



Orifarm PI A/S

Energivej 15
5260 Odense S
CVR No. 27347177

Annual report 2020

The Annual General Meeting adopted the
annual report on 11.06.2021

Kim Jensen

Chairman of the General Meeting

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Entity details

Entity

Orifarm PI A/S

Energivej 15

5260 Odense S

CVR No.: 27347177

Registered office: Odense

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Ole Michael Friis, Chairman

Hans Carl Bøgh-Sørensen

Birgitte Bøgh-Sørensen

Erik Sandberg

Executive Board

Thomas Brandhof, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Orifarm PI 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 31.12.2020 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.

Odense, 11.06.2021

Executive Board

Thomas Brandhof
Chief Executive Officer

Board of Directors

Ole Michael Friis
Chairman

Hans Carl Bøgh-Sørensen

Birgitte Bøgh-Sørensen

Erik Sandberg

Independent auditor's report

To the shareholder of Orifarm PI A/S

Opinion

We have audited the financial statements of Orifarm PI A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board 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 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 11.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Nikolaj Thomsen

State Authorised Public Accountant
Identification No (MNE) mne33276

Jens Serup

State Authorised Public Accountant
Identification No (MNE) mne45825

Management commentary

Financial highlights

	2020	2019	2018	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	(57)	(73)	(170)	(174)	(200)
Operating profit/loss	(57)	(73)	(170)	(174)	(200)
Net financials	(805)	(242)	(970)	(1,239)	(1,246)
Profit/loss for the year	208,734	191,779	148,979	99,655	50,077
Total assets	659,122	554,406	560,702	444,781	383,711
Equity	563,785	554,384	502,559	357,513	256,787
Ratios					
Return on equity (%)	37.33	36.29	34.64	32.45	21.63
Equity ratio (%)	85.54	100.00	89.63	80.38	66.92

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

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

Orifarm PI A/S is part of the Orifarm Group which is an ambitious operator in the European market for pharmaceuticals. Our ambition is to make affordable healthcare available. In other words: We offer consumers and societies more healthcare for their money.

The Company's primary activity is to own subsidiaries, that deal with import, repackaging and distribution of pharmaceuticals.

Development in activities and finances

The annual result shows a profit of t.DKK 208,734 against a profit of t.DKK 191,779 in 2019.

The company's results for 2020 are considered satisfactory and in line with the expectations set out in the financial statement for 2019.

Outlook

For 2021, Orifarm PI A/S expects a result at 2020 level. No consequences from COVID-19 have been incorporated into these expectations.

COVID-19 has not significantly impacted the earnings in 2020. When setting the expectations for activity and earnings for 2021, collected knowledge and experience since March 2020 and until now has been considered.

Particular risks

Operating conditions

To a significant extent, earnings depend on legislative measures that affect the pricing of pharmaceuticals in both the purchase and the sales countries. Earnings are also affected by measures which are intended to limit the consumption of pharmaceuticals.

It is Orifarm's policy to avoid infringing on trademark rights, and Orifarm PI A/S is not currently involved in any pending litigation of this kind.

Financial matters

The Company is exposed to fluctuations in foreign exchange rates and interest rate levels. The risks are mitigated through hedge, in accordance with the company's policy. Exchange rate risks are primarily related to the currencies SEK, NOK, CZK and GBP.

Orifarm's financial risks, including its cash management and extension of credits, are managed centrally. The aim is to maintain a balanced risk profile.

Statutory report on corporate social responsibility

Orifarm Group joined the UN Global Compact in 2018 and we are consequently incorporating the Ten Principles into our strategies, policies and procedures.

Our progress report is reported for the group as a whole and is available at www.orifarm.com/media/1835/orifarm_cop-rapport-2020.pdf

Statutory report on the underrepresented gender

Throughout many years, the Company has focused on diversity among the employees and in management, including an equal distribution between men and women. The Company believes that this ensures a good working environment and helps sharpen the Company's competitiveness.

With 4 board members, the current distribution between the genders of 1/4 is considered to be an equal distribution. On this basis, no further target figures for the Board are reported.

To ensure diversity among other management levels, the company has set up a policy to increase the proportion of the underrepresented gender in the rest of management. The policy can be found at www.orifarm.com/media/1835/orifarm_cop-rapport-2020.pdf

Income statement for 2020

	Notes	2020 DKK'000	2019 DKK '000
Other external expenses		(57)	(73)
Gross profit/loss		(57)	(73)
Income from investments in group enterprises		209,407	192,027
Other financial income	2	84	645
Other financial expenses	3	(889)	(887)
Profit/loss before tax		208,545	191,712
Tax on profit/loss for the year	4	189	67
Profit/loss for the year	5	208,734	191,779

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Investments in group enterprises		658,933	538,864
Receivables from group enterprises		0	3,361
Financial assets	6	658,933	542,225
Fixed assets		658,933	542,225
Receivables from group enterprises		0	12,114
Tax receivable		189	67
Receivables		189	12,181
Current assets		189	12,181
Assets		659,122	554,406

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital	7	1,200	1,200
Reserve for net revaluation according to the equity method		462,856	342,782
Retained earnings		86,729	10,402
Proposed dividend		13,000	200,000
Equity		563,785	554,384
Payables to group enterprises		95,320	0
Other payables		17	22
Current liabilities other than provisions		95,337	22
Liabilities other than provisions		95,337	22
Equity and liabilities		659,122	554,406
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Statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	1,200	342,782	10,402	200,000	554,384
Ordinary dividend paid	0	0	0	(200,000)	(200,000)
Exchange rate adjustments	0	(35)	0	0	(35)
Other entries on equity	0	702	0	0	702
Dividends from group enterprises	0	(90,000)	90,000	0	0
Profit/loss for the year	0	209,407	(13,673)	13,000	208,734
Equity end of year	1,200	462,856	86,729	13,000	563,785

Notes

1 Events after the balance sheet date

From the balance sheet date until today, no events have occurred which could change the assessments made in the Annual Report.

The continuing outbreak of COVID-19 in 2021 is not expected to have an material impact on the financial position, as Orifarm's supply chain is intact and pharmaceuticals are highly demanded and essential also during the COVID-19 outbreak.

2 Other financial income

	2020 DKK'000	2019 DKK'000
Financial income from group enterprises	49	645
Exchange rate adjustments	35	0
	84	645

3 Other financial expenses

	2020 DKK'000	2019 DKK'000
Financial expenses from group enterprises	834	869
Exchange rate adjustments	54	14
Other financial expenses	1	4
	889	887

4 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Refund in joint taxation arrangement	(189)	(67)
	(189)	(67)

5 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Ordinary dividend for the financial year	13,000	200,000
Retained earnings	195,734	(8,221)
	208,734	191,779

6 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	196,082
Exchange rate adjustments	(5)
Cost end of year	196,077
Revaluations beginning of year	342,782
Exchange rate adjustments	(35)
Adjustments on equity	702
Share of profit/loss for the year	209,407
Dividend	(90,000)
Revaluations end of year	462,856
Carrying amount end of year	658,933

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Orifarm A/S	Odense	A/S	100
Orifarm Supply Holding A/S	Odense	A/S	100
Orifarm Supply A/S	Odense	A/S	100
Orifarm Supply s.r.o.	Czech Republic	s.r.o.	100
+ Orifarm s.r.o.	Czech Republic	s.r.o.	100
Aaragon Pharma s.r.o.	Czech Republic	s.r.o.	100
1 0 1 Carefarm s.r.o.	Czech Republic	s.r.o.	100
Balkan Holding d.o.o	Croatia	d.o.o	100
Orifarm AB	Sweden	AB	100
Orifarm AS	Norway	AS	100
Orifarm OY	Finland	OY	100
Orifarm B.V	Holland	B.V	100
Orifarm UK Ltd.	Great Britain	Ltd.	100
Orifarm Austria GmbH	Austria	GmbH	100
Orifarm Belgium BV.	Belgium	BV.	100
Aaragon Pharma GmbH	Germany	GmbH	100

7 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Shares	1,200,000	0,001	1,200
	1,200,000		1,200

The shares is not divided into share classes.

There has not been changes in contributed capital in the past five financial years.

8 Working conditions

In the financial year of 2020 the average number of employees was 0.

9 Contingent liabilities

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

The Entity's subsidiaries are party to litigations regarding alleged infringement of trademark rights. Management believes that these legal proceedings will not lead to material losses.

10 Assets charged and collateral

The Group has provided guarantees under which the guarantors assume joint and several liability for group enterprises' net debt with bank and credit institution. The Groups total net debt in relation to this guarantee is booked at 1,609 m.DKK at 31.12.2020.

As security for debt to banks, the Entity has pledged unlisted shares in certain subsidiaries with a total book value per. 31. december 2020 of 640 m.DKK.

11 Related parties with controlling interest

Related parties with controlling interest in Orifarm PI A/S:

The following Companies own all the shares in the Entity, and therefore have a controlling influence on this:

- Orifarm Group A/S
- Habico A/S
- Habico Holding A/S
- HBS Capital ApS

All transactions with related parties are conducted on arms length.

12 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
HBS Capital ApS, Odense, Central Business Registration Number 41 00 08 80.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Orifarm Group A/S, Odense, Central Business Registration Number 27 34 72 82.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered

part of the total investment in the subsidiary in question, are classified directly as equity.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for stationery and office supplies, marketing costs, etc.

Referring to section 96 (3) in the Danish Financial Statement Act the Entity has decided not to show the fee to auditors. Reference is made to the information for the Group in the consolidated financial statements for Orifarm Group A/S.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies.

Tax on profit/loss for the year

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

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

The jointly taxed companies to the rules of section 11B of the Danish Companies Act governing interest deduction limitation. It has been agreed in the joint taxation that reduced interest deduction is recognised in the company in which the interest deduction has been reduced.

Balance sheet

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

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

Receivables

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

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.

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.

Other financial liabilities

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

Cash flow statement

Referring to section 86 (4) of the Danish Financial Statements Act, Orifarm PI A/S has not prepared any cash flow statement. Orifarm PI A/S is included in the consolidated cash flow statement in Orifarm Group A/S.