

ORION PHARMA A/S

Ørestads Boulevard 73

2300 København S

Business Registration No

20601116

Annual report 2020

The Annual General Meeting adopted the annual report on 29.04.2021

Chairman of the General Meeting

DocuSigned by:
Satu Ahomäki
 Signer Name: Satu Ahomäki
Signing Reason: I approve this document
Signing Time: 29-Apr-2021 | 8:27 AM EEDT
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Name: Satu Ahomäki

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Entity details

Entity

ORION PHARMA A/S
Ørestads Boulevard 73
2300 København S

Central Business Registration No (CVR): 20601116

Founded: 16.02.1953

Registered in: København

Financial year: 01.01.2020 - 31.12.2020

Phone: +45 8614 0000

Mail: opdk@orionpharma.com

Website: www.orionpharma.dk

Board of Directors

Jari Ilmari Karlson

Olli Heikki Huotari

Satu Ahomäki

Executive Board

Jesper Otto Qvist-Pedersen

Bank

Danske Bank A/S

Entity auditors

KPMG Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28

2100 København Ø

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of ORION PHARMA A/S for the financial year 01.01.2020 - 31.12.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 29.04.2021

Executive Board

DocuSigned by:
Jesper Qvist-Pedersen
Signer Name: Jesper Qvist-Pedersen
Signing Reason: I approve this document
Signing Time: 28-Apr-2021 | 11:36 PM PDT
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Jesper Otto Qvist-Pedersen

Board of Directors

DocuSigned by:
Jari Karlson
Signer Name: Jari Karlson
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Signing Time: 29-Apr-2021 | 9:03 AM EEDT
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Jari Ilmari Karlson

DocuSigned by:
Olli Huotari
Signer Name: Olli Huotari
Signing Reason: I approve this document
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Olli Heikki Huotari

DocuSigned by:
Satu Ahomäki
Signer Name: Satu Ahomäki
Signing Reason: I approve this document
Signing Time: 29-Apr-2021 | 8:27 AM EEDT
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Satu Ahomäki

Independent auditor's report

To the shareholders of ORION PHARMA A/S

Opinion

We have audited the financial statements of ORION PHARMA A/S for the financial year 01.01.2020 - 31.12.2020, comprising income statement, balance sheet, statement of changes in equity and notes including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Copenhagen, 29.04.2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no: 25 57 81 98



Kenn W. Hansen
State Authorised
Public Accountant
MNE30154

Management commentary

	2020	2019	2018	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Financial highlights					
Key figures					
Revenue	282.867	280.862	247.118	327.738	373.656
Gross profit/loss	25.468	42.969	50.959	73.018	101.019
Operating profit/loss	8.469	22.250	27.456	49.832	75.470
Net financials	(194)	(25)	(54)	(444)	(347)
Profit/loss for the year	6.315	16.907	20.524	37.821	56.727
Total assets	93.919	95.486	86.712	131.551	162.425
Equity	51.410	57.595	50.687	95.163	97.342
Ratios					
Gross margin (%)	9,0	15,3	20,6	22,3	27,0
Net margin (%)	2,2	6,0	8,3	11,5	15,2
Return on equity (%)	11,6	31,2	28,1	39,3	69,2
Equity ratio (%)	54,7	60,3	58,5	72,3	59,9

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The primary activities of Orion Pharma A/S are sales of generic and original pharmaceutical products.

Development in activities and finances

The income statement of the Company for 2020 show a profit of DKK 6.3 million and at 31 December 2020 the balance sheet of the Company shows equity of DKK 51.4 million.

Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any uncertainty.

Unusual circumstances affecting recognition and measurement

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events.

Outlook

The sales in 2021 of pharmaceutical products is expected to be lower than in 2020 due to higher sales than expected in 2020 related to Covid-19. For 2021 as a whole, there is expected a positive result.

Environmental performance

The overall environmental goal of Orion Pharma A/S is to carry out activities in consideration of the employees, the working environment and the surroundings, with the objective of maintaining a safe, healthy and sound environment, both externally and internally.

Research and development activities

Orion Pharma A/S did not conduct any independent research and development activities in 2020. Research and development activities are carried out by other Group companies.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2020

	<u>Notes</u>	<u>2020 DKK</u>	<u>2019 DKK</u>
Revenue	1	282.867.433	280.861.600
Costs of raw materials and consumables		(232.957.194)	(223.884.778)
Other operating income		3.709.369	11.091.238
Other external expenses		(28.151.243)	(25.099.546)
Gross profit		25.468.365	42.968.514
Staff costs	2	(16.998.869)	(20.719.000)
Operating profit		8.469.496	22.249.514
Financial expenses		(193.874)	(25.058)
Profit before tax		8.275.622	22.224.456
Tax on profit for the year	3	(1.960.234)	(5.317.002)
Profit for the year	4	6.315.388	16.907.454

Balance sheet at 31.12.2020

	<u>Notes</u>	<u>2020 DKK</u>	<u>2019 DKK</u>
Deposits	5	166.838	178.900
Fixed assets investments		166.838	178.900
Fixed assets		166.838	178.900
Trade receivables		50.186.024	63.018.735
Receivables from group enterprises		3.121.499	24.695.016
Other receivables		289.220	355.896
Income tax receivable		4.031.046	1.848.555
Deferred tax assets	6	75.211	154.470
Prepayments	7	702.887	1.611.207
Receivables		58.405.887	91.683.879
Cash		35.346.731	3.623.463
Current assets		93.752.618	95.307.343
Assets		93.919.456	95.486.243

Balance sheet at 31.12.2020

	<u>Notes</u>	<u>2020 DKK</u>	<u>2019 DKK</u>
Contributed capital	8	3.000.000	3.000.000
Retained earnings		40.410.267	42.094.879
Proposed dividend		8.000.000	12.500.000
Equity		51.410.267	57.594.879
Trade payables		2.952.748	4.572.958
Payables to group enterprises		30.552.421	24.345.221
Other payables		9.004.020	8.973.185
Current liabilities other than provisions		42.509.189	37.891.364
Liabilities other than provisions		42.509.189	37.891.364
Equity and liabilities		93.919.456	95.486.243
Contractual obligations, contingencies, etc.	9		
Related party disclosures	10		

Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	3.000.000	42.094.879	12.500.000	57.594.879
Ordinary dividend paid	0	0	(12.500.000)	(12.500.000)
Profit/loss for the year	0	(1.684.612)	8.000.000	6.315.388
Equity end of year	3.000.000	40.410.267	8.000.000	51.410.267

Notes

	2020 DKK	2019 DKK
1. Revenue		
Denmark	276.017.416	273.248.068
Other european countries	6.850.017	7.613.532
	282.867.433	280.861.600

	2020 DKK	2019 DKK
2. Staff costs		
Wages and salaries	15.643.649	18.986.406
Pension costs	1.297.340	1.575.235
Other social security costs	57.880	157.359
	16.998.869	20.719.000

Average number of employees	20	24
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Remuneration to the Executive Board has not been disclosed in accordance with section 98B(3) of the Danish Financial Statement Act.

	2020 DKK	2019 DKK
3. Tax on profit for the year		
Current tax	2.018.128	5.471.445
Adjustment concerning previous years	-137.153	27
Deferred tax for the year	79.259	-154.470
	1.960.234	5.317.002

	2020 DKK	2019 DKK
4. Proposed distribution of profit		
Ordinary dividend for the financial year	8.000.000	12.500.000
Retained earnings	-1.684.612	4.407.454
	6.315.388	16.907.454

Notes

	2020 DKK	2019 DKK
5. Fixed asset investments		
As per 1 January	178.900	178.900
Movement during the year	-12.062	-
Carrying amount end of year	166.838	178.900

	2020 DKK	2019 DKK
6. Deferred tax		
Deferred tax at 1 January	154.470	-
Deferred tax adjustment for the year in the income statement	-79.259	154.470
	75.211	154.470

7. Prepayments

Prepayments comprise prepaid expenses regarding subsequent financial reporting years.

	Number	Par value DKK	Nominal value DKK
8. Contributed capital			
Shares	21	100.000	2.100.000
Shares	75	10.000	750.000
Shares	2	5.000	10.000
Shares	135	1.000	135.000
Shares	8	500	4.000
Shares	10	100	1.000
	251		3.000.000

	2020 DKK	2019 DKK
9. Contractual obligations, contingencies, etc		
Liabilities under rental or lease agreements until maturity	2.409.965	4.045.297

Leasing obligations under operating leases - payment within one year DKK 1.751.632
(2019: DKK 1.856.060)

Notes

10. Related parties

Controlling interest	Basis
Orion Corporation, Finland	Parent Company

Related party transactions

	<u>Parent DKK</u>	<u>Associates DKK</u>
Sale of goods and services	797.986	351.509
Purchase of goods and services	242.649.194	10.739.894

Consolidated Financial Statements

The company is included in the group annual report of the parent company.

<u>Name</u>	<u>Place of registered office</u>
Orion Corporation	Espoo, Finland

The Group Annual Report of Orion Corporation may be obtained at the following address:
www.orion.fi/en/Orion-group/investors/financial-reviews-and-presentations/annual-reports

Orion Corporation
Orionintie 1A
02200 Espoo
Finland

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act applying to medium enterprises of reporting class C with opt-in from higher reporting classes.

The accounting policies applied to these financial statements are consistent with those applied last year.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Orion Corporation, the Company has not prepared a cash flow statement.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contribution, pension contributions, etc for entity staff.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity in case of tax on equity transactions.

Accounting policies

Balance sheet

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred tax

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.