" for the first time in its consolidated financial statements.

For subsidiaries in hyperinflationary economies, the application of IAS 29 includes:

- Adjustment of historical cost non-monetary assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the balance sheet date;
- Adjustment of the statement of income for inflation during the reporting period;
- Translation of the statement of income at the closing exchange rate instead of an average rate.

Monetary items remain unadjusted as they are already stated in terms of the monetary unit current at the end of the reporting period.

The Argentinian economy was designated as hyperinflationary economy from 1 July 2018. The consumer price index in Argentina has increased by 211% as a result of inflation in 2023. The ARS has devaluated by 79% in 2023. The consumer price index used for hyperinflation accounting in Argentina is sourced from the Argentinian federation FACPCE. The net monetary effect of applying IAS29 on the Massone operations is included in the other financial income and expense (Note 10).

The Group also operates a Marketing and Sales entity in Argentina and monitors the potential impact on the consolidated financial statements on a yearly basis. The Group has assessed the impacts of this entity on the consolidated financial statements to be immaterial, hence they have not been restated for the effects of hyperinflation.

Due to various qualitative factors and developments with respect to the economic environment in Turkey, including but not limited to, the acceleration of multiple local inflation indices, the three-year cumulative inflation rate of the local Turkish wholesale price index exceeding 100% at the end of December 2023 and the significant devaluation of the Turkish Lira, Turkey has been designated a hyper-inflationary economy as of April 1, 2022.

The application of hyperinflation accounting would require restatement of Turkey's non-monetary assets and liabilities, equity and comprehensive income/(loss) items from the original transaction date when they were first recognised into the current purchasing power which reflects a general price index current at the end of the reporting period. To measure the impact of inflation on its financial statements and results, the Company has used the consumer price index ("CPI") as published by the Turkish Statistical Institute "TURKSTAT". The Turkish Statistical Institute reported a 3-year and 12-month cumulative rate of inflation of 268% and 64.77%, respectively, as of December 2023. The Group has assessed the impacts of this entity on the consolidated financial statements to be immaterial, hence they have not been restated for the effects of hyperinflation.

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 write-down is made if the carrying amounts exceed the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal 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. If, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any

non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on acquisition.

Any amount of the purchase price which effectively comprises a settlement of a pre-existing relationship is not part of the exchange for the acquiree and is therefore not included in the consideration for the purpose of applying the acquisition method. Settlements of pre-existing relationships are accounted for as separate transactions in accordance with the relevant IFRS standards.

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 recognises 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 amortised 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 amortised 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 recognises 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 foreign exchange (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 organised 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 derecognises 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 derecognises 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 derecognised 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 the Swiss bonds 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.

There is a close economic relationship between the hedged items (bonds) and hedging instruments (Cross Currency Swaps 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 settles the difference between the Euro and CHF rates for interest payment on an annual basis. The CCIRS are designated as cash flow hedges, thereby reflecting the EUR interest rate paid in the P&L with FX movements reflected Other Comprehensive Income.

For each of the bonds issued, the Group entered into a cross currency interest swap (CCIRS) with several banks.

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 the Group 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 documented the relationship between hedging instruments and hedged items at the inception of the transaction, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment of whether this derivative is highly effective, both at hedge inception and on an ongoing basis. 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 30 and Note 31.

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 amortised 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 statement of income.

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 the 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. The capitalisation rate represents the weighted average of the borrowing costs applicable to the Group outstanding borrowings during the period, excluding specific borrowings.

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 and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. 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 estimated future cash outflows. The current plans are based on the achievement of certain key performance objectives including revenues, 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 any material onerous contracts.

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 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 sale 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.

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 Shareholder's 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.

4. Critical accounting estimates, assumptions, and judgements

In preparing the financial statements, Management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. 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.

Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

• Lease terms

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.

• Acquisition accounting

The Group initially recognises the fair value of identifiable assets acquired, the liabilities assumed, any non-controlling interest and the consideration transferred in a business combination (after determining whether the transaction or event is a business, identifying the acquirer and determining the acquisition date). Management judgement is particularly involved in the assessment of whether the net assets acquired constitute a business and, in the identification, the recognition, and fair value measurement of intellectual property, tangible and intangible assets, inventories, contingent liabilities and contingent consideration in measuring such consideration.

In making this assessment, Management applies judgement in considering the underlying economic substance of the items concerned in addition to the contractual terms. When considered appropriate as a result from its judgement, Management also applies the optional "concentration test" as set out in IFRS 3 "Business combinations" to aid the assessment of whether a transaction represents a business combination or is simply in substance the purchase of a single asset or group of similar assets. Based on the outcome a goodwill or a gain on acquisition will be recognised, and the subsequent measurement and accounting is made.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

• Revenue

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 main types of discounts granted by the Group in the United States are chargebacks, Heart Rebate and Managed Care, which are also the types of discounts with the most significant areas of estimation and judgement in the Group. The key sources of estimated uncertainty include the projection of the number of units sold that will be subject to discounts, the time lag between the initial point of sale and the claim receipt, and amount of rebate per product.

The Group has recognised revenue with a corresponding provision against revenue for estimated returns, which are deemed to be immaterial. As 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.

• Pension liability

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 23).

• Income taxes

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

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 generally based on risk-adjusted future cash flows discounted using appropriate interest risk free rates. The fair values are reviewed on a regular basis, at least annually, and any changes are reflected in the income statement (Note 26).

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 32).

• Legal provision

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 24).

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.

• Impairment of goodwill, intangible assets and property, plant, and equipment

Management assesses the Group's intangible assets annually for impairment, testing the recoverable value of goodwill, assets under development, and any asset for which impairment indicators are identified, against the carrying value. These tests require Management to apply assumptions and estimates (impact of impairment is disclosed in Notes 13 and 14). Generally, a discounted cash flow approach is used to assess the value in use of the relevant asset or CGU.

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 product acceptance and price at which the Group anticipates that products will be sold.

The discount rates used are based on the asset or CGUs specific circumstances and are derived from the Group's 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 shareholder.

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, and to the extent to which risks are incorporated into the cash-flow projections.

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 the 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/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 2023 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.

5. Operating segments

Until the first half of 2023, Ferring Group was operationally divided on a worldwide basis into two identified reporting segments: Base business and Adstiladrin®. Reporting segments were presented in a manner consistent with the internal reporting to the chief operating decision-maker, which is the Executive Committee (EC) of the Ferring Group.

The reporting segments were managed separately because of the different governance structure for Adstiladrin® which had a separate Executive Committee as well as the involvement of related party entities. For the Base business, the EC of the Ferring Group was responsible for allocating resources and assessing the performance of this segment. The operating result and the cash flows per segment were the main indicators used by the EC to measure the performance.

During 2023 the governance structure regarding Adstiladrin® has changed. The operational entity FerGene Inc. has been dissolved and the Adstiladrin® operations have been fully integrated in the existing Group decision making structures, comparable to all other products. In 2023 Adstiladrin® has therefore ceased to be a separate operating reporting segment. The Group now operates in one segment and as a consequence no split of operating segments is presented. The Group operating result and the cash flows are the main indicators followed by the EC to measure the performance as a whole.

In prior years the base business segment was responsible for 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® was commercially launched in September 2023 and is with its treatment for non-muscle invasive bladder cancer part of the uro-oncology therapeutic area.

Geographical and therapeutic area information

The net sales of goods to external customers by management's geographical groupings are broken down below:

	2023	2022	Performance growth
United States	980,257	920,377	8.7%
Europe, Canada and Latin America	685,964	753,600	-3.6%
Asia Pacific, Middle East, Turkey and Africa	474,342	530,367	-4.7%
Others	18,122	9,553	88.1%
Total sales of goods	2,158,685	2,213,897	1.7%

The split of net sales of goods reflects 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's 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:

	2023	2022	Performance growth
Reproductive Medicine and Maternal Health	1,170,825	1,211,424	0.0%
Gastroenterology/Endocrinology	529,520	563,321	-0.2%
Urology/Uro-Oncology	311,765	290,640	12.6%
Orthopaedics	131,238	140,645	-4.4%
Other	15,337	7,867	103.2%
Total sales of goods	2,158,685	2,213,897	1.7%

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

6. Revenues

	2023	2022
Sales of goods	2,158,685	2,213,897
Royalty income	7,669	14,024
Other income	30,114	48,945
Total revenues	2,196,468	2,276,866

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

	2023	2022	Performance growth
Menopur	815,652	771,314	8.9%
Pentasa	330,910	341,940	1.9%
Minirin	180,763	182,821	4.2%
Euflexxa	129,380	138,601	-4.4%
Firmagon	127,777	107,313	24.2%
Propess	104,798	111,722	-3.5%
Picoprep	66,359	69,294	-0.1%
Rekovelle	54,901	37,773	52.9%
Pabal	43,682	45,321	1.6%
Decapeptyl depot	38,173	53,463	-23.5%
Total top 10 products	1,892,395	1,859,562	
% of total net sales of goods	87.7%	84.0%	

The Performance Growth percentage reflects the growth versus last year excluding the impact of changes in the exchange rate, which is an alternative performance measure not defined by IFRS. This is a measure used by management to measure the period over period evolution of the net sales. The Group applies last year's exchange rate to current year's numbers to present comparable figures.

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 **€1,380** (2022: €3,838) arising from changes of returns provision (Note 24).

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 included €14,390 as a result of the early termination agreement with Astellas (Note 25).

(Amounts expressed in thousands of Euros)

7. Staff costs

	Notes	2023	2022
Wages and salaries		679,006	646,259
Social security costs		91,711	77,638
Termination benefits		9,713	4,589
Relocation		4,627	5,554
Restructuring	*8*	18,698	328
Pension costs: defined contribution plans		25,730	23,671
Pension costs: defined benefit plans	*23*	14,245	21,965
Capitalised in intangible assets related to the One ERP project	*8,14*	(10,105)	(9,848)
Total		833,625	770,156

€9,218 (2022: €3,570) of the total amount of staff costs were related to our benefits package “Building Families at Ferring”, launched in 2022.

The staff costs are recorded in the consolidated statement of income in the following expense captions:

	2023	2022
Cost of sales	252,847	201,076
Sales and marketing expenses	250,820	244,119
Research and development expenses	154,298	164,579
General and administration expenses	148,958	148,181
Other operating expenses	26,702	12,201
Total	833,625	770,156

8. Other operating expenses

	Notes	2023	2022
Restructuring of collaboration (expenses)/gains and litigation		(4,691)	61,960
Amortisation of intangible assets	*14*	40,126	17,706
Restructuring expenses	*7*	18,698	328
Reorganisation expenses and projects		18,549	20,089
Contingent consideration adjustments, net	*26*	(7,835)	(20,375)
Recovered provision for default on loan		(736)	-
Other projects		12,835	14,686
Total other operating expenses as presented in the consolidated statement of income		76,946	94,394
Separately presented in the statement of income: The impairment charges arise from:			
Assessment of the carrying value of property, plant and equipment	*13*	10,090	22,174
Assessment of the carrying value of intangible assets	*14*	118,980	503
Assessment of the carrying value of right of use of leased assets	*15*	(387)	387
Assessment of the carrying value of prepayments		10,676	-
Total impairment		139,359	23,064
Total other operating expenses		216,305	117,458

Restructuring of collaboration expenses and litigation

In 2022 Ferring and 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 of €61,231 representing the allocation of the fee to the collaboration element included in the 2019 agreement. In 2023 the restructuring of collaboration expenses and litigation mainly comprises the reversal of the value of the option recognised in 2022 regarding the contract with Blackstone Life Sciences (“Blackstone”) for **€5,065** as the option was not exercised (Note 27).

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

Impairment

In 2018, through the acquisition of Rebiotix Inc., the Group acquired in-development assets and goodwill related to microbiome technology. In December 2023 an impairment totalling **€115,225** was recognised on Rebiotix’s goodwill, development expenses capitalised, licences (Note 14) and tangible fixed assets.

In 2023, the operations at Ferring Research Institute were redefined following implementation of a new operating model for global drug discovery and external innovation leading to assets becoming obsolete. Therefore, assets of **€6,668** were impaired.

(Amounts expressed in thousands of Euros)

Also in 2023, Ferring has decided to discontinue the Milprosa project, as a consequence the related assets of **€16,020** have been impaired. In addition the intangible assets regarding Cetrorelix (excluding China) have been impaired with a Consolidated Statement of Income impact of **€9,095**.

In 2023 approval was obtained for Cortiment® MMX™1, in Japan, allowing Ferring to proceed with the launch of Cortiment. This approval made it possible to reverse the impairment recognised previously in the amount of **€7,925**.

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 insufficient capacity could be utilised (Note 13).

The annual impairment tests carried out on the carrying value of goodwill are detailed in Note 14.

Restructuring expenses

In the previous years, 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 line with IAS 37. In 2022 the transformation process impacted mainly Switzerland, France and Italy. In 2023, these expenses mainly relate to the restructuring of the commercial and manufacturing operation of Rebiotix Inc. and the research operations in the USA (Note 24).

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 across Group), business process re-engineering program and several manufacturing projects ongoing.

Contingent consideration adjustments, net

In 2023, the intangible assets regarding Cetrorelix (excluding China) have been impaired and the connected contingent consideration liability has been also released (**€7,835**).

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** arose from the INVO Bioscience Inc contingent liability which was released after the related milestone was not achieved (Note 26).

Other projects

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

9. Operating profit

Operating profit has been arrived at after charging/(crediting):	*Notes*	2023	2022
Staff costs	*7*	833,625	770,156
Depreciation of property, plant and equipment	*13*	52,264	49,168
Impairment of property, plant and equipment	*13*	10,090	22,174
Depreciation of right-of-use assets	*15*	33,608	29,948
Impairment of right-of-use assets	*15*	(387)	387
Amortisation of intangible assets	*14*	70,599	38,029
Impairment of intangible assets	*14*	118,980	503
Impairment of other receivables and prepayments	*8*	10,676	-

Inventories			
Cost of inventory included in cost of sales	*18*	471,117	604,084
Write-down of inventories	*18*	46,812	42,781

Leases			
Short-term lease charge	*15*	1,525	1,444
Low-value lease charge	*15*	110	97
Variable lease payments	*15*	2,511	3,383

10. Finance income and expense

Income	2023	2022
Interest income	17,520	5,159
Foreign exchange gains	72,976	77,960
Other financial income	7,959	2,048
Total income	98,455	85,167

Expense		
Interest expenses	(38,381)	(22,098)
Foreign exchange losses	(86,754)	(90,518)
Other financial expenses	(19,742)	(5,516)
Total expense	(144,877)	(118,132)
Total	(46,422)	(32,965)

(Amounts expressed in thousands of Euros)

The net interest result consists of:

Net interest result	*Notes*	2023	2022
Interest income on bank deposits		17,520	5,159
Interest expense on bonds		(12,753)	(2,672)
Interest expense on other borrowings, swaps and others		(4,914)	(11,231)
Interest expense on lease liabilities	*15*	(6,742)	(4,545)
Interest expense on defined benefit pension obligation	*23*	(797)	(475)
Unwinding of discount and changes in discount rates on contingent consideration liabilities	*26*	(2,993)	3,921
Unwinding of discount on financial liabilities	*27*	(14,272)	(7,096)
Total interest expense for financial liabilities		(24,951)	(16,939)
Less: amounts included in the cost of qualifying assets	*13*	4,090	-
Total		(20,861)	(16,939)

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of **3.01%** which correspond to an amount of **€4,090** (2022: nil) regarding the manufacturing projects under construction in Germany, USA and India.

The net foreign exchange result consists of:

Net foreign exchange result			
Revaluation of balance sheet items denominated in foreign currencies		(40,872)	2,028
Results from hedging activity		27,094	(14,586)
Total		(13,778)	(12,558)

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

Net other financial income and expenses			
Remeasurement of financial liabilities	*27*	3,592	-
Bank charges and other finance charges		(5,699)	(3,468)
Net monetary gain/(loss) arising from hyperinflationary economies		(9,676)	-
Total		(11,783)	(3,468)

In relation to the hyperinflation accounting for the Massone operations in Argentina, the Group recognised a net monetary loss of **€9,676** to adjust transactions recorded during the period into a measuring unit current as of December 31, 2023 as a result of the change in the conversion coefficient during the year ended December 31, 2023.

11. Earnings per share

		2023	2022
Net income from continuing and discontinued operations attributable to the owner of the Company	*In thousand Euros*	118,468	175,761
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*	4.74	7.03
Basic and diluted earnings per registered share of CHF 20	*In Euros*	9.48	14.06

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

12. Income taxes

	2023	2022
Income before taxes from continuing operations	93,018	198,134
Current income tax expense	43,787	62,123
Deferred tax (credit)/expense	(69,237)	(39,750)
Total income tax (credit)/expense	(25,450)	22,373
Effective tax rate	**-27.4%**	**11.3%**

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	93,018	198,134
Taxes calculated at weighted average tax rate	13,824	31,921
Non-deductible expenses, tax credit and other permanent differences	(16,424)	2,079
Movements in unrecognised tax carry forward losses	618	7,801
Revisions to prior year taxes	(492)	(4,430)
Effect of unsold inventories	(26,743)	(18,868)
Effect of tax rate changes	847	416
Tax risk provision adjustment	2,920	3,454
Income tax expenses	(25,450)	22,373

(Amounts expressed in thousands of Euros)

The taxes calculated at weighted average tax rate have decreased compared to last year to €13,824 (i.e., approximately 15% of the income before taxes). Despite operating and selling predominantly in high tax rate jurisdictions, Ferring lands in a final favourable tax position considering the significant tax deductible investments made in the U.S. with regards to Rebiotix Inc.

The €16,424 income is driven by several events within the Group including mainly i) a material impairment at Rebiotix Inc. triggering a non-deductible capital loss from a U.S. tax standpoint and ii) gain on acquisitions of the Group qualifying as non-taxable income from a Dutch tax standpoint.

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.

Gross movement on the deferred income tax	2023	2022
Opening net deferred tax assets	137,484	99,325
Charged to the statement of income	69,237	39,750
Charged/(credited) to other comprehensive income	3,958	(4,796)
Exchange rate (loss)/gain	(9,126)	3,822
Business combination at acquisition deferred tax asset	7,092	-
Business combination at acquisition deferred tax liability	(5,663)	-
Utilisation of deferred tax asset not recognised in the statement of income	-	(617)
Closing net deferred tax assets	202,982	137,484
Deferred tax assets as presented on the balance sheet	237,691	166,898
Deferred tax liabilities as presented on the balance sheet	(34,709)	(29,414)
Net deferred tax assets	202,982	137,484

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	*Notes*	Accelerated tax depreciation	Temporary differences on inventory	Recognised in business combination	Other temporary differences	Total
Opening net book value		**29,191**	**1,655**	**25,934**	**6,973**	**63,753**
Debited/(credited) to the P&L		48,193	(850)	(158)	11,935	**59,120**
Exchange differences loss		672	147	660	223	**1,702**
At 31 December 2022		78,056	952	26,436	19,131	124,575
Debited/(credited) to the P&L		(3,572)	9,207	(18,080)	4,122	**(8,323)**
Recognised in business combination	*35*	-	-	4,765	-	**4,765**
Hyperinflation adjustment		-	-	899	-	**899**
Exchange differences loss		(659)	(323)	(1,090)	(1,807)	**(3,879)**
At 31 December 2023		73,825	9,836	12,930	21,446	118,037

In 2023, the separate presentation of IFRS16 right-of-use and lease deferred tax assets and deferred tax liabilities has been the main driver of the increase of the total deferred tax liability on accelerated tax depreciation to €73,825 (2022 opening balance corrected from €24,276 to €78,056). This effect was particularly material in Denmark (i.e., €53,780). Such right-of-use deferred tax liability is ultimately netted within each jusridiction against the lease deferred tax asset recognised in parallel and has an immaterial effect on the net balance sheet position.

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. In 2023, the material impairment of intangible assets at Rebiotix Inc. triggered the release of the related deferred tax liability balance of €18,820.

No deferred tax liability has been recognised on temporary differences of €286,281 relating to the unremitted earnings of overseas subsidiaries 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	**61,787**	**6,575**	**6,495**	**3,566**	**29,928**	**54,727**	**163,078**
Credited/(debited) to the P&L	36,529	245	-	381	6,239	55,477	**98,870**
Credited/(debited) to OCI	-	-	(3,679)	-	-	(1,117)	**(4,796)**
DTA utilised and not recognised in the P&L	-	-	-	-	(617)	-	**(617)**
Exchange differences gain	2,811	342	963	221	803	383	**5,523**
At 31 December 2022	101,127	7,162	3,779	4,168	36,353	109,470	262,059
Credited/(debited) to the P&L	32,250	103	(159)	(1,037)	15,988	13,769	**60,914**
Credited/(debited) to OCI	-	-	3,530	-	-	428	**3,958**
Recognised in business combination	-	-	-	-	-	6,866	**6,866**
Hyperinflation adjustment	-	-	-	-	-	227	**227**
Exchange differences gain	(4,205)	(331)	25	(143)	(2,387)	(5,964)	**(13,005)**
At 31 December 2023	129,172	6,934	7,175	2,988	49,954	124,796	321,019

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 a total accumulated deferred tax asset of **€49,954** (€36,353 in 2022) for the net operating losses several entities within the Group, which can be detailed as follows:

Country	DTA	Evidence for recognition
Netherlands	3,555	Entity receiving cost plus and regularly facing additional tax revenues. Hence, it is expected that the entity will have sufficient future taxable profits available against which the net operating losses will offset within maximum 11 years
U.S.	43,653	The deferred tax asset in the U.S. has been recognised in relation to several items: - Losses of Ferring Pharmaceuticals Inc. (former FerGene Inc. losses) related to Adstiladrin for €13,111 and Federal losses of Rebiotix Inc. linked to Rebyota for €2,426 will set off against the consolidated profits of U.S. entities, which are operating under guaranteed margins - State losses of Rebiotix Inc. linked to Rebyota for €28,116. It is expected that Rebiotix Inc. will have sufficient future taxable profits available against which the net operating losses will offset within 10 years
Other countries	2,746	Entities are operating under cost plus model and are therefore guaranteed to have sufficient future taxable profits available against which the net operating losses will offset within 2 to 9 years depending on the country
Total	49,954	

(Amounts expressed in thousands of Euros)

The deferred tax assets related to the other temporary differences, **€124,797** in 2023 (€55,690 in 2022) are mainly related to provisions, accruals and inventory valuation. In most of the jurisdictions the costs related to the provisions and accruals are only tax-deductible upon payment. The increase is linked to several movements of various affiliates but it is mainly explained by the separate presentation of IFRS16 deferred tax assets and deferred tax liabilities in Denmark (2022 opening balance restated from €55,690 to €109,470), which correction has been presented in the 2022 movements.

Total unrecognised tax losses carried forward amounted to **€53,437** and €80,884 for the years ended 31 December 2023 and 2022, respectively. Unrecognised tax losses are related to the following countries (and subject to respective expiry dates of): Argentina (5 years), Denmark (indefinite), India (8 years), Indonesia (5 years), Russia (indefinite), Switzerland (7 years), Sweden (indefinite) and Vietnam (5 years). Ferring is monitoring and re-assessing the recognition of tax losses carried forward on a yearly basis. The decrease of €27,447 is linked to movements for several affiliates but it is mainly explained by the re-assessment of former unrecognised Dutch tax losses carried forward of €24,292.

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

2022	Before tax	Tax credit/ (charge)	After tax
(Loss)/gain on remeasurements of post-employment benefit obligations	26,978	(3,679)	**23,299**
Reclassification to profit or loss on disposal of foreign operations	(1,894)	-	**(1,894)**
Fair value change on hedging instruments	7,496	(1,004)	**6,492**
Fair value change on listed securities held as at FVTOCI	902	(113)	**789**
Foreign exchange differences on translation of foreign operations	(3,780)	-	**(3,780)**
Other comprehensive income	29,702	(4,796)	24,906
Current tax		-	
Deferred tax		(4,796)	

2023	Before tax	Tax credit/ (charge)	After tax
(Loss)/gain on remeasurements of post-employment benefit obligations	(25,084)	3,530	**(21,554)**
Reclassification to profit or loss of hedging instruments	1,323	(181)	**1,142**
Fair value change on hedging instruments	(3,620)	496	**(3,124)**
Fair value change on listed securities held as at FVTOCI	548	113	**661**
Foreign exchange differences on translation of foreign operations	(114,160)	-	**(114,160)**
Other comprehensive income	(140,993)	3,958	(137,035)
Current tax		-	
Deferred tax		3,958	

(Amounts expressed in thousands of Euros)

Pillar II

The group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Switzerland, the jurisdiction in which Ferring Holding SA is incorporated, and can come into force on 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The group applies the temporary exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. Under the legislation, the group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Thus far, this assessment has followed a systematic approach, involving a thorough review of the Group's structure and identification of the Ultimate Parent Entity.

Subsequently, a safe harbor modelling exercise was conducted to determine which entities might be subject to Pillar Two rules in the near future. This analysis identified countries that could potentially risk facing a top-up tax for Pillar Two. Following this analysis, the Group adjusted its Country-by-Country Reporting and its tax accounting to align with Pillar Two requirements. Consequently, all initially identified countries were subsequently excluded from the scope of Pillar Two for specific reasons, with the exception of Switzerland. As a result, the impact of Pillar Two for the Group is limited to Switzerland and has been quantified in terms of its effect on profit. We currently expect the impact to be limited for the Group. These findings are being promptly communicated to the Group.

In anticipation of the forthcoming Pillar Two legislation's implementation, the Group is working on assessing the data, accounting standards and processes required for both short and long-term compliance with Pillar Two requirements.

13. Property, plant and equipment

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		6,029	10,598	6,122	108,179	**130,928**
Acquisition of a subsidiary	*35*	821	5	83	-	**909**
Disposals		(759)	(392)	98	(733)	**(1,786)**
Impairment	*8*	(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

Year ended 31 December 2023		Land and buildings	Machinery and equipment	Furniture fixtures and other	Assets under construction	Total
Opening net book value		260,239	159,457	18,600	187,547	**625,843**
Additions		5,129	16,406	4,376	115,868	**141,779**
Capitalisation of borrowing costs	*10*	-	-	-	4,090	**4,090**
Acquisition of a subsidiary	*35*	16,394	13,196	546	2,287	**32,423**
Disposals		(1,235)	(286)	(313)	(934)	**(2,768)**
Impairment	*8*	(1,042)	(8,269)	(30)	(749)	**(10,090)**
Transfers		32,654	17,275	3,873	(53,802)	-
Depreciation		(14,235)	(30,385)	(7,644)	-	**(52,264)**
Hyperinflationary adjustment		7,380	5,575	222	275	**13,452**
Exchange rate differences		(19,516)	(13,933)	(1,408)	(4,189)	**(39,046)**
Closing net book value		285,768	159,036	18,222	250,393	713,419
At 31 December 2023						
Cost		462,042	512,220	77,754	250,393	**1,302,409**
Accumulated depreciation and impairment		(176,274)	(353,184)	(59,532)	-	**(588,990)**
Net book value		285,768	159,036	18,222	250,393	713,419

Depreciation of **€52,264** (2022: €49,168) has been charged to the following income statement captions: cost of sales **€35,499** (2022: €34,553); research and development expenses **€10,127** (2022: €9,154); sales and marketing expenses **€2,751** (2022: €2,301) and general and administration expenses **€3,887** (2022: €3,160).

The additions, excluding the assets under construction, are mainly related to manufacturing projects in Germany, India, Switzerland and Denmark.

In 2023, the Group acquired a group of subsidiaries (Massone Group in Argentina), including PPE with a value of **€32,423** (Note 35).

During 2023, the group capitalised borrowing costs in the amount of **€4,090** (2022: nil) regarding the manufacturing projects under construction in Germany, United States and India.

The assets under construction include the ongoing construction of a production line for Adstiladrin® in the United States and other manufacturing projects under construction in Germany and India.

In 2023, the group recognised an impairment loss of **€10,090** mainly related to the discontinuation of Ferring Research Institute operation in San Diego (**€6,668**), the Milprosa project in the Scottish manufacturing site (**€1,645**) and with the Rebiotix operation's (**€1,329**, Note 14). In 2022, the impairment loss in Assets under construction was mainly related to the Russia Manufacturing site where some projects had been put on hold, which resulted in a loss of €10,152.

(Amounts expressed in thousands of Euros)

14. Intangible assets

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		20,127	-	15,378	50,982	**86,487**
Acquisition of subsidiary	*35*	-	2,743	-	-	**2,743**
Disposals		-	-	-	(178)	**(178)**
Impairment	*8*	-	-	-	(503)	**(503)**
Transfers		-	-	-	15	**15**
Amortisation	*8*	(16,627)	-	(1,079)	(20,323)	**(38,029)**
Exchange rate differences		5,755	1,219	(422)	(224)	**6,328**
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	**1,190,798**
Accumulated amortisation and impairment		(255,362)	(70,025)	(9,349)	(124,510)	**(459,246)**
Net book value		534,676	66,770	22,471	107,635	731,552
Year ended 31 December 2023						
Opening net book value		534,676	66,770	22,471	107,635	**731,552**
Additions		102,677	-	5,283	41,404	**149,364**
Acquisition of subsidiary	*35*	-	-	-	303	**303**
Disposals		-	-	-	(66)	**(66)**
Impairment	*8*	(69,084)	(39,889)	(10,007)	-	**(118,980)**
Transfers		(44)	-	-	(702)	**(746)**
Amortisation	*8*	(38,404)	-	(1,640)	(30,555)	**(70,599)**
Hyperinflationary adjustment		-	-	-	25	**25**
Exchange rate differences		(3,291)	(886)	(379)	(621)	**(5,177)**
Closing net book value		526,530	25,995	15,728	117,423	685,676
At 31 December 2023						
Cost		884,857	43,229	36,811	271,779	**1,236,676**
Accumulated amortisation and impairment		(358,327)	(17,234)	(21,083)	(154,356)	**(551,000)**
Net book value		526,530	25,995	15,728	117,423	685,676

(Amounts expressed in thousands of Euros)

Licences

The Licences mostly include the assets related to Adstiladrin® (2023: **€377,804**, 2022: €306,966), Condoliase (2023: **€69,248**, 2022: €69,248) and Rebyota® (2023: **€26,959**, 2022: €101,448).

Additions in 2023
In December 2023 the Group acquired from Ferring Ventures SA, a related party, the intellectual property rights connected to Upper Tract Urothelial Carcinoma and Solid Tumour, which is an extension of the Adstiladrin treatment of bladder cancer, for **€90,669** (Note 34).

During 2023, the Group entered into a collaboration agreement with PharmaBiome in the objective to further develop the existing microbiome research and development strategy. This has led to an increase in the intangible assets of **€6,239**.

Ferring and Astellas agreed to terminate the former set of agreements related to Degarelix in the Japanese market. As a result, Ferring increased the intangible assets by **€5,078** in March 2023.

Additions in 2022
In 2022, the Group entered in a new agreement with I-MAB Biopharma acquiring exclusivity rights and licences 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 were recognised.

Impairment tests on assets with no associated goodwill
Impairment tests are performed based on the materiality of the asset and the assessment of the presence of impairment indicators. Based on their significant carrying values and the fact that some 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. In December 2023, an acquisition of intellectual property rights connected to the use of threatment for Upper Tract Urothelial Carcinoma and Solid Tumour, was added to the Adstiladrin asset group. The CGU has been defined as the development, manufacturing, marketing and sales operations of the Adstiladrin® products and mostly comprises acquired licences of **€377,804** 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 Japan tax rate. After launch in 2023, the sales are expected to grow significantly in the coming years. The projection period covers 10 years, and finite terminal value calculation uses a rate of **-3.0%** and a period of 10 years beyond forecast. The discount rate used in the impairment test is **13.30%** (2022: 17.50%). The recoverable amount for the cash-generating unit, based on the value in use, is estimated to be **€3,307,356**. The licence is not impaired.

The sensitivity analysis performed over the discount rate showed that, other things equal, an increase of **3.7%** of the discount rate and a decrease on sales forecast of **50%** (impacting variable costs consequently), would decrease the recoverable amount to **€680,085** and would not result in an impairment of the CGU's assets.

(Amounts expressed in thousands of Euros)

Condoliase
In August 2016 Ferring and Seikagaku Corporation (a Japanese company) signed an agreement whereby the Ferring Group has acquired licences to IP and trademarks to develop and commercialise 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 an acquired licence of **€69,248**. The impairment test is based on sales and cost projections for one in-development formulation based on a blended U.S. and Europe tax rate.

The sales are planned to begin in 2025 and grow significantly the following years. The finite terminal value calculation uses a growth rate of **-2.0%** and a period of 3 years beyond forecast. The discount rate used in the impairment test is **21.5%** (2022: 21.2%). The recoverable amount for the cash generating unit, based on the value in use, is estimated to be **€512,789**. The licence 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 to **€421,089** and would not result in an impairment of the CGU's assets.

Cortiment®
In 2015 the Group acquired from Cosmo Technologies Ltd., Ireland the patents and the know-how relating to Cortiment (budesonide containing drug) for the treatment of active mild to moderate ulcerative colitis (IBD) for the Japanese market. In 2020, the development Phase III results of Cortiment were not satisfactory resulting in an impairment of €7,925 of the related assets. In 2023, J-NDA approval and the NHI price listing were obtained, allowing the launch of the product in Japan thus the impairment was reversed.

Goodwill

Goodwill balances relate to the following cash generating units:

	Acquisition	31 December 2023	31 December 2022
Rebiotix (including Rebyota™)	2018	-	41,038
Cytokine (Propess®)	2011	20,434	20,075
Syntese (manufacturing of semi-finished goods for Pentasa®)	2004	3,000	3,000
Qualtech as part of Menopur® business	2022	2,561	2,657
Closing net book value		25,995	66,770

(Amounts expressed in thousands of Euros)

Annual impairment tests have been carried out and have resulted in an impairment for Rebiotix. 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 was defined as the development, manufacturing, marketing, and sales operations of the Rebiotix products in gastroenterology and primarily comprised goodwill of **€39,889**, licences of **€91,773**, development expenses capitalised of **€9,193** and property, plant and equipment of **€9,495** (Note 13). In November 2022, FDA approval was granted and the product was launched in the U.S. in Q1 2023. The impairment test is based on sales and cost projections of the approved formulation in the U.S., but also on the sales in the rest of the world, adjusting the blended tax rate and respective WACC. The sales are expected to grow in the coming years, but given the current view on market conditions at a slower pace and to a lower peak sales than anticipated in the past. This adjustment in the market perspective led to a restructuring of the commercial and manufacturing operations of Rebiotix Inc (Note 8). The finite terminal value calculation uses a growth rate of **-2.0%** and a 4-year period beyond the forecast. The discount rate used in the impairment test is **11.5%** (2022: 15.1%), reflecting changes to the risk and sales profile, as well as the risk on sales expected for the rest of the world. The recoverable value of the cash-generating unit, based on value in use, is estimated to be **€45,327** (2022: €338,955). Consequently, the goodwill was fully impaired, as well as the development expenses capitalised and part of the licences (total of **€113,896**) and the property, plant and equipment (Note 13). As of December 31, 2023, Rebiotix still has a total of **€26,959** recognised in licences.

The sensitivity analysis performed over the discount rate showed that an increase of **1%** of the discount rate would lead to a decrease of the recoverable value of **€9,673**. The sensitivity analysis performed over the discount rate showed that an increase of **6%** of the discount rate would reduce the recoverable amount to **€0**.

The sensitivity analysis performed over sales showed that, keeping all other factors constant, a decrease in sales price by 10% would reduce the recoverable amount to **€0**.

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 goodwill of **€20,433** and licences of **€6,086**. The impairment test is based on compound annual sales growth of **-3.5%** per year (2022: 0,8%), and a flat cost structure, over a valuation period of 5 years. The tax rate is based on a blended rate of **14.4%** (2022: 14.1%). The discount rate used on the cash flows in the impairment test is **11.5%** (2022: 11.2%), 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 **€312,539** (2022: €447,450). 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 **4.0%** in the discount rate, a decrease of **50%** of sales, would decrease the recoverable amount by **€142,857** 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 goodwill of **€3,000**. The impairment test is based on steady raw material costs while compound annual sales growth rate decreases by **3.8%** over the valuation period of 5 years. The local tax rate used is **22%** (2022: 22%). The discount rate used on the cash flows in the impairment test is **11.4%** (2022: 11.2%), 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 **€49,065** (2022: €30,289). 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 **€43,232**. No impairment would be identified.

Capitalised development cost

In 2023, the total capitalised amount is **€5,283**. It comprises mainly to Rekovelle® (**€4,689**).

In 2022, capitalised costs amount to €15,378 of which the main assets are €10,081 for Rebyota® and €4,489 for Rekovelle®.

Software and other intangibles

Software and other intangibles category include software (2023: **€115,185**; 2022: €104,566) and other intangibles (2023: **€2,238**; 2022: €3,069).

In 2023 and 2022, the additions of software and other intangible assets are explained by software (2023: **€41,389**; 2022: €50,982). These mainly include capitalised costs and software licences incurred by One ERP, the global project to implement SAP in relation to the overall business process re-engineering initiative aiming at the generation of efficiencies.

Main impairments in 2023

During 2023, beside the impairments recognised related to Rebiotix (including Rebyota™), the Group has decided to discontinue the work on the Milprosa project, as a consequence the related assets have been impaired for an amount of **€3,915**. Additionally, after termination of the contract with Sun Pharma regarding Cetrorelix, the Group decided to not further persue the launch of the product, which consequently resulted in an impairment of **€9,095** in intangible assets (licences).

Main impairments in 2022

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

Amortisation

Amortisation expense of **€70,599** (2022: €38,029) has been charged to the following income statement captions: cost of sales **€5,075** (2022: €3,472); sales and marketing expenses **€834** (2022: €712); research and development expenses **€3,968** (2022: 2,176); general and administrative expenses **€20,652** (2022: €13,963); and other operating expenses **€40,126** (2022: €17,706).

15. Right-of-use assets and lease liabilities

Year ended 31 December 2022	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

Year ended 31 December 2023				
Opening net book value	**248,564**	**23,408**	**276**	**272,248**
Additions	35,143	11,206	380	**46,729**
Disposals	(302)	24	(18)	**(296)**
Impairment	387	-	-	**387**
Depreciation	(21,059)	(12,315)	(234)	**(33,608)**
Exchange rate differences	(1,768)	(522)	(10)	**(2,300)**
Closing net book value	260,965	21,801	394	283,160
At 31 December 2023				
Cost	303,987	47,120	1,474	**352,581**
Accumulated depreciation and impairment	(43,022)	(25,319)	(1,080)	**(69,421)**
Net book value	260,965	21,801	394	283,160

In 2023, the depreciation expense of **€33,608** (2022: €29,948) has been charged in cost of sales **€3,180** (2022: €3,055) in sales and marketing expenses **€14,598** (2022: €14,045), in research and development expenses **€12,005** (2022: €9,338), in general and administration expenses **€3,636** (2022: €3,425), and in other operating expenses **€189** (2022: €85).

In December 2023, an addendum to the lease agreement for the Soundport building in Denmark was signed to establish the new rent based on the final construction costs. This update led to an increase in the right-of-use assets of **€18,559**. In 2022, the additions were mainly related to the lease commencement for the Soundport building in May 2022 with a lease duration of 25 years (Note 34). This building replaced the previous building leased by Ferring Pharmaceuticals A/S in Denmark.

(Amounts expressed in thousands of Euros)

Lease liabilities	*Notes*	31 December 2023	31 December 2022
Current lease liabilities	*30*	33,533	33,064
Non-current lease liabilities	*30*	256,801	243,286
Total		290,334	276,350

Future cash-flow		
2023	-	35,567
2024	36,607	29,680
2025	30,031	24,438
2026	23,482	18,381
2027	18,922	15,201
2028	16,559	13,612
2029	14,862	12,775
2030	14,708	12,710
2031	14,353	12,307
2032	14,057	11,977
2033	13,990	11,977
Years beyond 2033	168,583	155,199
Total	366,154	353,824
Unearned interest	(75,820)	(77,474)
Total lease liabilities	290,334	276,350

Amounts recognised in the statement of income			
Depreciation expense on right-of use assets	*9*	(33,608)	(29,948)
Interest expense on lease liabilities	*10*	(6,742)	(4,545)
Expense relating to short-term leases	*9*	(1,525)	(1,444)
Expense relating to leases of low-value assets	*9*	(110)	(97)
Expense relating to variable lease payments not included in lease liabilities	*9*	(2,511)	(3,383)
Total		(44,496)	(39,417)

The total cash outflow for leases in 2023 was **€37,559** (2022: €31,538).

16. Non-current receivables

	2023	2022
Non-current deposits	8,876	9,663
Other non-current receivables	6,092	7,656
Total	14,968	17,319

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 amortised cost and Fair Value Through Profit or Loss (Note 31).

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, which is included in other non-current receivables. This amount was reduced to €4,767 in 2023. The portion that will be collected within the next 12 months is classified as current.

17. Investments in financial assets

		2023		2022	
	Notes	Non-current	Current	Non-current	Current
Financial assets designated as at FVTOCI					
Shares in VectivBio Holding AG		-	-	1,910	-
Shares in Axon Therapeutics Inc.		1,246	-	1,246	-
Total financial assets measured as at FVTOCI		1,246	-	3,156	-
Financial assets measured as at FVTPL					
Securities		255	90	317	-
Loans to related party entities	*34*	13,500	4,798	17,795	4,845
Loans to other entities		-	-	-	3,048
Total financial assets measured as at FVTPL		13,755	4,888	18,112	7,893
Financial assets measured at amortised cost					
Loans to third parties		2,260	-	1,876	-
Total Financial assets measured at amortised cost		2,260	-	1,876	-
Total investments in financial assets		17,261	4,888	23,144	7,893

(Amounts expressed in thousands of Euros)

In June 2023, all shares in VectivBio Holding AG, a listed entity on the NASDAQ exchange, were sold for **€3,580**.

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 was subject to the BLA approval in the United States and repayable in tranches over a 5-year period. The BLA was approved in December 2022 and the first repayment of **€5,000** occurred in December 2023.

In December 2023 the loan to other entities of €3,048, was fully repaid.

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

18. Inventories

	2023	2022
Raw and auxiliary materials	263,626	147,488
Semi-finished goods	109,028	102,760
Finished goods	216,254	174,739
Total	588,908	424,987

The Group has recognised an expense of **€46,812** (2022: €42,781) 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 **€471,117** (2022: €604,084).

This amount is recorded net of the reversal of **€44,187** of accruals for inventory purchased in previous years, where the price accrued for was higher than the final price paid (Note 28). Cost of inventory included in cost of sales is presented net of provisions released.

The 2023 inventory amount includes an adjustment of **€60,578** related to hyperinflation.

19. Receivables and prepayments

	2023	2022
Trade receivables	318,060	338,797
Allowance for expected credit losses	(8,092)	(10,836)
Trade receivables, net	**309,968**	**327,961**
Prepayments and accrued income	92,926	70,786
Prepayments to related parties	34,213	-
VAT and other taxes	60,992	49,629
Other receivables	506	11,376
Other receivables from related parties	13,872	23,640
Total	512,477	483,392

The funding of FinVector Therapies Oy, the related party supplying the Adstiladrin product and related services to the Group, represents an increase of **€34,060** in prepayments and accrued income.

In 2023, the Group has decided to discontinue the work on the Milprosa project, as a consequence the related prepayments and accrued income have been impaired for an amount of **€10,460** (Note 8).

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)	6,560	942
Existing customers, no defaults in the past	241,034	278,527
Existing customers, some defaults in the past	27,746	17,613
Total	275,340	297,082

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)	2,658	69
Existing customers, no defaults in the past	31,970	26,619
Existing customers, some defaults in the past	-	4,191
Total	34,628	30,879

(Amounts expressed in thousands of Euros)

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

	2023	2022
Balance at the beginning of the year	10,836	11,692
Additions	3,241	5,843
Unused amounts reversed	(3,125)	(5,870)
Charged/(credited) to statement of income	**116**	**(27)**
Utilised during the year	(2,897)	(1,039)
Exchange rates difference	37	210
Balance at the end of the year	8,092	10,836

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 2023	Not past due	Up to 3	3 to 6	Over 6	Total
Expected credit losses (ECL) rate	*0.0%*	*3.7%*	*24.6%*	*74.5%*	
Estimated total gross carrying amount at default	275,340	30,630	4,073	8,017	**318,060**
Lifetime ECL	-	(1,121)	(1,001)	(5,970)	**(8,092)**
	275,340	29,509	3,072	2,047	309,968
At 31 December 2022					
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

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 2023.

20. Cash and cash equivalents

	2023	2022
Cash at bank and in hand	345,334	316,509
Short-term bank deposits	554,983	33,205
Total	900,317	349,714

Bank deposits as of 31 December 2023 all have a maturity of under 90 days and are denominated in the following currencies:

	2023	% of total bank deposits	Interest rate
U.S. Dollar	330,987	59.64%	5.43%
Euro	170,260	30.68%	3.84%
Indian Rupee	22,025	3.97%	5.63%
Israelian Shekel	18,242	3.29%	4.13%
Argentine Peso	13,388	2.41%	88.79%
Swiss Franc	81	0.01%	0.60%
Total	554,983	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:

	2023	2022
Cash and cash equivalents	900,317	349,714
Bank overdrafts (Note 22)	(4)	(4)
Total	900,313	349,710

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.

	2023	2022
AAA	208,210	-
AA	90,696	19,235
AA-	1,712	227
A+	479,135	270,438
A	90,808	15,106
A-	4,040	15,774
BBB+	-	2,847
BBB	1,973	945
BBB-	727	625
Less than BBB-	23,016	24,517
Total	900,317	349,714

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. 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 2023 the Company had no authorised or conditional share capital outstanding.

Reserves

Amounts legally available for dividend distribution are derived from the company-only 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 2023 amounts to **€43,844** (2022: €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 **€16,291** (2022: €16,294).

A dividend in respect of 2023 of €30,000 is to be proposed at the Annual General Meeting. These financial statements do not reflect this dividend payable.

Significant shareholders

At 31 December 2023 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.

22. Borrowings

Current:	*Notes*	2023	2022
Bank overdrafts	*20*	4	4
Short-term borrowings from third party		-	347
Total		4	351
Non-current:			
Bonds		813,530	274,362
Deferred bank expenses incurred on the issuance of bonds		(638)	-
Total		812,892	274,362

The fair value of the long-term borrowings as of 31 December 2023 is **€845,532** (€265,610 as of 31 December 2022).

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 2023 is €285,534 (2022: €265,610).

In April 2023, the Group issued additional bonds on the SIX Swiss Exchange for **€416,854** (CHF 410,000), in two tranches: **€254,152** (CHF 250,000) with 4-year maturity at a fixed coupon rate of **2.70%** per annum, and **€162,702** (CHF 160,000) with 8-year maturity at a fixed coupon rate of **3.25%** per annum. In July 2023, the Group realised a successful increase of the second Swiss Franc Bond by **€82,679** (CHF 80,000) with 8-year maturity at a fixed coupon rate of 3.25% per annum, increasing the total amount of bonds issued in 2023 to **€499,533** (CHF 490,000). The fair value of the bonds obtained in 2023 as of 31 December 2023 is **€559,998**.

Borrowings outstanding at the end of 2023 and 2022 were denominated in the following currencies (short and long-term):

	Share		Average nominal interest rates	
	2023	2022	2023	2022
Swiss Franc	100%	100%	2.29%	1.05%

Maturities of non-current borrowings are as follows:

	2023	2022
Between 2 and 5 years	556,626	274,362
After 5 years	256,904	-
Total	813,530	274,362

The Group's revolving credit facility agreement contains financial covenants such as maintenance of a certain debt/EBITDA ratio. The Group was compliant with all financial covenants at 31 December 2023.

Credit facilities

The Group had **€328,789** (Note 30) of unused lines of credit at 31 December 2023 (€313,755 at 31 December 2022).

(Amounts expressed in thousands of Euros)

23. 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 2023.

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 15 years. The consolidated disclosures include 36 plans as at 31 December 2023. 37 plans were in scope at 31 December 2022.

Components of the pension benefit obligations

	2023			2022		
	Switzerland	Other	**Total**	Switzerland	Other	**Total**
Present value of funded obligations	328,826	11,622	**340,448**	258,816	11,721	**270,537**
Fair value of plan assets	(284,472)	(11,419)	**(295,891)**	(237,692)	(11,873)	**(249,565)**
Deficit/(surplus) of funded plans	**44,354**	**203**	**44,557**	**21,124**	**(152)**	**20,972**
Present value of unfunded obligations	-	15,521	**15,521**	-	15,674	**15,674**
Liability in the balance sheet	**44,354**	**15,724**	**60,078**	**21,124**	**15,522**	**36,646**
Experience gains/(losses) on plan liabilities	(59)	620	**561**	(12,135)	(777)	**(12,912)**
Experience gains/(losses) on plan assets	15,432	(88)	**15,344**	(31,818)	(512)	**(32,330)**

(Amounts expressed in thousands of Euros)

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

	2023			2022		
	Switzerland	Other	**Total**	Switzerland	Other	**Total**
Current service cost	14,396	2,395	**16,791**	19,071	2,519	**21,590**
Net interest expense	197	600	**797**	86	389	**475**
Past service cost/ (credit) recognised	(3,283)	(247)	**(3,530)**	-	(34)	**(34)**
Termination benefits	-	-	-	-	98	**98**
Administration expenses	242	4	**246**	-	5	**5**
Actuarial gain and other items recognised	-	(59)	**(59)**	-	(169)	**(169)**
Net periodic pension cost (Note 7)	11,552	2,693	14,245	19,157	2,808	21,965

Actuarial (gain)/loss for other long-term employee benefits (jubilee plans) is recognised in the net periodic pension cost.

In 2023, the past service credit in Switzerland relates to a plan amendment (the pension fund has updated their conversion rates applicable at retirement).For other territories, the past service credit relates to a curtailment impacts of €216 in Mexico and €4 in Turkey and the remainder of the credit relates to the change in the state retirement age in France.

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

(Amounts expressed in thousands of Euros)

Movements in the present value of the defined benefit obligation

	2023			2022		
	Switzerland	Other	**Total**	Switzerland	Other	**Total**
Defined benefit obligation at the beginning of the year	**258,816**	**27,395**	**286,211**	**296,821**	**30,435**	**327,256**
Current service cost (employer part)	14,396	2,395	**16,791**	19,071	2,519	**21,590**
Plan participant contributions	8,965	-	**8,965**	8,883	-	**8,883**
Interest on benefit obligations	5,844	1,072	**6,916**	882	690	**1,572**
Actuarial losses/(gains) due to changes in financial assumptions	40,528	331	**40,859**	(68,554)	(3,490)	**(72,044)**
Actuarial losses/(gains) due to changes in demographic assumptions	63	8	**71**	-	(325)	**(325)**
Experience losses/(gains) on liabilities	59	(620)	**(561)**	12,135	777	**12,912**
Termination benefits	-	-	-	-	98	**98**
Past service cost/(credit)	(3,283)	(247)	**(3,530)**	-	(34)	**(34)**
Benefits paid from the plan (less transfers in)	(12,117)	(672)	**(12,789)**	(25,738)	(1,873)	**(27,611)**
Benefits paid direct by employer	-	(1,234)	**(1,234)**	-	(727)	**(727)**
Other adjustments	-	-	-	(2)	39	**37**
Exchange rate differences	15,555	(1,285)	**14,270**	15,318	(714)	**14,604**
Defined benefit obligation at the end of the year	**328,826**	**27,143**	**355,969**	**258,816**	**27,395**	**286,211**
of which:						
Present value of funded obligations	328,826	11,622	**340,448**	258,816	11,721	**270,537**
Present value of unfunded obligations	-	15,521	**15,521**	-	15,674	**15,674**

(Amounts expressed in thousands of Euros)

Movements in the fair value of plan assets of the year

	2023			2022		
	Switzerland	Other	**Total**	Switzerland	Other	**Total**
Fair value of plan assets at the beginning of the year	**237,692**	**11,873**	**249,565**	**256,871**	**13,653**	**270,524**
Interest income on plan assets	5,647	472	**6,119**	796	301	**1,097**
Actual return on plan assets less interest income on plan assets	15,432	(88)	**15,344**	(31,818)	(512)	**(32,330)**
Plan participant contributions	8,965	-	**8,965**	8,883	-	**8,883**
Employer contributions	15,220	1,804	**17,024**	15,500	1,615	**17,115**
Benefits paid from the plan (less transfers in)	(12,117)	(672)	**(12,789)**	(25,738)	(1,873)	**(27,611)**
Benefits paid direct by employer	-	(1,234)	**(1,234)**	-	(727)	**(727)**
Administrative expenses	(242)	(4)	**(246)**	-	(5)	**(5)**
Exchange rate differences	13,875	(732)	**13,143**	13,198	(579)	**12,619**
Fair value of plan assets at the end of the year	**284,472**	**11,419**	**295,891**	**237,692**	**11,873**	**249,565**

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

	2023			2022		
	Switzerland	Other	**Total**	Switzerland	Other	**Total**
Changes in financial assumptions	40,528	359	**40,887**	(68,554)	(3,301)	**(71,855)**
Changes in demographic assumptions	63	8	**71**	-	(325)	**(325)**
Experience adjustments on benefit obligations	59	(589)	**(530)**	12,135	757	**12,892**
Actual return on plan assets less interest on plan assets	(15,432)	88	**(15,344)**	31,818	512	**32,330**
Other adjustments	-	-	-	22	(42)	**(20)**
Total (gain)/loss recognised in OCI	25,218	(134)	25,084	(24,579)	(2,399)	(26,978)

In 2023, the loss on financial assumptions is mainly due to decrease of the discount rate in Switzerland. The return on assets (excluding interest income) in Switzerland relates to the improvement of the pension fund's statutory funding position over the year.

In 2022, the gain on financial assumptions is mainly due to an increase of the discount rate in Switzerland (offset by a loss relating to the increase of the interest credit rate) and in other territories. The deferred tax asset recognised on the OCI movement is disclosed in Note 12.

(Amounts expressed in thousands of Euros)

Recognition of the changes in the net liabilities

	2023			2022		
	Switzerland	Other	Total	Switzerland	Other	**Total**
Net liability at the beginning of the year	**21,124**	**15,522**	**36,646**	**39,950**	**16,782**	**56,732**
Amounts recognised in the statement of income	11,552	2,693	**14,245**	19,157	2,808	**21,965**
Employer contributions	(15,220)	(1,804)	**(17,024)**	(15,500)	(1,615)	**(17,115)**
Amounts recognised in other comprehensive income	25,218	(134)	**25,084**	(24,579)	(2,399)	**(26,978)**
Exchange differences	1,680	(553)	**1,127**	2,120	(135)	**1,985**
Other adjustments	-	-	-	(24)	81	**57**
Net liability at the end of the year	**44,354**	**15,724**	**60,078**	**21,124**	**15,522**	**36,646**

Principal actuarial assumptions used at the end of the reporting period

	2023			2022		
	Switzerland	Other	**Total (weighted average)**	Switzerland	Other	**Total (weighted average)**
Discount rate	1.4%	4.5%	**1.6%**	2.3%	4.2%	**2.5%**
Inflation rate	1.0%	2.5%	**1.1%**	0.7%	2.7%	**0.8%**
Interest credit rate assumption	2.0%	n/a	**2.0%**	2.0%	n/a	**2.0%**
Compensation growth rate	1.5%	3.9%	**1.7%**	1.5%	2.8%	**1.6%**
Pension growth rate	0.0%	1.6%	**0.1%**	0.0%	1.9%	**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:

	2023		2022	
	Switzerland	Other	Switzerland	Other
Retiring at the end of reporting period:				
- Male	21.7	20.8	21.7	20.7
- Female	23.5	22.8	23.5	22.6
Retiring 20 years after the end of the reporting period:				
- Male	23.4	21.7	23.4	21.7
- Female	25.1	23.6	25.1	23.6

(Amounts expressed in thousands of Euros)

Standard base mortality tables have been used 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 rate, 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. There has been no changes compared to previous years in deriving these sensitivities.

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 3.5%	Increase by 3.7%
Inflation assumption	0.25%	Increase by 0.05%	Decrease by 0.04%
Interest credit rate	0.25%	Increase by 1.3%	Decrease by 1.3%
Compensation growth rate	0.25%	Increase by 1.1%	Decrease by 1.1%
Pension growth rate	0.25%	Increase by 1.7%	Decrease by 1.6%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		Increase by 1.7%	Decrease by 1.7%

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

	2023				2022			
	Switzerland	Other	**Total**	% of Total	Switzerland	Other	**Total**	% of Total
Equities	99,901	85	**99,986**	34%	84,283	94	**84,377**	34%
Bonds	89,530	678	**90,208**	30%	72,262	627	**72,889**	29%
Real estate	73,567	40	**73,607**	25%	65,269	116	**65,385**	26%
Cash	7,335	40	**7,375**	2%	6,431	38	**6,469**	3%
Alternative investments	14,139	-	**14,139**	5%	9,447	-	**9,447**	4%
Insurance policies	-	7,355	**7,355**	2%	-	7,780	**7,780**	3%
Others	-	3,221	**3,221**	1%	-	3,218	**3,218**	1%
Total	284,472	11,419	295,891	100%	237,692	11,873	249,565	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 2024 is **€18,195**.

(Amounts expressed in thousands of Euros)

Actuarial risks

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

- 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;

- Longevity risk: 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;

- Interest risk: A decrease in the bond interest rate will increase the plan liability but it may not be fully offset by an increase in the plans debt investments;

- Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estate;

- Currency risk: The Group is exposed to unhedged Currency risk, principally from translating Swiss pension plan liabilities and assets into Euros.

24. 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**

(Amounts expressed in thousands of Euros)

	Litigation	Returns	Restructuring	Incentive plan	Other	Total
At 1 January 2023	**9,855**	**28,270**	**2,974**	**38,400**	**1,428**	**80,927**
Additional provisions	1,424	1,624	15,569	17,158	1,413	**37,188**
Unused amounts reversed	(393)	(244)	(1,898)	(2,982)	(47)	**(5,564)**
Charged/(credited) to statement of income	**1,031**	**1,380**	**13,671**	**14,176**	**1,366**	**31,624**
Utilised during year	(104)	(1,233)	(9,014)	(10,317)	(1,460)	**(22,128)**
Exchange rate difference	(653)	(957)	(200)	425	(29)	**(1,414)**
At 31 December 2023	10,129	27,460	7,431	42,684	1,305	89,009
of which:						
- Non-current	678	18,307	-	27,730	519	**47,234**
- Current	9,451	9,153	7,431	14,954	786	**41,775**

The litigation provisions mainly relate to a case with the Italian health authorities regarding Menopur®: **€9,289** both in 2023 and 2022.

Sales are recorded net of provisions for returns. The returns provision mostly relates to estimated 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 recorded return provisions mainly related to Euflexxa®, Menopur®, Clenpiq® and Cervidil®.

In the previous years, 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 2022 the transformation process impacted mainly Switzerland, France and Italy. In 2023, the restructuring impacted the Group's manufacturing (Rebiotix, Roseville) and research operations (San Diego) in the USA (**€12,345**) and commercial operations in Shanghai, China (**€1,926**).

The long-term incentive plan mainly 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.

(Amounts expressed in thousands of Euros)

25. Deferred income

	2023	2022
Opening book value	39,442	65,309
New deferred income	8,314	10,315
Credited to statement of income	(14,473)	(32,077)
Netted in asset under construction	-	(1,269)
Exchange rate differences	(2,765)	(2,836)
Closing book value	30,518	39,442

The split of deferred income between non-current and current is as follows:		
Non-current	23,535	31,349
Current	6,983	8,093
Total	30,518	39,442

The non-current deferred income relates to:		
Co-promotion, distribution and out-licensing	23,535	31,349
Total	23,535	31,349

The current deferred income relates to:		
Co-promotion and distribution	5,990	6,328
Sales of goods	993	1,765
Total	6,983	8,093

The income credited to the statement of income is presented in revenues under sales of goods (2023: **€5,697**; 2022: €9,865), other income (2023: **€7,839**; 2022: €21,482) and cost of sales (2023: **€937**; 2022: €730).

The Group signed a distribution agreement with Cipla Australia Pty Ltd. starting from January 2021. The recognised deferred income of €2,739 comprised an upfront payment of €1,613 and a sales milestones of €1,126. In 2023, this agreement resulted in recognising other income in 2023 of **€383** (2022: €411).

In January 2020 the Group signed an extension of the existing distributor contract with Kissei Pharmaceuticals related to the co-promotion and distribution of MINIRIN 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 2023 of **€6,863** (2022: €4,837).

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 2023 of **€936** (2022: €730).

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.

26. 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.

	Notes	Adstiladrin®	Rebiotix	Condoliase	Other	Total
At 1 January 2022		**99,775**	**123,661**	**60,078**	**17,066**	**300,580**
Unwinding of discount and changes in discount rates	*10*	(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	*8*	-	(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	*35*	-	-	-	242	242
At 31 December 2022		37,822	-	60,364	13,129	111,315
Unwinding of discount and changes in discount rates	*10*	916	-	2,313	(236)	2,993
Recognition of milestone liabilities during the year	*14*	31,452	-	-	6,329	37,781
Derecognition of milestone liabilities during the year	*8*	-	-	-	(7,921)	(7,921)
Cash payments: investing activities		(20,000)	-	(4,659)	(1,843)	(26,502)
Transfers		-	-	-	(2,000)	(2,000)
Exchange rate differences		-	-	(2,081)	(181)	(2,262)
At 31 December 2023		50,190	-	55,937	7,277	113,404
The split between current and non current is as follows:						
Non-current		50,190	-	42,545	3,546	96,281
Current		-	-	13,392	3,731	17,123
At 31 December 2023		50,190	-	55,937	7,277	113,404

(Amounts expressed in thousands of Euros)

Adstiladrin®

In 2023 a contingent consideration liability has been recognised following the acquisition from Ferring Ventures SA, a related party of the intellectual property rights connected to Upper Tract Urothelial Carcinoma and Solid Tumour, among others, which are useful extensions for the treatment of bladder cancer in humans. Further, an amount of €20,000 has been paid to Trizell Ltd., a related party, following the launch of Adstiladrin® in the U.S. market and another €12,000 that was connected to the BLA approval obtained in 2022.

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

Rebiotix

In 2022 the Group renegotiated scheduled payments related to the Rebiotix acquisition agreement, that resulted in a payment of €121,354 and a decrease in the liability of €17,727 (Note 8).

Following the renegotiation and obtaining the regulatory approval of the enema formulation in the United States for Rebyota™ all the remaining contingent payables were settled.

Other

In 2023 the derecognition of the milestone liability relates to Sun Pharma regarding Cetrorelix for €7,835 (Note 8). The Group has decided to terminate the contract and not launch the product. The connected intangible assets have been impaired following the termination of the agreement.

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 32.

27. Other financial liabilities

Other financial liabilities mainly consist of amounts payable to Blackstone Life Sciences ("Blackstone"), Royalty Pharma and the former owners of the Massone Group.

As at 1 January 2022	*Notes*	**30,572**
Unwinding of discount	*10*	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	*29*	(21,790)
Unwinding of discount	*10*	545
Exchange rate differences		(5,743)
As at 31 December 2022		66,592

(Amounts expressed in thousands of Euros)

As at 31 December 2022	*Notes*	**66,592**
Recognition of new financial liability and cash received (financing activities)	*29*	271,942
Recognition of new financial liability on business combination	*35*	38,306
Recognition of new financial liability on asset acquisition	*14*	61,217
Remeasurement through the income statement	*10*	(3,592)
Cash paid: operating activities		(5,490)
Cash paid: financing activities	*29*	(13,158)
Unwinding of discount	*10*	14,272
Exchange rate differences		(4,384)
As at 31 December 2023		425,705
Non-current		335,321
Current		90,384
		425,705

In 2019 the Group and Blackstone entered into a partnership agreement to fund, develop and commercialise Adstiladrin® in the United States of America. This agreement was restructured in 2022 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 USD 105 million 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 was €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.

Further the Group proportionally allocated the cost of 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 8). The 2023 repayment represents €18,645 split into operating and financing activities. The option that was granted to Blackstone was not exercised therefore the fair value of the option was released into the statement of income under other operating expenses.

In 2023, the Group signed a funding agreement in two tranches, of USD 300 million (€272,355) and USD 200 million (€181,750), with Royalty Pharma. The repayment of the liability is based on a percentage of the quarterly net sales of Adstiladrin® in the U.S. and is expected to end in the early mid-2030's. The first drawdown of USD 300 million in 2023 represents the amount received in cash. The liability is classified as financial liability at amortised cost and was therefore initially booked at fair value, which corresponds to the cash received and was subsequently remeasured through the income statement based on the latest sales projections. The funding of the second tranche of USD 200 million is subject to certain manufacturing goals that are expected to be achieved in 2025.

The financial liability related to business combinations is connected to the outstanding consideration payable for the acquisition of the Massone Group (Note 35).

The liabilities recognised on asset acquisition correspond to the consideration payable for intellectual property rights connected to Upper Tract Urothelial Carcinoma and Solid Tumour, among others, which are useful extensions for the treatment of bladder cancer in humans (Note 34) and the R&D collaboration with PharmaBiome to extend the existing microbiome strategy.

(Amounts expressed in thousands of Euros)

28. Accruals and other liabilities

	Notes	2023	2022
Accrued royalties, discounts and commissions		137,639	141,994
Accrued personnel costs		142,315	125,747
Accrued interest costs		29,772	3,024
Accrued inventory purchases	*18*	26,869	53,426
Accrued marketing and sales costs		21,869	22,306
Accrued clinical trials, research and development costs		17,125	23,332
Accrued legal and professional fees		17,809	18,213
Accrued distribution costs		4,672	5,519
Accrued other		57,125	42,412
Non-trade accounts payable		4,461	3,474
Total		459,656	439,447

Accrued discounts related to the sales recognised net in the United States' market represent €104,112 (2022: €97,014).

Accruals for inventory purchased in previous years were reversed through cost of sales in 2023 where the price accrued for was higher than the final price paid on settlement (Note 18).

29. 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 2023	Cash flows	Foreign exchange movements	Transfer	Other changes	31 December 2023
Short-term borrowings	347	(347)	-	-	-	-
Bonds	274,362	498,837	40,331	-	-	813,530
Non-current lease liabilities	243,286	-	(1,926)	(30,574)	46,015	256,801
Current lease liabilities	33,064	(33,551)	(957)	30,574	4,403	33,533
Non-current liabilities	-	268,403	(1,254)	(1,415)	8,598	274,332
Current liabilities	13,029	(9,619)	(61)	1,415	(2,240)	2,524
Total	564,088	723,723	36,133	-	56,776	1,380,720

(Amounts expressed in thousands of Euros)

			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	-	93	(37,685)	256,629	243,286
Current lease liabilities	22,359	(29,947)	(181)	37,685	3,148	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	(103,946)	17,587	-	259,766	564,088

The increase presented in Bonds through the cash flows (**€498,837**, net of transaction costs incurred) is related to the additional bonds issued on the SIX Swiss Exchange in the amount of CHF 490,000 (Note 22).

Other changes for current and non-current lease liabilities in 2023 are mainly explained by the addendum signed to the lease agreement for the Soundport building, in order to establish the new rent based on the final construction costs and the new contracts for buildings in USA, Japan and Canada (Note 15). The significant increase in 2022 is mainly explained by the new building leased in Soundport.

The increase presented in Non-current liabilities through the cash flows is related to the first drawdown from Royalty Pharma Investments (USD 300 million) regarding the amount received in exchange for Revenue Participation Rights. The objective of the financing is to fund the Adstiladrin launch activities and the continued Life Cycle Management development. The current portion is included in the current liabilities (Note 27).

30. 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.

(Amounts expressed in thousands of Euros)

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.

(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	2023	2022	2023	2022
USD	1,070,077	681,804	320,720	86,069
DKK	123,695	91,097	14	347
CHF	824,671	282,999	900,578	328,944

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	2023	2022	2023	2022	2023	2022
P&L impact EUR weaken 10%	64,870	51,572	10,707	7,856	(6,571)	(3,977)
P&L impact EUR strengthen 10%	(64,870)	(51,572)	(10,707)	(7,856)	6,571	3,977

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. 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 2023 the Group had entered into forward exchange contracts with a nominal face value of **€131,120** (2022: €164,612) and the fair value of all open currency contracts amounted to a loss of **€599** (2022: a gain of €1,473).

The equity impact, shown below, for foreign exchange sensitivity related to derivative financial instruments.

(ii) Interest rate risk management

The Group's principal interest rate risk arises from borrowings. The Group has an outstanding total debt balance of **€813,530** (2022: €274,362). Almost the entire amount is associated to fixed interest rate, in different portions, with the last ending in July 2031.

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; cross currency interest rate swaps to convert respectively CHF 250,000 and CHF 240,000 of borrowings with a fixed interest rate of 3.25% and 2.70% to **€254,152** and **€245,381** of principal with a fixed interest rate of 4.25% and 4.91% maturing April, 2027 and April 2031, respectively. The total fair value of the above swaps is **€68,177** (2022: (€27,791).

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 above qualify for hedge accounting as cash flow hedges. For these derivatives the Group documents the relationship between hedging instruments and hedged items at the inception of the transaction, 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 each derivative is highly effective. The effective portion is recognised in other comprehensive income. If a 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 this note.

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.

(Amounts expressed in thousands of Euros)

Interest rate hedge

	Average contracted fixed interest rate		Notional principal value		Fair value assets (liabilities)	
	2023	2022	2023	2022	2023	2022
1-2 years	1.32%	-	253,770	-	42,206	-
2-5 years	4.25%	1.32%	254,152	253,770	13,641	27,791
5 years+	4.91%	-	245,382	-	12,330	-
Total			753,304	253,770	68,177	27,791

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 different banks to hedge CHF 760,000 (the CHF principal) and interest to EUR. The total CHF 760,000 bonds are settled on the maturity date, which will be the following: CHF 270,000 in July 2025, CHF 250,000 in April 2027 and CHF 240,000 in April 2031. 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.

(iv) Inflation risk sensitivity

Subsidiaries whose functional currencies have experienced a cumulative inflation rate of more than 100% over the past three years apply the principles of IAS 29 "Financial reporting in Hyperinflationary Economies. The hyperinflationary economies in which the Group operates are Argentina and Turkey. Argentina was hyperinflationary for all periods presented, and Turkey became hyperinflationary from May 1, 2022. The impacts of IAS 29 on the marketing & sales operations in Argentina and Turkey were not significant in all years presented and were therefore not applied. The impacts of applying IAS 29 on Massone Group acquired in 2023 have been recorded in the Consolidated Financial Statements because they were material and will remain material as long as Argentina remains an hyperinflationary economy.

(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. At 31 December 2023 the Group's most significant concentration risk equated to around **53%** of cash and cash equivalents with a single A+ rated counterparty. Approximately **97%** 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 **€328,789** of unused credit lines at 31 December 2023 (€313,755 at 31 December 2022).

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 2023	Average weighted rate	Up to 3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Fixed interest rate borrowings	2.29%	-	18,610	614,735	281,952	**915,297**	813,530
Trade and other payables and liabilities	-	153,882	-	1,089	-	**154,971**	154,971
Other financial liabilities	-	131	90,253	562,038	-	**652,422**	425,705
Total		154,013	108,863	1,186,211	273,603	1,722,690	1,394,206
At 31 December 2022							
Variable interest rate borrowings	2.30%	347	-	-	-	**347**	347
Fixed interest rate borrowings	1.05%	720	2,161	278,683	-	**281,564**	274,362
Trade and other payables and liabilities	-	166,826	-	1,160	-	**167,986**	167,986
Other financial liabilities	-	-	17,830	57,210	-	**75,040**	66,592
Total	167,894	19,991	337,053	-	524,938	509,288	

Derivative CCIRS

At 31 December 2023	Average weighted rate	3 months to 1 year	1-5 years	5+ years	Total
Cross currency IRS (receiving CHF) – fixed interest rates	2.29%	18,610	614,735	281,952	**915,297**
Cross currency IRS (paying EUR) – fixed interest rates	3.48%	(26,212)	(591,921)	(281,550)	**(899,683)**
At 31 December 2022					
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)**

(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 2023 the Group's strategy, which was unchanged from 2022, 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 2023 and 2022 were:

	2023	2022
Total shareholder's equity	1,540,360	1,558,927
Total assets	4,077,083	3,154,179
Equity ratio	38%	49%

31. Financial instruments by category

Year ended 31 December 2023

Assets per balance sheet	Notes	Assets at AC*	Assets at FVTPL*	Assets at FVTOCI*	Total
Long-term receivables		9,703	413	-	**10,116**
Investments in financial assets	*17*	2,260	18,643	1,246	**22,149**
Trade and other receivables		323,745	-	-	**323,745**
Cash and cash equivalents	*20*	900,317	-	-	**900,317**
Derivative financial instruments	*30*	-	-	68,177	**68,177**
Total		1,236,025	19,056	69,423	1,324,504

Liabilities per balance sheet		Liabilities at AC*	Liabilities at FVTPL*	Liabilities at FVTOCI*	Total
Borrowings	*22*	813,530	-	-	**813,530**
Lease liabilities	*15*	290,334			**290,334**
Trade and other payables and liabilities		154,971	-	-	**154,971**
Other financial liabilities	*27*	425,705	-	-	**425,705**
Derivative financial instruments	*30*	-	599	-	**599**
Total		1,684,540	599	-	1,685,139

(Amounts expressed in thousands of Euros)

Year ended 31 December 2022

Assets per balance sheet	Notes	Assets at AC*	Assets at FVTPL*	Assets at FVTOCI*	Total
Long-term receivables		10,814	445	-	**11,259**
Investments in financial assets	*17*	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	*30*	-	1,473	27,791	**29,264**
Total		722,490	27,923	30,947	781,360

Liabilities per balance sheet		Liabilities at AC*	Liabilities at FVTPL*	Liabilities at FVTOCI*	Total
Borrowings	*22*	274,713	-	-	**274,713**
Lease liabilities	*15*	276,350	-	-	**276,350**
Trade and other payables and liabilities		167,986	-	-	**167,986**
Other financial liabilities	*27*	66,592	-	-	**66,592**
Derivative financial instruments	*30*	-	5,066	-	**5,066**
Total		785,642	5,066	-	790,707

** AC: Amortised cost*
** FVTPL: Fair Value Through Profit or Loss*
** 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:

	2023			2022		
Assets	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Investments in financial assets						
- Equity securities designated as at FVTOCI	-	1,246	-	1,910	1,246	-
- Financial assets measured as a FVTPL	345	-	-	317	3,048	-
Financial assets at fair value through statement of income						
- Outstanding forwards	-	-	-	-	1,473	-
- Loans to related party entities	-	18,298	-	-	22,640	-
Derivatives used for economic hedging outstanding forwards						
- Forward-starting interest rate swap	-	68,177	-	-	27,791	-
Life insurance	-	413	-	-	445	-
Total	345	88,134	-	2,227	56,643	-

(Amounts expressed in thousands of Euros)

	2023			2022		
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities at fair value through statement of income						
- Trading derivatives	-	599	-	-	1	-
Derivatives used for economic hedging outstanding forwards						
Other derivatives						
- Call option with third party	-	-	-	-	-	5,065
Total	-	599	-	-	1	5,065

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.

In 2022, 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 was assessed by discounting the returns with a rate of 17.50% as used in the impairment test of Adstiladrin® asset (Note 14).

In 2023, the option that was granted to Blackstone was not exercised and expired. It was released into the consolidated statement of income under other operating expenses.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair 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	2023	2022
Opening balance	5,065	123,661
Payments made during the year	-	(121,354)
(Gains)/losses recognised in the statement of income	(5,065)	(10,098)
(Gains)/losses recognised in other comprehensive income	-	12,856
Closing balance	-	5,065

Total (gains)/losses for the period included in the statement of income; which consists of:	(5,065)	(10,098)
Other financial income and expenses	-	2,564
Other operating expenses	(5,065)	(12,662)

Sensitivity analysis of Level 3 financial instruments

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 2023

Financial assets/ financial liabilities	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship and sensitivity of unobservable inputs to fair value**
There are no financial assets/ liabilities to be disclosed			

Year ended 31 December 2022

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 Euro 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

(Amounts expressed in thousands of Euros)

32. Contingent liabilities

Litigation

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.

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 appealed to the National Tax Tribunal against the valuation made by the tax authorities. Two independent valuators were appointed and confirmed by the civil court and they issued their report in 2017. Based on this valuation of DKK 574 million, the Group recorded an incremental liability in the 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 argued 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, still significantly 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. €35.8 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 exposure of DKK 87 million (approx. €11.7 million) compared to what has been recorded by the Group up until December 2023. The procedure at the ordinary courts is not expected to take place before 2026. In order to avoid interest on potential incremental charges in 2023 a net payment of €34 million (€21,824) was made to Danish tax authorities, which was recognised as a non-current tax asset. Management believes that it is highly probable that the prepayment can be recovered after the resolution of litigation.

However, it is expected that the amount will not be returned within 12 months after the balance sheet date.

In December 2021 the Group filed a complaint at the District Court of Delaware (United States) seeking a declaratory judgment that the claims of certain third party patents regarding Rebyota, the product launched in 2023, are invalid and not infringed. Patent owners have countersued for patent infringement. Should the Court judge negatively this could potentially lead to a financial compensation to the patent owners. The trial will probably take place in August 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 outcome of this litigation cannot be measured reliably.

Three generic companies filed Abbreviated New Drug Applications (ANDA) for the generic version of Firmagon in the U.S. and the Group sued all three companies for patent infringement in the U.S. District Court of Delaware (United States). In the first case, the court found one of the patents asserted by the Group to be valid and infringed. The decision has been appealed, with an appeal decision expected late 2024 or early 2025. The second and third cases are still pending with trials currently scheduled for July 2024 (decisions likely early 2025). Should the Court judge negatively in any of these cases, it could potentially lead to a reduction of future revenues in the U.S. as the Group would lose a portion of its sales of Firmagon. The Group believes that these litigations will lead to positive outcomes for the Group.

Other contingent liabilities

In 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 of becoming due of below 50% as at 31 December 2023 have not been recognised as a liability on the balance sheet and amount to the undiscounted value of **€77,857** (€61,449 at 31 December 2022). In addition, there are incremental unrecognised contingent consideration amounts which will become payable in the future upon reaching certain sales levels for products still in development and sales milestones not expected to become due in the next 5 years.

There are no other significant contingent liabilities.

33. Commitments

Leases not recorded under IFRS 16

	2023	2022
Amounts falling due:		
Not later than 1 year	2,963	3,838
Later than 1 year and not later than 5 years	2,233	2,520
Total	5,196	6,358

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 **€78,516** at 31 December 2023 and €118,385 at 31 December 2022.

The main decrease is due to a construction project in Germany that will be finished during 2024 and also due to the completion of the U.S. Adstiladrin related construction.

Other commitments

At 31 December 2023 and 2022 the Group had the following other commitments arising in the ordinary course of business not recognised as liabilities:

	2023	2022
Not later than 1 year	177,981	193,705
Later than 1 year and not later than 5 years	82,851	123,353
After 5 years	54,071	50,103
Total	314,903	367,161

Other commitments mainly include contingent liabilities connected to asset acquisition for which the probability of becoming due is below 50%.

(Amounts expressed in thousands of Euros)

34. 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	2023	2022
Sever Group	2,014	1,663
Draupnir U.K.	1,125	1,252
Total	3,139	2,915

The sales of goods are 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 services	2023	2022
Draupnir U.K.	-	1,619
Other	160	192
Total	160	1,811

The services rendered to Draupnir U.K. in 2022 were for marketing and sales activities for Bivos.

Recharges of services	2023	2022
Insula Group	10,652	9,747
Ferring Ventures Group	8,067	10,458
Total	18,719	20,205

The amount for Insula Group mainly represents the income generated by the Group regarding R&D services provided to Bazell Pharma AG. This income is netted with the costs within Research and development expenses in the statement of income of the Group. The amount for Ferring Ventures Group in 2023 mainly represents the recharge of services connected to general and administrative expenses. In 2022 the amount was mainly connected to pass through costs regarding the BLA approval of Adstiladrin in the U.S. market.

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

Purchases of goods	2023	2022
PolyPeptide Group	29,956	40,661
Ferring Ventures Group	27,287	3,147
Sever Group	3,532	8,308
Total	60,775	52,116

The Group mainly purchases Active Pharmaceutical Ingredient (API) to produce drugs from the PolyPeptide Group. The Ferring Ventures Group purchases represent the purchase of Adstiladrin® after obtaining FDA approval in December 2022.

(Amounts expressed in thousands of Euros)

Purchase of services	2023	2022
Ferring Ventures Group	40,243	4,776
Ney Group	16,014	14,816
Insula Group	14,378	16,161
Sever Group	958	932
Other	88	512
Total	71,681	37,197

Since 2021,Bazell Pharma AG, part of the Insula Group and formerly a Ferring Group entity provides support to Ferring's Global Life Cycle Management products under a 3 year research agreement, for €5,000 the first year and €15,000 the following two years. The contract ended in 2023.

The purchase of services from Ney Group includes the Soundport A/S building lease which commenced in May 2022. This lease agreement was amended in December 2023 and now includes the final construction costs which explains the increase of the amount compared to last year.

The purchase of services from the Ferring Ventures Group comprises services connected to Adstiladrin®. In 2022 they were mostly related to the preparation for the development and commercialisation of Adstiladrin®.

Purchases of product licences

In 2023, the Group signed an agreement with Ferring Ventures SA regarding most of the remaining rights of the rAD-Fin portfolio (Adstiladrin®) with the main asset for the treatment of UTUC leading to an increase of the intangible assets for an amount of **€90,669**. 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®, where by the Group invests more in the asset following defined milestones, which resulted in recognition of milestone liabilities and intangible assets of €199,018 and a reduction of the future royalty and milestone obligations to Trizell Ltd. All the milestones related to this agreement have been achieved and the last €12,000 was paid in 2023.

Assets under construction

The Group's U.S. Manufacturing site purchased material that has been capitalised from the Ferring Ventures Group to support the drug product process and quality control methods transfer activities in the light of building a production line dedicated to Adstiladrin® for an amount €387.

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

Receivables from related parties	2023	2022
Ferring Ventures Group	38,182	12,180
Ney Group	5,782	5,912
Insula Group	3,149	8,331
Sever Group	856	422
Draupnir U.K.	112	1,619
Other	4	17
Total	48,085	28,481

(Amounts expressed in thousands of Euros)

Outstanding balances from the Ferring Ventures Group mainly represents the costs recharged regarding Adstiladrin®, advance payments for future purchase of inventory 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.

Payables to related parties	2023	2022
Ferring Ventures Group	112,637	55,445
PolyPeptide Group	7,679	5,377
Sever Group	396	554
Ney Group	-	61
Insula Group	-	21
Total	120,712	61,458

The payables to the Ferring Ventures Group mainly represent the unpaid milestones related to the new agreement regarding UTUC and related to the approval of Adstiladrin® in Europe and Asia as well as the outstanding balances regarding the service charges.

(IV) Loans to/from related parties

Included in the agreement signed in 2021 with the Ferring Ventures Group, there was a receivable of €25,000 to be repaid in tranches in the 5 years following the Adstiladrin® approval in the United States. The first payment occurred in December 2023, which is one year after the approval. A portion is recognised as a current asset of **€4,798** (2022: €4,845) and the remaining **€13,500** (2022: €17,795) recognised as a non-current asset. This receivable is a financial instrument measured at fair value to profit or loss and has been discounted using a market interest rate.

(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 2023 was **€16,670** (2022: €15,495), which includes salary costs, other short term and long term benefits **€14,953** (2022: €14,011) and post-employment benefits **€1,717** (2022: €1,484).

35. Business combinations

On 3 January 2023 the Group acquired 100% of the share capital of Massone SA (the Massone Group) for a purchase price of **€47,686**.

The Massone Group was created in 1947 and is the Group's long-term supplier of the active pharmaceutical ingredient (API) for Menopur and Chorapur/Novarel. The Group is based in Buenos Aires, Argentina and employs around 900 people. The objective of the acquisition was 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.

Acquisition-related costs amounting to **€1,600** have been excluded from the consideration transferred and have been recognised as an expense in the statement of income in 2023 within the general & administration expenses line item.

Assets acquired and liabilities recognised at the date of acquisition	*Notes*	
Property, plant and equipment	*13*	32,423
Intangible assets	*14*	303
Deferred tax assets	*12*	6,866
Other non-current assets		89
Total non-current assets		**39,681**
Inventories		84,585
Current income tax assets		6,450
Other taxes and social security assets		10,500
Receivables and prepayments		2,026
Cash and cash equivalents		12,910
Total current assets		**116,471**
Deferred tax liabilities	*12*	4,765
Total non-current liabilities		**4,765**
Debt		4,324
Trade accounts payable		17,813
Other taxes and social security liabilities		1,773
Current income tax		692
Provisions		866
Accruals and other liabilities		2,684
Total current liabilities		**28,152**
Net assets acquired		**123,235**

Consideration		
Cash paid		9,380
Future instalments	27	38,306
Total consideration transferred		**47,686**

The future instalments include interest of 6% per annum and will be settled over the next four years on the anniversary date of the contract. The nominal value represents 50 million USD and has been discounted in order to reflect the fair value of the future payments.

Gain on acquisition	
Consideration	47,686
Fair value of identifiable net assets	(123,235)
Gain on acquisition	**(75,549)**

(Amounts expressed in thousands of Euros)

The Group recognised a gain on acquisition in the consolidated statement of income of the year as the fair value of the identifiable net assets exceeds the consideration. This gain on acquisition is related to the fact that the acquired company at the time of the negotiations had significant operational problems with a need for investments and was operating in a difficult economical environment with very high inflation rates.

As the Massone Group is the Group's long-term supplier of the active pharmaceutical ingredient (API) for Menopur and Chorapur/Novarel there were mutual positions at acquisition date. At this date there were no outstanding receivables and payables between the two groups. Before the acquisition date the Group provided the Massone Group a prepayment of €9,600 for future product deliveries, which has been settled after acquisition date with these product deliveries.

Net cash outflow	
Cash consideration	9,380
Less cash and cash equivalents balances and bank overdraft acquired	(8,586)
Net cash outflow on acquisition	**(794)**

Massone negatively impacted the Group's net income by **€42,698** between the date of acqusition and the reporting date. The revenues are all intragroup and eliminated in the consolidation.

There were no significant transactions impacting revenue or profit of Massone between the first day of the financial year and the acquisition date.

Business combination in 2022

On December 11th, 2022 the Group acquired 100% of the share capital of Qualtech Laboratories Inc. and the building where activities take place 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 assets and mainly represents know-how and relationships of staff.

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

Assets acquired and liabilities recognised at the date of acquisition

Property, plant and equipment	*13*	909
Income tax assets		59
Other receivables		742
Cash and cash equivalents		227
Total Assets		1,937
Accruals and other liabilities		142
Total liabilities		**142**
Net assets acquired		**1,795**

Goodwill

Cash		4,387
Contingent consideration		151
Fair value of identifiable net assets		(1,795)
Goodwill	*14*	**2,743**

Under the contingent consideration the Group was required to pay to the vendors the remaining amount of €242 within the next 6 months. This amount was held back to capture any unexpected matters. In 2023, the final valuation of the assets has been finalised and the amount paid to the former shareholders has been reduced to €151 (€242 recognised in 2022). Therefore there is no change in the goodwill recognised at acquisition. The net assets acquired have been adjusted to reflect the updated valuation.

Net cash outflows

Cash consideration	4,387
Cash and cash equivalents balances acquired	(227)
Net cash outflow on acquisition	**4,160**

The acquisition of Qualtech Laboratories Inc. generated a loss of **€104** in the period since acquisition date (**€46** in other income, **€120** in Cost of sales, **€30** in Other operating expenses). The net income of the first months 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 2022 would have been **€825** and the loss would have been **€238**.

(Amounts expressed in thousands of Euros)

36. Adjustments reconciling net income to operating cash flows

	Notes	2023	2022
Net income from continuing operations		**118,468**	**175,761**
Adjustments to reconcile cash generated by operating activities			
Depreciation	*13,15*	85,872	79,116
Amortisation	*14*	70,599	38,029
Impairment charges	*8*	139,359	23,064
Interest income		(30,871)	(7,978)
Other finance costs		48,832	31,830
Unrealised foreign exchange loss included in the net income		14,416	13,326
Income tax expense	*12*	(25,450)	22,373
Loss on sale of non-current assets		1,138	767
Contingent consideration and financial liability remeasurements	*26,27*	(11,428)	(20,375)
Impact on (gain)/loss of non-monetary items excluding equity		(67,422)	-
Other non-cash expense/(income)		(76,307)	55,927
Fair value gain on derivatives and other financial assets		(943)	(8,149)
Inventory write-downs		46,812	42,781
Other provisions charged to the statement of income		(44,852)	(24,831)
Increase in other employee benefits		3,948	7,052
Increase/(decrease) in pension liabilities		(2,658)	4,938
Increase/(decrease) in provisions		4,639	(6,782)
Decrease in financial liabilities		(4,857)	-
Increase in other liabilities		557	385
Changes in working capital			
(Increase)/decrease in trade and other receivables		(80,389)	28,275
Increase in inventories		(92,300)	(66,048)
Increase/(decrease) in trade and other payables		60,214	(12,521)
Decrease in deferred income		(6,160)	(22,982)
Total adjustments		**32,749**	**178,197**
Cash generated from operations		151,217	353,958

37. Audit fees and non-audit services fees

	2023	2022
Audit fees	3,719	3,110
Non-audit service fees	951	1,196
Total	4,670	4,306

Audit fees charged by Deloitte relate to work performed to issue audit opinions on the Group consolidated financial statements and parent company financial statements of Ferring Holding SA, to issue audit opinions relating to the existence of the Group's internal control over financial reporting, and to issue reports on local statutory financial statements of subsidiaries around the world. Non-audit service fees charged by Deloitte are for other professional services unrelated to the statutory and Group audit activity.

(Amounts expressed in thousands of Euros)

38. Principal subsidiary companies

Unless stated otherwise, all companies listed below are 100% owned, as of 31 December 2023 and 31 December 2022.

Name of entity	Place of business	Principal activity
Laboratórios Ferring SA	Argentina, Buenos Aires	Marketing and Sales, Manufacturing
Massone SA [1]	Argentina, Buenos Aires	Holding
Instituto Massone SA [1]	Argentina, Buenos Aires	Manufacturing
Biomas SA [1]	Argentina, Buenos Aires	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 Pharmaceuticals Ltd.	China, Hong Kong	Marketing and Sales
Ferring Pharmaceutical (China) Co.Ltd.	China, Zhongshan City	Manufacturing
Ferring Pharmaceuticals (Asia) Company Ltd.	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

Name of entity	Place of business	Principal activity
Ferring Laboratories Private Ltd.	India, Mumbai	Manufacturing, 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 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 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 [2]	Switzerland, St-Prex	Procurement Service Provider
Ferring Properties SA	Switzerland, St-Prex	Real Estate
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.	U.S.A., Ocean Township, 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. [4]	U.S.A., San Diego, CA	Real Estate
Ferring Pharmaceuticals Company Ltd.	Vietnam, Ho Chi Minh City	Marketing and Sales

(1) 100% acquired in January 2023

(2) Merged into Ferring International Center SA in January 2023

(3) Merged into Ferring Pharmaceuticals Inc. in December 2023

(4) Merged into Ferring Research Institute Inc. in December 2023

39. Subsequent events

No subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements as of the date of approval of 19 March 2024.

Ferring Holding SA

Saint-Prex

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 2023 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 statements (pages 151 to 159) 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 pro-vide 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 stand-alone 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 other-wise 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 is-sue 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 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 19th, 2024

Balance sheet	Notes	31 December 2023 EUR	31 December 2023 CHF	31 December 2022 EUR	31 December 2022 CHF
Assets					
Current assets					
Cash and cash equivalents		-	-	**14**	14
Other receivables – third parties		**713**	666	**1,770**	1,742
Other receivables – cashpool		**360,210**	336,508	**154,676**	152,216
Other receivables – related party		**16,030**	14,975	**4,280**	4,212
Total current assets		**376 953**	352,149	**160,740**	158,184
Non-current assets					
Other receivables – third parties non-current		**563**	526	**239**	235
Other receivables – related parties non-current	*3*	**813,530**	760,000	**274,362**	270,000
Investments	*4*	**335,679**	313,591	**335,679**	330,342
Total non-current assets		**1,149,772**	1,074,117	**610,280**	600,577
Total assets		1,526,725	1,426,266	771,021	758,761
Liabilities and shareholder's equity					
Current liabilities					
Other payables – third parties		**785**	734	**2,784**	2,741
Other payables – cashpool		**551**	515	**54**	53
Deferred unrealised foreign exchange gain	*5*	**67,401**	62,966	**25,832**	25,421
Provision and accrued expenses		**12,851**	12,005	**1,542**	1,517
Liabilities to related party		**3,723**	3,478	**2,374**	2,336
Total current liabilities		**85,311**	79,698	**32,586**	32,068

(Amounts expressed in thousands of Euros and Swiss Francs)

Balance sheet	Notes	31 December 2023 EUR	31 December 2023 CHF	31 December 2022 EUR	31 December 2022 CHF
Non-current liabilities					
Long term liabilities to third parties	6	**813,530**	760,000	**274,362**	270,000
Total non-current liabilities		**813,530**	760,000	**274,362**	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	**376,174**	383,001	**212,363**	223,153
Cumulative translation adjustment		-	(96,726)	-	(66,753)
Total shareholder's equity		**627,884**	586,568	**464,073**	456,693
Total liabilities and shareholder's equity		1,526,725	1,426,266	771,021	758,761

Statement of income for the year ended 31 December		2023 EUR	2023 CHF	2022 EUR	2022 CHF
Income					
Income from investments		**200,000**	195,162	**100,000**	100,574
Financial income		**23,431**	22,864	**4,384**	4,409
Total income		223,431	218,026	104,384	104,983
Expenses					
Board fees		**(2,022)**	(1,973)	**(2,085)**	(2,097)
General and administrative expenses		**(4,598)**	(4,487)	**(3,321)**	(3,340)
Capital taxes income (expenses)	9	**2,497**	2,437	**(373)**	(375)
Financial expenses		**(13,068)**	(12,752)	**(2,827)**	(2,843)
Net foreign exchange gain/(loss)		**(41,588)**	(40,582)	**(13,572)**	(13,650)
Total expenses		(58,779)	(57,357)	(22,178)	(22,305)
Net income (loss) for the year before income taxes		**164,652**	160,669	**82,206**	82,678
Income taxes		**(841)**	(821)	-	-
Net income (loss) for the year		163,811	159,848	82,206	82,678

(Amounts expressed in thousands of Euros and Swiss Francs)

Notes to the financial statements 2023

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 B.V. incorporated in The Netherlands. It is ultimately owned by the Dr. Frederik Paulsen Foundation, established by the late Dr. Frederik Paulsen, the founder of the Ferring Group.

Ferring Holding SA directly owns Ferring International Center SA and Ferring B.V. 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 2023 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 760,000** (€813,530 as of 31 December 2023) to Ferring International Center S.A, with maturity between 2 to 8 years at an average interest rate of 3.06% per annum. The Other receivables to related parties non-current amounted to CHF 270,000 (€274,362) at 31 December 2022.

4. Investments

	31 December 2023		31 December 2022	
Company	EUR	CHF	EUR	CHF
Ferring BV	**207,892**	194,212	**207,892**	204,586
Ferring International Center SA	**127,787**	119,379	**127,787**	125,756
	335,679	313,591	335,679	330,342

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 had 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 all 16,700 non-voting B-shares of Ferring B.V. for a purchase price of €18,340.

During 2023 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.

Unless stated otherwise, all companies listed below are 100% owned, as of 31 December 2023 and 31 December 2022.

Ferring BV direct investments:

Name of company	Location	Principal activity
Laboratórios Ferring SA	Argentina, Buenos Aires	Marketing and Sales, Manufacturing
Massone SA [1]	Argentina, Buenos Aires	Holding
Instituto Massone SA [1]	Argentina, Buenos Aires	Manufacturing
Biomas SA [1]	Argentina, Buenos Aires	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 Pharmaceuticals Ltd.	China, Hong Kong	Marketing and Sales
Ferring Pharmaceutical (China) Co.Ltd.	China, Zhongshan City	Manufacturing
Ferring Pharmaceuticals (Asia) Company Ltd.	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

Name of company	Location	Principal activity
Ferring Laboratories Private Ltd.	India, Mumbai	Manufacturing, 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 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 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

Name of company	Location	Principal activity
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
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.	U.S.A., Ocean Township, 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. [2]	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 [3]	Switzerland, St-Prex	Procurement Service Provider
FerGene Inc. [4]	U.S.A., Delaware	No activity

(1) Since January 2023

(2) Merged into Ferring Research Institute Inc. in December 2023

(3) Merged into Ferring International Center SA in January 2023

(4) Merged into Ferring Pharmaceuticals Inc. in December 2023

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 760,000** (€813,530 as of 31 December 2023).

(Amounts expressed in thousands of Euros and Swiss Francs)

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** (€289,016 as of 31 December 2023) with a 5-year maturity at a fixed rate of 1.05% per annum.

On 21 April 2023, the Company issued additional bonds on the SIX Swiss Exchange for a total amount of **CHF 490,000** (€524,514 as of 31 December 2023). **CHF 250,000** (€267,609 as of 31 December 2023) with a 4-year maturity at a fixed rate of 2.7% per annum, **CHF 160,000** (€171,270 as of 31 December 2023) with a 8-year maturity at a fixed rate of 3.25% per annum. As per 12 July 2023 the Company obtained an additional **CHF 80,000** (€85,635 as of 31 December 2023) with a 7.775-year maturity at a fixed rate of 3.25% per annum.

7. Share capital

	31 December 2023		31 December 2022	
	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

	2023		2022	
	EUR	CHF	EUR	CHF
Balance at 1 January	**212,363**	223,153	**190,157**	201,788
Payment of the ordinary dividend according to the shareholder's meeting	-	-	**(60,000)**	(61,313)
Net income (loss)	**163,811**	159,848	**82,206**	82,678
Balance at 31 December	376,174	383,001	212,363	223,153

Balance of retained earnings incl. cumulative translation adjustments	2023		2022	
	EUR	CHF	EUR	CHF
Balance at 1 January	**212,363**	156,400	**190,157**	156,905
Movement of cumulative translation adjustment	-	(29,973)	-	(21,868)
Movement of retained earnings adjustment	**163,811**	159,848	**22,206**	21,363
Balance at 31 December	376,174	286,275	212,363	156,400

(Amounts expressed in thousands of Euros and Swiss Francs)

9. Capital taxes income (expenses)

The income on Capital taxes in 2023 consists for CHF 2,741 (EUR 2,675) of refunds from the Swiss tax authorities relating to the period 2018 – 2021 above the recorded receivable.

10. Guarantees in favor of third parties

	31 December 2023		31 December 2022	
	EUR	CHF	EUR	CHF
Guarantees granted to related parties in connection with credit facility agreements	**319,268**	298,260	**318,569**	313,504
Of which used:	**2,490**	2,326	**2,603**	2,562

11. Subsequent events

No subsequent events have occurred that would require recognition or disclosure in the stand alone financial statements.

12. Exchange rates

Exchange rates used for translation from EUR (functional currency) to CHF	31 December 2023	31 December 2022
	EUR/CHF	EUR/CHF
Closing rate	**0.93420**	**0.98410**
Average rate	**0.97581**	**1.00574**

Proposal of the board of directors for appropriation of available earnings

		2023	
		EUR	CHF
Available earnings	*In Euros*	**376,174,000**	383,001,000
Gross dividend	*In Euros*	**(30,000,000)**	(28,806,000)
To be carried forward		(346,174,000)	(354,195,000)

(Amounts expressed in thousands of Euros and Swiss Francs)

FERRING
PHARMACEUTICALS

Annual Report **2023**