

Orifarm Manufacturing Hobro A/S

Apotekerstien 9
9500 Hobro
CVR No. 41059044

Annual report 01.04.2021 - 31.12.2021

The Annual General Meeting adopted the
annual report on 24.06.2022

Kim Jensen

Chairman of the General Meeting

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Entity details

Entity

Orifarm Manufacturing Hobro A/S

Apotekerstien 9

9500 Hobro

Business Registration No.: 41059044

Registered office: Mariagerfjord

Financial year: 01.04.2021 - 31.12.2021

Board of Directors

Hans Bøgh-Sørensen

Jacob Lucassen

Erik Sandberg

Executive Board

Jacob Lucassen

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 Manufacturing Hobro A/S for the financial year 01.04.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.04.2021 - 31.12.2021.

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, 24.06.2022

Executive Board

Jacob Lucassen

Board of Directors

Hans Bøgh-Sørensen

Jacob Lucassen

Erik Sandberg

Independent auditor's report

To the shareholder of Orifarm Manufacturing Hobro A/S

Opinion

We have audited the financial statements of Orifarm Manufacturing Hobro A/S for the financial year 01.04.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.04.2021 - 31.12.2021 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, 24.06.2022

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.

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.

Description of material changes in activities and finances

The annual result for 2021 shows a result of k.DKK 2.547 which is considered satisfactory and in line with expectations as set out by the Executive Board.

Events after the balance sheet date

From the reporting date until today, no events have occurred which could change the assessments made in the Annual Report. At the current stage in time, the conflict in Ukraine is not expected to have any significant effect on the results.

Income statement for 2021

	Notes	2021 DKK'000	2020/21 DKK'000
Gross profit/loss		40,486	(1)
Staff costs	1	(32,636)	0
Depreciation, amortisation and impairment losses		(4,004)	0
Operating profit/loss		3,846	(1)
Other financial income	2	391	1
Other financial expenses	3	(970)	1
Profit/loss before tax		3,267	1
Tax on profit/loss for the year	4	(720)	0
Profit/loss for the year		2,547	1
Proposed distribution of profit and loss			
Retained earnings		2,547	1
Proposed distribution of profit and loss		2,547	1

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020/21 DKK'000
Plant and machinery		32,335	33,717
Other fixtures and fittings, tools and equipment		836	891
Leasehold improvements		8,840	10,793
Prepayments for property, plant and equipment		1,697	236
Property, plant and equipment	5	43,708	45,637
Deposits		1,039	1,009
Financial assets	6	1,039	1,009
Fixed assets		44,747	46,646
Raw materials and consumables		8,380	7,081
Manufactured goods and goods for resale		4,787	3,239
Inventories		13,167	10,320
Trade receivables		402	0
Receivables from group enterprises		8,848	0
Other receivables		989	2,695
Joint taxation contribution receivable		432	0
Prepayments		508	1,413
Receivables		11,179	4,108
Cash		15,167	39
Current assets		39,513	14,467
Assets		84,260	61,113

Equity and liabilities

	Notes	2021 DKK'000	2020/21 DKK'000
Contributed capital		400	40
Retained earnings		59,461	56,914
Equity		59,861	56,954
Deferred tax		1,152	0
Provisions		1,152	0
Bank loans		3,182	0
Trade payables		1,751	0
Payables to group enterprises		11,011	360
Other payables		7,303	3,799
Current liabilities other than provisions		23,247	4,159
Liabilities other than provisions		23,247	4,159
Equity and liabilities		84,260	61,113
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Assets charged and collateral	9		
Related parties with controlling interest	10		
Transactions with related parties	11		
Group relations	12		

Statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	40	45,103	45,143
Corrections of material errors	0	11,811	11,811
Adjusted equity, beginning of year	40	56,914	56,954
Increase of capital	360	0	360
Profit/loss for the year	0	2,547	2,547
Equity end of year	400	59,461	59,861

Notes

1 Staff costs

	2021 DKK'000	2020/21 DKK'000
Wages and salaries	25,552	0
Pension costs	5,067	0
Other social security costs	334	0
Other staff costs	1,683	0
	32,636	0
Average number of full-time employees	74	0

2 Other financial income

	2021 DKK'000	2020/21 DKK'000
Exchange rate adjustments	391	1
	391	1

3 Other financial expenses

	2021 DKK'000	2020/21 DKK'000
Other interest expenses	407	(1)
Exchange rate adjustments	563	0
	970	(1)

4 Tax on profit/loss for the year

	2021 DKK'000	2020/21 DKK'000
Change in deferred tax	1,152	0
Refund in joint taxation arrangement	(432)	0
	720	0

5 Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Prepayments for property, plant and equipment DKK'000
Cost beginning of year	33,717	891	10,793	236
Transfers	237	0	0	(237)
Additions	377	0	0	1,698
Cost end of year	34,331	891	10,793	1,697
Depreciation for the year	(1,996)	(55)	(1,953)	0
Depreciation and impairment losses end of year	(1,996)	(55)	(1,953)	0
Carrying amount end of year	32,335	836	8,840	1,697

6 Financial assets

	Deposits DKK'000
Cost beginning of year	1,009
Additions	30
Cost end of year	1,039
Carrying amount end of year	1,039

7 Unrecognised rental and lease commitments

	2021 DKK'000	2020/21 DKK'000
Liabilities under rental or lease agreements until maturity in total	6,827,427	8,755,685

8 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement 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.

9 Assets charged and collateral

The entity has provided guarantees under which the guarantors assume joint and several liability for group enterprises' net debt with bank and credit institution. The Group's total net debt in relation to this guarantee is booked at MDKK 4,611 at 31.12.2021.

10 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

11 Transactions with related parties

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 B enterprises with addition of a few provisions for reporting class C.

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

Non-comparability

The comparative figures for 2020/21 consists of 15 months as the accounting period is changed.

Material errors in previous years

The receivables from group enterprises was incorrect in the prior financial year. The error is corrected retrospectively and the comparative figures for 2020/2021 have been adjusted accordingly. The adjustment effected receivables from group enterprises by DKK 11.811 thousands. The equity at 31.03.2021 is positively adjusted with DKK 11.811 thousands.

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.

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.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

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 the ultimate Parent Company and all of the ultimate Parent company's 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 are subject 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 recognized in the company in which the interest deduction has been reduced.

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 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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

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

Cash

Cash comprises bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at

their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other financial liabilities

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