



Orifarm Manufacturing Hobro ApS

Apotekerstien 9
9500 Hobro
CVR No. 41059044

Annual report 01.01.2020 - 31.03.2021

The Annual General Meeting adopted the
annual report on 31.08.2021

Kim Jensen

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2020/21	8
Balance sheet at 31.03.2021	9
Statement of changes in equity for 2020/21	11
Notes	12
Accounting policies	14

Entity details

Entity

Orifarm Manufacturing Hobro ApS

Apotekerstien 9

9500 Hobro

Business Registration No.: 41059044

Registered office: Hobro

Financial year: 01.01.2020 - 31.03.2021

Executive Board

Erik Sandberg

Jacob Lucassen

Allan Dinesen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Executive Board have today considered and approved the annual report of Orifarm Manufacturing Hobro ApS for the financial year 01.01.2020 - 31.03.2021.

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 31.03.2021 and of the results of its operations for the financial year 01.01.2020 - 31.03.2021.

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.

Hobro, 31.08.2021

Executive Board

Erik Sandberg

Jacob Lucassen

Allan Dinesen

Independent auditor's report

To the shareholder of Orifarm Manufacturing Hobro ApS

Opinion

We have audited the financial statements of Orifarm Manufacturing Hobro ApS for the financial year 01.01.2020 - 31.03.2021, 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 31.03.2021 and of the results of its operations for the financial year 01.01.2020 - 31.03.2021 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, 31.08.2021

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

Primary activities

Orifarm Manufacturing Hobro ApS is a manufacturer of pharmaceuticals.

The company was established 1 January 2020 and the activity was demerged into the company the 24 March 2021.

Orifarm Manufacturing Hobro ApS is part of the Orifarm Group which is an ambitious operator in the European market for pharmaceuticals. Our ambition is to supply high quality pharmaceuticals at a lower price. In other words: We offer consumers and societies more healthcare for their money.

Development in activities and finances

The annual result for 2020 shows a result of k.DKK 0 which is considered satisfactory and in line with expectations as set out by the Executive Board.

Outlook

For 2021 Orifarm Manufacturing ApS expects a revenue of DKK 80-100 million and a result of DKK 2-4 million. No consequences from COVID-19 have been incorporated into these expectations.

Income statement for 2020/21

	Notes	2020/2021 (15 months) DKK
Gross profit/loss		(769)
Other financial income		1,130
Other financial expenses		(29)
Profit/loss before tax		332
Tax on profit/loss for the year	2	(220)
Profit/loss for the year		112
Proposed distribution of profit and loss		
Retained earnings		112
Proposed distribution of profit and loss		112

Balance sheet at 31.03.2021

Assets

	Notes	2020/21 DKK
Plant and machinery		33,717,499
Other fixtures and fittings, tools and equipment		891,090
Leasehold improvements		10,792,335
Prepayments for property, plant and equipment		236,520
Property, plant and equipment	3	45,637,444
Deposits		1,008,724
Financial assets	4	1,008,724
Fixed assets		46,646,168
Raw materials and consumables		7,080,566
Manufactured goods and goods for resale		3,239,398
Inventories		10,319,964
Other receivables		2,692,717
Prepayments		1,413,072
Receivables		4,105,789
Cash		39,300
Current assets		14,465,053
Assets		61,111,221

Equity and liabilities

	Notes	2020/21 DKK
Contributed capital		40,100
Retained earnings		45,101,503
Equity		45,141,603
Payables to group enterprises		12,170,599
Income tax payable		220
Other payables	5	3,798,799
Current liabilities other than provisions		15,969,618
Liabilities other than provisions		15,969,618
Equity and liabilities		61,111,221
Events after the balance sheet date	1	
Working conditions	6	
Unrecognised rental and lease commitments	7	
Contingent liabilities	8	
Related parties with controlling interest	9	
Group relations	10	

Statement of changes in equity for 2020/21

	Contributed capital DKK	Retained earnings DKK	Total DKK
Contributed upon formation	40,000	0	40,000
Effect of mergers and business combinations	0	45,101,391	45,101,391
Increase of capital	100	0	100
Profit/loss for the year	0	112	112
Equity end of year	40,100	45,101,503	45,141,603

Notes

1 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.

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

2 Tax on profit/loss for the year

	2020/21 DKK
Current tax	220
	220

3 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Prepayments for property, plant and equipment DKK
Addition through business combinations etc	33,717,499	891,090	10,792,335	236,520
Cost end of year	33,717,499	891,090	10,792,335	236,520
Carrying amount end of year	33,717,499	891,090	10,792,335	236,520

The date of addition through business combinations etc. is 24.03.2021. However, the acquired balance included assets depreciated until 31.03.2021, meaning no depreciations for the last 7 days of the financial year have been reflected in the profit and loss statement.

4 Financial assets

	Deposits DKK
Addition through business combinations etc	1,008,724
Cost end of year	1,008,724
Carrying amount end of year	1,008,724

5 Other payables

	2020/21 DKK
Wages and salaries, personal income taxes, social security costs, etc payable	3,673,725
Other costs payable	125,074
	3,798,799

6 Working conditions

The average number of full-time employees during the year is zero. However, as of the acquisition of activities near the end of the year, approximately 74 full-time employees were moved to the entity.

7 Unrecognised rental and lease commitments

	2020/21 DKK
Liabilities under rental or lease agreements until maturity in total	8,755,685

The unrecognized rental and lease commitments relate primarily to the Company's properties (7,684,926 DKK).

8 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement as of 31.03.2021 where HBS Capital ApS serves as 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 is a party to litigation regarding alleged infringement of patents rights. Management believes that these legal proceedings will not lead to material losses for the Entity

The Entity participated in a Danish joint taxation arrangement, for the period 01.01.2020 - 30.03.2021, where Takeda Pharma A/S served as 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 is a party to litigation regarding alleged infringement of patents rights. Management believes that these legal proceedings will not lead to material losses for the Entity

9 Related parties with controlling interest

The following Companies own the majority of 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.

10 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 B enterprises with addition of certain provisions for reporting class C.

Contribution of existing company

The Company was been established through the contribution in kind of a running business. The uniting-of interest method has been applied in drawing up the opening balance sheet. When the opening balance sheet is drawn up applying the uniting-of-interest method, the assets and liabilities of the contributed company are recognised at carrying amounts based on the Entity's accounting policies as if the Entity had always owned the contributed company. Any difference between the consideration agreed and the carrying amount of the net assets contributed is recognised in equity. The comparative figures are restated.

As a result of this establishment the Company has extended its first financial year to a 15 month period, meaning the income statement reflects the period 01.01.2020 - 31.03.2021.

Recognition and measurement

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

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

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

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

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.

Other financial income

Other financial income comprises, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

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, amortisation of financial liabilities, and 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 by the portion attributable to entries directly in equity.

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

Balance sheet**Property, plant and equipment**

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	5-14 years
Other fixtures and fittings, tools and equipment	10-15 years
Leasehold improvements	1-13 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Tax receivable or payable

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