



ORIFARM

Orifarm Group A/S
Energivej 15
5260 Odense S
Denmark

Phone +45 63 95 27 00
Central Business Registration no. 27347282
www.orifarm.com



ORIFARM

Annual Review **2020**



CONTENTS

03 An incredible year

04 Orifarm in brief

06 Our business

12 2020 highlights

14 25th anniversary

15 Ambitious ownership

16 Who we are

18 New ways of working

20 Supporting talents outside Orifarm

21 Donations and charity

22 Integrating sustainability

24 A game-changing acquisition

28 Room for growth

30 Orifarm's Executive Management

32 More bright years ahead of us

33 Company details

34 Key figures



” Despite the external challenges we faced due to COVID-19, we managed to do well in Orifarm in 2020.

Erik Sandberg,
CEO, Orifarm Group

Letter from the CEO

An incredible year

2020 is a year we will never forget. Whether we focus on the COVID-19 pandemic and its consequences worldwide, on Orifarm and our business primarily in Europe, or on each and every one of us as individuals, we learned during the year that things we took for granted when entering 2020 were suddenly changed or simply not possible anymore.

2020 will always be linked to the COVID-19 virus, and it is impossible to do a 2020 review without touching upon the pandemic and its many unfortunate consequences. Many people lost their lives with the COVID-19, business owners lost their businesses, and people lost their jobs and livelihood. And we still have not seen the end of this. In that respect, 2020 will always stand out as a dark chapter in our common history.

But 2020 also offered many opportunities. And thanks to the resilience and engagement of all our colleagues, Orifarm is coming out of this wretched era stronger than ever.

A transformational year for Orifarm

Despite the external challenges we faced due to COVID-19 with subsequent restrictions and limitations, we managed to do well in Orifarm in 2020. We reached multiple major milestones. I will share a few highlights from 2020, and you can read much more about these and many other accomplishments later in this review.

- ◆ In 2020, we managed to grow our business for the 5th consecutive year. Actually, in November, we exceeded 1 billion EUR in turnover, which is truly amazing. The year ended with a turnover of 1,115 MEUR and an EBITDA of 66.7 MEUR
- ◆ 2020 marked the 25th anniversary of the sale of the first Orifarm products. Orifarm has always been a family-owned business, and to ensure that the business will remain family-owned, the next step of the succession was completed in September, where further shares were handed over to the founding couple's three children

- ◆ In August, Hans Bøgh-Sørensen took over as Chairman of the Board of Directors

- ◆ In April, Orifarm signed and announced the biggest acquisition in the history of the company. An acquisition from Takeda including more than 100 products, two production facilities and more than 600 employees. This acquisition is a major milestone and will be a true game changer for Orifarm going forward

We also expect 2021 to be a bright year for Orifarm. We foresee further organic growth within our main business areas as well as the first results of the acquisition.

Our employees made it all happen

At Orifarm we have a tradition of being champions at coping with challenges and changes. We have an entrepreneurial spirit that helps us find the light at the end of the tunnel, whenever we are surrounded by darkness. This year we did it again.

We had to learn new ways of working and live under the shadow of this strange external threat. We continued to improve our collaboration using many new tools. Despite all external and internal challenges and changes, we managed to excel and grow new skill sets which promise very well for our future.

2020 required a lot of flexibility, perseverance, courage, and hard work from all our employees. I truly acknowledge the outstanding effort. Without committed and highly skilled employees, 2020 would never have turned out this well for our company.

I hope you will enjoy our 2020 Annual Review.

Best regards,
Erik Sandberg,

CEO, Orifarm Group

Orifarm in brief



1,900



Offices

Across 11 countries in Europe
+ 1 in the USA

12

GE

Generics
Marketing identical
products with
same API

PI

Parallel Import
Importing, repacking/
relabeling and
reselling products



Group 2020
turnover

**1,115
MEUR**

EBITDA

**66.7
MEUR**



Main production/
storage facilities

4



Purchase
markets

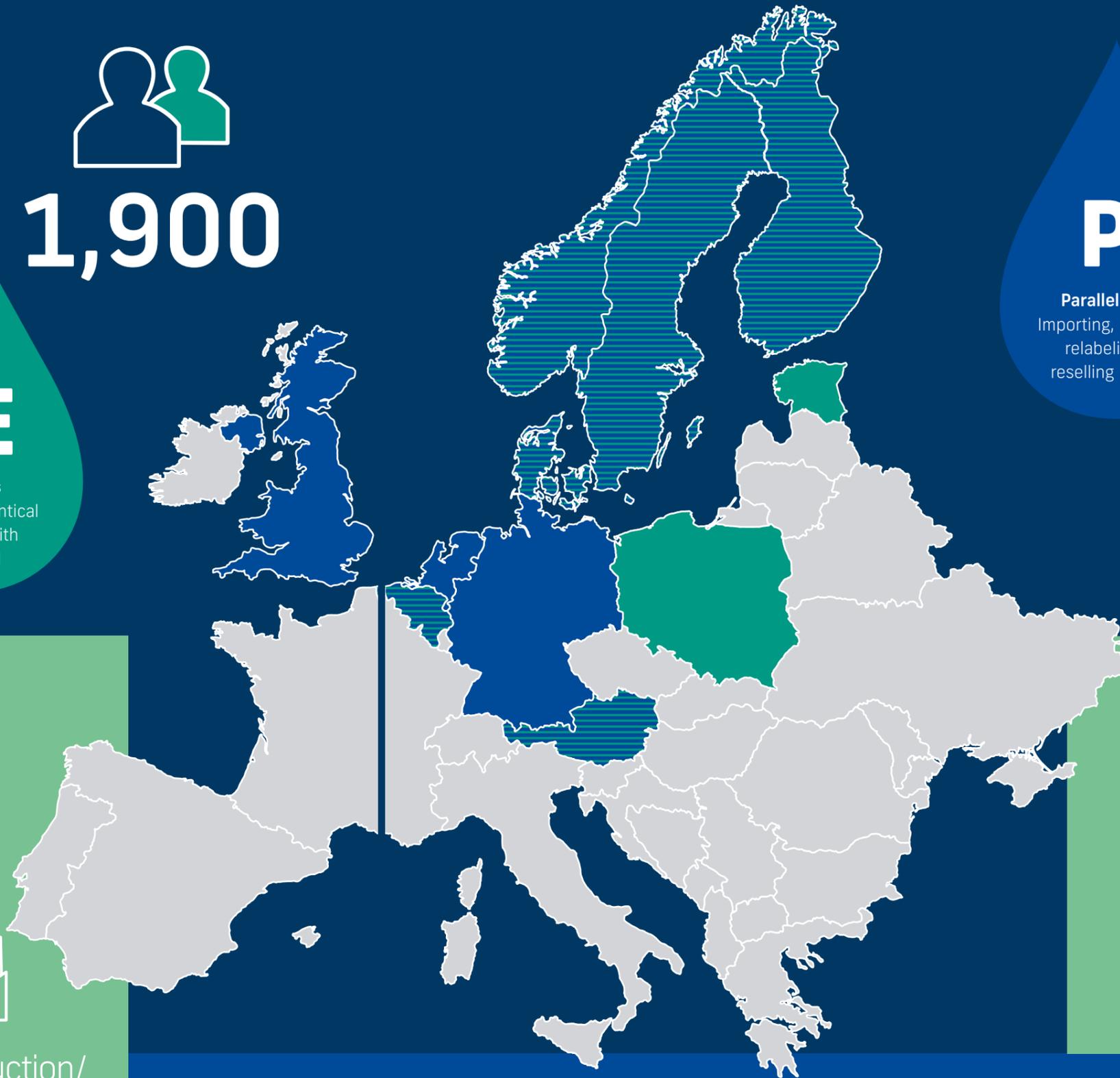
26



41% women in management

75% waste recycled

79% electricity from renewable energy sources



Our business

Orifarm Group is an ambitious and progressive player in the healthcare business. For now, Orifarm is first and foremost a European player, but the company is expanding.

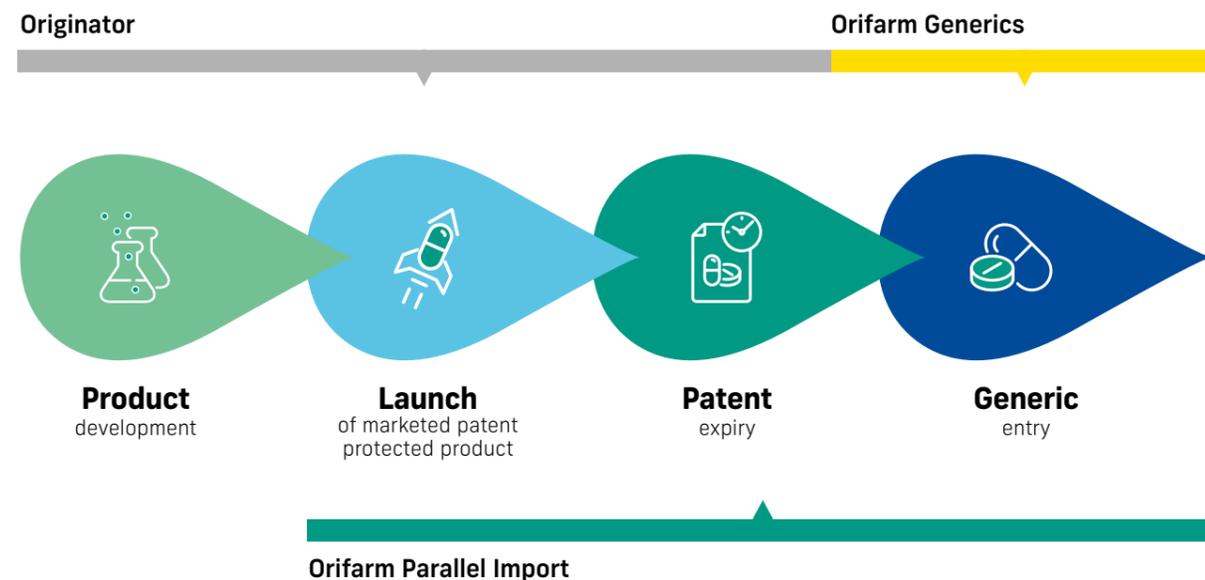
Our ambition is to supply high quality and affordable pharmaceuticals and healthcare products. In other words: We want to give end users and societies access to more healthcare for their money!

At the same time, we recognize that to invest in further growth and stay in the market in the longer

run, we need to secure short-term company earnings.

Orifarm primarily operates within parallel import (PI) as well as generics (GE). Orifarm is the largest supplier of parallel imported pharmaceuticals in Europe as well as a fast expanding supplier of generic products in this region. In the Nordic countries, we are soon to become one of the largest producers of over the counter (OTC) pharmaceuticals.

The product life cycle



2020 – the 5th year of consecutive growth

2020 became the 5th year of consecutive growth. Both business areas contributed to the record-breaking results exceeding 1 bn EUR in turnover and an EBITDA of 66.7 MEUR.

	Turnover	EBITDA
Orifarm Group:	1,115 MEUR	66.7 MEUR
PI:	1,015 MEUR	50.8 MEUR
GE:	100 MEUR	25.6 MEUR
Other elements regarding Group:		-9.7 MEUR

Due to the continued growth, Danish owned Orifarm is becoming a major company - as well as a major tax payer - in Denmark.



Number of units sold

In 2020, Orifarm sold more than 28.3 million units of pharmaceuticals and healthcare products. This represents an increase of 8.8% compared to 2019.

Parallel Import

Based on the free movement of goods and services within the EU, traditional parallel import is the process of importing original pharmaceuticals marketed in EU countries, repackaging/relabeling and reselling the products in different markets.

The trade includes many kinds of pharmaceuticals and examples of pharmaceuticals, which we traded in 2020 were medicaments against diseases such as cancer, rheumatism, sclerosis, and HIV.

Being the largest supplier of parallel imported pharmaceuticals in Europe, Orifarm continues to be an essential contributor in providing original pharmaceuticals at affordable prices in many EU countries – hereby generating significant savings for societies and end users.



Savings - PI

The presence of parallel imported pharmaceuticals on the import market creates price competition and generates both direct and indirect savings. In 2018, PI provided savings for more than 200 MEUR in Germany and more than 30 MEUR in Denmark (Source: Affordable Medicines Europe).

Generics

When a patent for an original pharmaceutical expires, generic manufacturers have the opportunity of marketing an identical pharmaceutical product containing the same Active Pharmaceutical Ingredient (API) as the original.

Orifarm has successfully established a strong position as a fast-growing supplier of generic pharmaceuticals to the Nordic countries and we are expanding to other European markets.

We market a broad portfolio of prescription pharmaceuticals including specialty products as well as over the counter (OTC) products. Like our parallel import products, the prescription pharmaceuticals within generics cover a broad range of widespread diseases. The specialty products are medicaments to treat chronic, high-cost or rare diseases, and over the counter (OTC) products are e.g. light painkillers or medicine against colds, constipation, or allergies.

In 2020, the prescription pharmaceutical Melatonin which helps patients suffering from insomnia, performed as one of our key products. Due to COVID-19 restrictions, the normally high performing OTC products against colds did not perform as usual. However, other products like Vialerg® (Denmark) effective against allergies did well in 2020.

When the acquisition from Takeda is implemented, we will add very well-known brands like Pamol, Kodimagnyl, and Zymelin to the list of OTC products.

Orifarm's primary customers are pharmacies, hospitals, and wholesalers.



Other business activities

Besides being engaged in parallel import within Europe, Orifarm also exports European pharmaceuticals to various countries worldwide, and we have established businesses within Comparator Sourcing for clinical trials and sales of Unlicensed Medicines.

Comparator Sourcing for clinical trials are handled by Pilatus Comparator Solutions, which was acquired by Orifarm in 2019. Pilatus Comparator Solutions has activities in the UK, Germany, and the USA.

Unlicensed Medicines are products which are sold without a Marketing Authorization from the Medicines and Healthcare Products Regulatory Agency. Unlicensed Medicines are used when patients are unable to get the desired treatment with the products available on the market.

As Orifarm continues to be engaged in an ambitious growth agenda, we are aiming for further organic growth as well as valuable M&As and interesting New Bizz opportunities in general.

High quality standards

End users of any pharmaceutical or healthcare product must be able to trust that the product is safe to use. That applies to all products, whether we are looking at original pharmaceutical products, parallel imported products or generics.

Parallel imported and generic pharmaceuticals are as safe as the equivalent original pharmaceuticals. As a licensed parallel importer and manufacturer of pharmaceuticals and other healthcare products, Orifarm is liable to the same strict quality and safety requirements as the original manufacturer. We follow the EU rules and regulations called Good Manufacturing Practice (GMP) as well as Good Distribution Practice (GDP).

Through our strict quality control, we make sure that each of our contract manufacturers comply with the GMP and that all products are tested within the EU.

To make sure that our parallel imported pharmaceuticals as well as generics are of high quality and apply to all regulations and hence safe for the end users to use, Orifarm employs many highly skilled specialists within Regulatory Affairs and Quality. In 2020, it added up to more than 280 people across different locations in Europe working within this area.

One of them is Sonja Hesse. She is the Vice President of Regulatory Affairs for Parallel Import and located at our office in Leverkusen.



” Safety is our top priority at Orifarm. All end users of pharmaceuticals or healthcare products need to feel safe, when using the products. Working within Regulatory Affairs is very interesting, as our profession is to protect public health by controlling the safety and efficacy of the products, we handle. That is really important, and a position which allows you to make a difference for many people in your everyday working life.

You have to be persistent and detail oriented as well as eager to always keep up with the latest rules and regulations in Europe, but also nationally. Compliance with all rules and regulations is a prerequisite for Orifarm's market presence.

I head a team of almost 80 dedicated employees across Orifarm and together with our colleagues within Corporate Quality across the Orifarm countries, we make sure that our products are carefully controlled and live up to all quality and safety requirements.

Sonja Hesse has been with Orifarm for almost 15 years

Our value chain footprint

In 2020, Orifarm operated on 9 sales markets in Europe, owned production facilities in Denmark and in the Czech Republic, and was active in 26 purchase markets.

Going forward – after the acquisition from Takeda – Orifarm operates on 13 sales markets in Europe, owns 4 main production and/or storage facilities, and is active in 26 purchase markets.

Poland, Estonia, Latvia, and Lithuania are added to the sales markets, and two production facilities in Poland and in Denmark, respectively, are added to the value chain footprint.

Sales offices are located in 11 countries across Europe and we have one office in Philadelphia, USA as well.

Active sales markets

-  Parallel Import & Generics
-  Parallel Import
-  Generics

Sales markets 13

Main production facilities 4
Denmark, Poland, Czech Republic

Purchase markets 26



2020 highlights

February: The product Melatonin was launched

The product Melatonin (tablets) was launched in Denmark and subsequently in Sweden and Norway. It is effective against insomnia and it performed as a very successful product in 2020. It was developed internally and replaces non-registered pharmaceuticals in these markets. Melatonin is produced at our production facility Viminco in Skælskør, Denmark

March: Customer centricity program

In Stockholm, we held a workshop with representatives from Orifarm and one of our key customers. The range of workshops with customers and wholesalers was kicked off in December 2019. The overall purpose is to discuss and define what our value Customer Centricity means

March: 25th anniversary – first employee to reach 25 years at Orifarm

Karen Marie Thomassen from Regulatory Affairs became the first employee to celebrate her 25 years with the company. In October 2020, the same department celebrated another 25th work anniversary as Trine Pilgren passed the same impressive milestone

April: Announcement of acquisition from Takeda

On April 24th 2020, the multi-million EUR acquisition from Takeda was publicly announced. This acquisition will be a game changer for Orifarm, and the announcement reverberated across the industry

May: 25th anniversary - first product sales

In 1995, 9 months after the foundation of the company, the first products were sold. 2020 marked the 25th anniversary of the sales

May: Announcement of the first part of the updated organization

After the acquisition announcement, changes were implemented during 2020 to prepare the organization for taking over the Takeda assets. The first changes were at Executive Management Group level

June: Implementation of changes at the next level

The second announcement regarding organizational changes was made. This time, it included the direct reports to Executive Management Group. Further organizational changes followed during the succeeding months of 2020

August: New CSR committee established

The purpose of the committee is to ensure overall CSR compliance and assess progress on Orifarm's CSR strategy and related sustainability initiatives. Members are from the Executive Management Group

August: New Chairman of the Board of Directors

As of August 24 2020, Hans Bøgh-Sørensen, owner of Orifarm together with his 3 children, took over as Chairman of the Board of Directors

September: Further shares transferred to maintain family ownership in the future

The next step of the succession of Habico Holding, which owns Orifarm, was completed. Further shares were transferred to the founding couple's three children. They now each own 30% of the shares

October: Orifarm Sweden entered an important PI agreement

Orifarm Sweden signed an important agreement with Swedish/Dutch Parallel Import (PI) competitor Pharmachim on taking over marketing authorizations for parallel import into the Swedish market

November: Announcement of new office in Copenhagen

The first Orifarm office in the Danish Capital will be located in Søborg. It will accommodate office space for around 40 employees

December: First step towards defining "Future Workplace"

A corporate remote work policy, the first step towards defining the future workplace at Orifarm, was launched

December: Managed to keep our employees safe

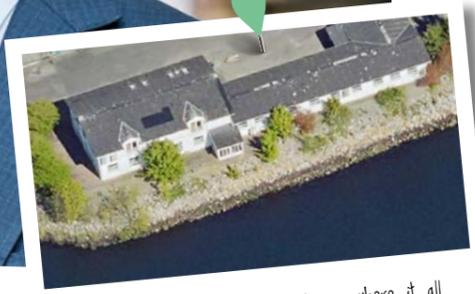
At the end of 2020, we could celebrate that we have managed to keep our employees safe and sound despite the COVID-19 challenge. We have had a very limited number of cases and maintained protocols very well thanks to the diligence of everyone at Orifarm



25th Anniversary

Hans Bøgh-Sørensen,
Owner and Chairman of the Board of Directors:

” This year marks the 25th anniversary of the sale of the first Orifarm products. A lot has happened since Birgitte and I started Orifarm together with one employee at the harbor in Odense. At present, we are substantially expanding the company headquarters in Odense as well as other facilities along with the upcoming integration of the large asset acquisition from Takeda, which will bring the company to another level. We are proud that our 4th child – Orifarm – has grown up.



The building at the harbor in Odense, where it all began



Orifarm's office in Leverkusen



Viminco in Skælskør, Denmark



Orifarm's production facility in the Czech Republic

Ambitious ownership

In 1994, Birgitte and Hans Bøgh-Sørensen founded the company and the following year, in May, the first product sales were realized. Hence, 2020 marked the 25th anniversary of the sale of the first Orifarm products. It has been a wonderful journey with results that our owners and employees alike could never have dreamt of.

Business growth

Orifarm has experienced a tremendous growth through the years – with 2020 being yet another record year. During the years, the growth has been realized through organic growth on more and more markets throughout Europe, but also via important acquisitions.

In 2006, Orifarm acquired Pharma Westen – a German company and an important player within parallel import. Today, Germany represents Orifarm's biggest PI market. In 2015, Orifarm acquired Growth House Holding and hence our important production facility, Viminco in Skælskør, Denmark. Furthermore, in 2019, Pilatus Comparator Solutions with activities in the UK, Germany and the USA, was acquired.

And finally, in 2020, Orifarm signed and announced the acquisition from Takeda, the so far biggest acquisition in the history of our company. This acquisition will become a true game changer to Orifarm. The acquisition includes more than 100 products, two large manufacturing facilities, and approximately 600 employees. The combination will make Orifarm one of the very largest medical products companies in the Nordic countries.

We are in the business of providing cost effective medicine. So, whilst we have focused on growth, growth in productivity and focus on low costs have always been essential to Orifarm. We maintain a lean and highly collaborative organization and always strive towards minimizing the costs of providing products to our customers.

In 2012, Orifarm took the bold decision to relocate most of the Danish and German production and inbound logistics to the Czech Republic in order to solve the increasing logistic challenges and reduce costs.

Growth in number of employees

Birgitte and Hans Bøgh-Sørensen started the company together with one employee at the harbor in Odense. In December 2020, we were approximately 1,300 employees and when the acquisition from Takeda is realized we will become close to 1,900 employees across Europe (and the USA).

Growth in square meters

The building at the harbor in Odense where it all began has been replaced by our headquarters at Energivej in Odense, and we have added several offices in different markets across Europe as well as a production facility in the Czech Republic. We even have a small office in Philadelphia, USA. At present, we are expanding our headquarters in Odense and our office in Leverkusen.

Ambitious family ownership

A lot has changed since Birgitte and Hans Bøgh-Sørensen founded the company. However, two important elements of the company's success formula never changed: the high ambition and the family ownership.

To Orifarm and its owners there is – and always has been – only one way forward: growth! Develop the potential, expand the business and make sure that the business model is balanced and resilient towards whatever challenge the world may throw at us.

Orifarm has always been family-owned and will remain so. In 2020, the next step of the succession of Habico Holding, which owns Orifarm and several other activities, was completed to ensure that Orifarm will remain in the family's ownership in future generations. With effect from September 2020, further shares were transferred to the founding couple's three children, so that they each now own 30% of the shares.

Even though the owner structure was changed in 2020, the day-to-day running of Orifarm will remain unchanged with Hans Bøgh-Sørensen as Chairman of the Board of Directors.

Who we are

Orifarm's primary reason for being is to make affordable high-quality healthcare available to our customers and eventually the end users. We believe that all end users – patients and others – deserve this.

The company has come a long way during the past 25 years, as we have succeeded in making more affordable healthcare available to more end users year on year. Our results speak for themselves. However, we will always strive to improve.

A predominant and powerful explorer spirit, an ambitious vision, a clear mission, a solid foundation of company values, and the fact that we always support each other are key ingredients of Orifarm's success formula.

In 2020, we initiated a revisit of our mission and vision in order to make sure that these still apply in the future following the announced acquisition.

The revisit triggered a clarification of our mission by adding a few extra words. Aside from that, we concluded that our vision and mission remain valid.



An international company with many tongues

We have an open-minded culture in Orifarm with a low degree of hierarchy where employees' opinions and ideas matter. A high degree of diversity among our employees fosters many valuable discussions and great ideas.

Orifarm is present in many countries across Europe and as of 2019, we are also present in the USA. Being founded in Denmark, we obviously employ many Danes, but due to our geographical footprint, we also employ many other nationalities. In 2020, we employed more than 20 different nationalities.

Besides the many different nationalities and cultural backgrounds, we represent people at different ages, skills, experiences, and seniority. Aiming for diversity is key to us, as we believe this enriches the company and our everyday lives as colleagues.

Vision

We want to be no. 1 in making healthcare a better deal

A better deal for

- The society, as we help reduce pharmaceutical expenses by providing access to more affordable medicine and as we run a responsible and sustainable manufacturing and logistics business
- Our customers (BtB), as we help increase their turnover and hence earnings
- The end users, as we help keep prices down and increase product availability
- Orifarm, as better deals for the above stakeholders increase their trust in us, our turnover, earnings, and number of jobs and job development opportunities created

Values

Our company core values have been valid for many years now



▶ **Ambitions: Together – always aiming higher**



▶ **Flexibility: Challenges are opportunities**



▶ **Responsibility: Committed and caring**



▶ **Customer Centricity: More value for money**

Mission

We challenge the market and make affordable healthcare available

To succeed in making affordable healthcare available to societies and end users

- We chase incremental improvements in everything we do
- We have a fundamental belief in development, growth, and that everything is possible if you fight for it
- While challenging we find new solutions and develop as employees

Entrepreneurs winning together

Orifarm has always been characterized by a very powerful explorer - or entrepreneurial - spirit and a strong culture of succeeding together. Growing our company, we are very keen on protecting and developing this valuable mindset and culture.

We want to embrace and nurture the attitude and approach to thinking that actively seeks out change, rather than waiting to adapt to change. A mindset that embraces critical questioning, innovation, continuous improvement, and actions. We do not mind mistakes as long as we learn from them.

And we think, act and learn together as one company.



New ways of working

In Orifarm, we recognize our employees as the most vital resource in making the company successful. We believe our strong company culture is essential to this success. Having an open and honest culture where feedback and dialogue are key elements in our daily work, we strive to create a friendly and pleasant working environment for all that accommodates diversity, and where we share experiences and gather learnings from each other.

The COVID-19 restrictions in 2020 challenged our ways of working and disrupted the way we usually work together and share experiences on a daily

basis. To safeguard our employees, we asked them to work from home during the national lockdowns. For those who were not able to work remotely and in periods with fewer restrictions, necessary precautions were put in place to keep our employees safe.

Many of us missed the daily face-to-face work situation and the social interaction with colleagues. However, working remotely through the volatile times of 2020 proved that we could continue to work very effectively and efficiently and with great results.

Furthermore, we realized that working from home added flexibility to our individual work-life balance.

Motivating working environment

Despite challenging restrictions and new ways of working, we insist on creating a motivating working environment capable of attracting, managing, and retaining the right people. It is important to us that personal ambitions and common goals go hand in hand, and we emphasize professional as well as personal development of all employees.

During 2020, we attracted many new colleagues to Orifarm. At our Headquarters in Odense, we welcomed more than 60 new colleagues across many different functions. We also added numerous new colleagues at other locations across Europe.

Working with talents

Orifarm employs and attracts many competent and committed talents. As part of our comprehensive manager and employee learning and development program, we also offer a program for our talents.

In 2020, 14 colleagues from three different countries completed the Talent Program for Specialists. The talents represent different fields of work e.g. regulatory affairs, sales and logistics, and procurement as well as different levels of responsibility.

The Orifarm Talent Program for Specialists has several objectives. The program aims to enhance the competences of the participants, to create a broader understanding of the business and

to provide the participants with an important set of cross-cultural, psychological and communicative tools.

What the future workplace brings

In September 2020, The Executive Management Group established a steering committee on "Future Workplace". The purpose of this committee is to facilitate employee engagement and talent attraction. The committee will develop initiatives that will enable greater employee empowerment and offer a higher degree of flexibility for the individual in terms of how to organize work-life to best fit personal and family needs.

The committee's terms of reference are broadly defined, and work in progress. One initial deliverable was to develop and implement a corporate remote work policy supported by local country specific appendices. The overall corporate policy was launched in December 2020.

The remote work policy is based on collected lessons learned from many employees across Orifarm during the period with COVID-19 in 2020. It introduces more flexibility regarding choice of workplace i.e. at the office versus working remotely.

We are confident that new ways of doing things and more flexibility in the daily work will make Orifarm an even better and more attractive place to work in the future.

Future talents for our future workplace

Orifarm is highly committed to employ students from universities. This commitment is especially visible at our Headquarters in Odense, where you find Student Assistants employed in many different departments solving various tasks. In 2020, more than 40 Student Assistants were employed here.

Our Student Assistants are highly valued across the organization, as they take part in the daily operations and help where assistance is needed. They make a difference as they bring new and fresh perspectives to the organization and they know the organization well. Furthermore, they represent the future workforce, and they might also represent future full-time employees at Orifarm. Aside from knowing the organization well, the

Student Assistants also know each other well, as they have formed a student network across Orifarm. The purpose of this internal network is twofold since it has a professional as well as a social dimension to it. The network provides the opportunity to share knowledge at events or in everyday working life, and it provides the opportunity to orchestrate assistance across departments when needed.

In 2020, the student network was also affected and restricted by the COVID-19 crisis. However, before the virus put limits to the events, they implemented an internal event with Sales & Marketing focusing on learning more about the function, but also on providing valuable input to Sales & Marketing regarding new work on campaign visuals.

Supporting talents outside Orifarm

Supporting and developing our employees as well as important projects within Orifarm is paramount to us and to our business. However, supporting other talented people and important projects outside our organization – either in our local communities or on a long distance – is also key to us. This is one way of giving additional value back to the society.

Supporting talents within sports

Nurturing our own existing talents is essential to the talents and to our business. But we also find it important to nurture other kinds of talents and to help them succeed. Talents who are ambitious and are in the game to win.

At present, we support show jumping as we help young talented riders develop themselves and their horses to reach higher levels. We also support young talents within racing and soccer.

Talented racing driver to win World Championship

One of these talents is Nicklas Nielsen. He is a 23 year old Danish racing driver. In November 2020, he and his team won the World Championship in LMGTE AM class i.e. The Le Mans Grand Touring

Endurance class in their Ferrari 488 GTE. We are proud to be sponsoring him.

Young soccer team to win Danish Championship

Orifarm finds supporting the local community very important. Being founded and headquartered in Odense, one of the activities Orifarm sponsors is the local soccer club in Odense called Odense Boldklub. We support both the A-team as well as the academy for young talented players. In 2020, the young players (U19) from Odense Boldklub won the Danish Championship. Truly a team of talents ready to become future A-team players.

Championships are major achievements and speak to the fact that talent development is important within sports - as well as within businesses.



Donations and charity

Donations and charity

Developing talents and winning championships are important, but there is more to it than that. Orifarm also provides donations and supports a wide range of charity programs because they won our hearts as they make a difference for people in need.

Long distance donations

For 7 years, Orifarm has been committed to supporting the initiative "Support a Village" via DanChurch Aid. Since 2014, Orifarm has supported 18 villages in Myanmar, Zimbabwe, and Nepal and helped improve the lives of more than 8,000 of the poorest people in the world. Before supporting the villages, we historically supported the building of clean drinking water wells in India via DanChurch Aid and subsequently the building of 10 schools in Cambodia via World Assistance for Cambodia.

In 2020, Orifarm also contributed to WWF and hence supported specific projects aiming at protecting wildlife and nature.

Activities within our local communities

Supporting projects like "Support a Village" is important to us. However, we also focus on activities in our local communities. "Taking small steps - making a difference" - that is Orifarm's German charity initiative "Aktion Teilkraft". Since 2014, "Aktion Teilkraft" has been supporting more than 50 organizations and projects with a total amount of EUR 195,000.

In particular, in a year like 2020, it was important to take on social responsibility and continue this very unique initiative. Every year Orifarm is looking for organizations, clubs or projects with a medical and social background, that support children, older people, sick people or people with disabilities.

In 2020, Orifarm donated money to three organizations. One of them was the "Elternkreis Next Generation e.V.", which is a support group of parents with disabled children. The organization used the money to produce a comic book that demonstrates normal family life with typical situations that you end up laughing about.

Other examples of activities we support in our local communities are e.g. found in Odense, Denmark, as we are major sponsors of Brandt's Klædefabrik and Odense ZOO, both important parts of the cultural offer in the city of Odense.

Medicine donated

When we trade and produce pharmaceuticals, we sometimes end up carrying stock of products that are still usable, but the expiry date is too short for commercial use. Instead of destroying these, in 2020, we donated pharmaceuticals for nearly EUR 800,000 in cooperation with Global Medical Aid.

Integrating sustainability

From license to operate to integrating sustainability in the way we work

In Orifarm, we continue our work for sustainable development whilst developing our business. Orifarm is a member of the UN Global Compact and we continue our commitment to the principles of responsible business conduct promoted by the UN Global Compact in the areas of human rights, labor rights, environment, and anti-corruption.

2020 events have challenged the way we think, work and how we impact our surrounding environment. We acknowledge that we need to integrate our sustainability further into our core business to contribute to and meet the expectations of the society, our people, and our stakeholders.

Orifarm and the Sustainable Development Goals

To guide our future commitment in the context of our business model and core activities, we have chosen to prioritize 4 Sustainable Development Goals (SDGs) in our pursuit of minimizing the negative impact of our business operations and increase our positive contribution from our value creation and our products.

Securing the health, safety, and well-being of all employees

In 2020, our commitment to our people must be seen in the light of the global COVID-19 crisis. The safety and well-being of our employees during this turbulent year have been of the greatest importance to Orifarm.

It has been tough for all employees to juggle work and home commitments in the strenuous times. Orifarm has taken the necessary precautions needed to safeguard employees and our workplace and support those at home during the COVID-19 restrictions.

Respecting the benefits of diversity

We believe in an engaged and competent workforce, recognizing the benefits of diversity in respect of gender, culture, age, education, and experience. Today, we have 41% women in management.

Supporting the rights of our employees

Orifarm has zero-tolerance towards discrimination, harassment, crime, corruption, and breaches of environmental law and all employees must conduct themselves with good business ethics. The launch of the Orifarm Whistle-blower program this year enables our employees at all locations to raise concerns anonymously.

The challenge of sourcing responsibly

It is not only our own operations that impact society but also the companies we engage with. Dialogues about sustainability with our partners can be difficult due to different perspectives and insufficient knowledge. We therefore continuously work on strengthening our responsible sourcing processes and raise awareness of the issues and risks faced in the pharmaceutical supply and to understand local conditions.

Reducing our impact on the environment

As a manufacturer and distributor of pharmaceuticals, we recognize the risks associated with our business model. We have a precautionary approach to environmental challenges, and we aim to minimize our collective environmental footprint from our production and transportation.

75% of the waste we generate is recycled. We sort our waste and dispose of it responsibly. At our sites, we sort waste in cardboard, paper, wrapping foil, mixed communal waste, organic waste, wood, plastic, metal, chemical, and electronic waste for reuse and recycling. Our cardboard, paper, and foil waste is delivered to approved plants that can recycle 100% of the material. Also, we continuously work to bring more sustainability into our products and packaging with more sustainable materials and production processes.

Sustainable energy source milestone in 2021

Reducing energy consumption and emissions from goods transportation are placed highly on our corporate list of responsibilities to address.

SUSTAINABLE DEVELOPMENT GOALS



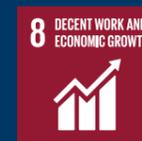
SDG 3: Orifarm contributes with:

- High quality and safe pharmaceuticals at a low cost creating more healthcare
- Safe and healthy work environment promoting healthy lifestyle to our employees
- Donation of medicine



SDG 12: Orifarm contributes with:

- Waste management
 - reduce, reuse, recycle
- Safe handling of chemical waste
- Use of sustainable materials in packaging and products



SDG 8: Orifarm contributes with:

- Employee satisfaction, motivation and well-being
- Equality principles
- Responsible sourcing



SDG 13: Orifarm contributes with:

- Shift to renewable energy sources
- CO2 neutral courier transportation
- Energy consumption optimization at all Orifarm sites

In 2021, Orifarm will reach a milestone in reducing our negative impact on our surrounding environment as solar panels will be installed on the roof of our buildings in Odense. With the completion of the building, which was initiated in 2020, we will also establish 22 charging stations for electric or hybrid cars at our headquarters in 2021.

Corporate Social Responsibility (CSR) Governance

The Orifarm CSR committee confirms the strategic importance of sustainability. The purpose is not only to ensure compliance and assess progress on our CSR strategy and initiatives but also to actively endorse the sustainability agenda and set the "tone from the top".



A game-changing acquisition

The acquisition from Takeda

The acquisition includes an agreement to purchase a portfolio of selected over the counter (OTC) and prescription pharmaceutical products sold in Europe from Takeda Pharmaceutical Company Limited. Among these are well-known brands like Pamol, Kodimagnyl, and Zymelin.

Orifarm acquires the rights for more than 100 pharmaceuticals as well as 2 modern production facilities in Hobro, Denmark and Łyszkowice, Poland.

Approximately 600 employees will transition to Orifarm at closing of the transaction. The purchase price is up to €615 million and the acquisition is the largest in Orifarm's history.

The transaction closes by the end of Takeda's Fiscal year 2020 (ending March 2021) subject to the satisfaction of customary closing conditions, receipt of required regulatory clearances and, where applicable, compliance with local works council requirements.



A game-changing acquisition

April 23, 2020 will always be a day to remember in Orifarm. At this day, the owners signed a multi-million EUR acquisition from Takeda. The by far biggest acquisition in the history of the company and a game changer for Orifarm as a company.

More purposes

Besides the fact that Orifarm has always had and continues to have a very ambitious growth strategy, which this acquisition fits very well into, it serves more purposes for Orifarm.

For many years, parallel import of pharmaceuticals has been the principle part of the company. The acquisition from Takeda will reinforce Orifarm's position in its key markets and expand its geographic reach to exciting new markets. Furthermore and very importantly, the parallel import of pharmaceuticals and the sales and production of prescription pharmaceuticals and over the counter (OTC) products will become equally important going forward.

A balanced business portfolio with more and equally important business areas will leave the company even more robust and better protected against market fluctuations, which is paramount to the owner family.

During the company's 25 years of history, the owner family has focused on differentiation and development of the business to continuously build the strongest company possible. Initially, the focus was on expanding the parallel import business to several countries in Europe. Subsequently, the generic pharmaceutical business area was added. And now the company will obtain a large portfolio of OTC products as well.

Comprehensive preparations

Following the signing of this large acquisition, Orifarm immediately started the preparations to take over the important portfolio of assets and

welcome the many new colleagues from Takeda. An Integration Management Office (IMO) was established, and many employees were dedicated to join the multiple work streams initiating this complex and comprehensive process.

Significant manufacturer of significant products

When all assets are transferred, Orifarm can add two major production facilities in Łyszkowice, Poland and in Hobro, Denmark to the operations which we already run in the Czech Republic and in Denmark. By adding these, Orifarm becomes a significant manufacturer of pharmaceuticals and other healthcare products in Europe.

More than 100 pharmaceuticals and dietary supplements are added to the product portfolio. The products acquired are well-known and recognized across their key geographies with significant brand recognition amongst pharmacists and end users. Examples are Pamol, Kodimagnyl, and Zymelin.

New people and new competences

When the acquisition is complete, Orifarm has welcomed approximately 600 new employees within production, sales and marketing, and other selected professionals supporting the portfolio and production facilities. The new employees bring excellent production skills and valuable product and market knowledge.

Integration continues

Following the takeover of the many assets and the welcoming of the 600 new employees, our comprehensive integration process continues in order to optimize the new Orifarm set-up.



” In 2020, Orifarm had 9 sales offices in Europe, and now we are expanding. My Managing Director colleagues across Europe and I have prepared for the integrating of new markets and a more diversified product portfolio, and since the announcement of the acquisition, we have been looking forward to welcoming our new colleagues.

From our office in Oslo, my team and I handle tasks in relation to registration and quality as well as business development, sales and administration. During most of 2020 and the beginning of 2021, we have been preparing to take on the sales of new products in Norway - and not least to welcome new team members at our office.

The day we welcomed our new colleagues, was a day of celebration. Despite the COVID-19 challenges and restrictions that put limits to the festivity, we did our utmost to give a warm welcome and hopefully a day to remember to all new colleagues across Orifarm. At our local office, the corporate welcoming videos and speaks were supplemented by a festive greeting with our team, a thorough presentation of Orifarm in general and our business in Norway as well as plenty of time to talk and to get to know each other better. Our new colleagues will also be enrolled in a corporate onboarding program as well as further local introductions and trainings.

I have been with Orifarm for many years and have watched the company develop and grow, and even though this acquisition has been and will continue to be a huge task for us for some time to come, I am sure we will succeed together.

Sverre Haugen has been with Orifarm for 19 years

Room for growth

Orifarm is on a journey of growth

It takes the right skills benefitting from the right opportunities at the right time and with the right mindset - as well as room for growth – literally. Production facilities and office square meters must match the growing business.

Besides signing the biggest acquisition in the history of the company involving a lot of added production facility square meters in Poland and in Denmark – three major building expansions were also initiated in 2020.

Less than a month after the announcement of the acquisition from Takeda, Hans Bøgh-Sørensen cut the first soil for an extension of the Headquarters

at Energivej in Odense. The extension will provide extra 12,000 square meters primarily for storage, but there will also be room for offices.

At this point in time, another huge expansion was well on its way in Leverkusen. During 2020, the Orifarm office in Germany was added a 3rd floor. This provides additional office space for 18 employees.

Furthermore, a lease of 5,000 additional square meters for storage close to our facility in the Czech Republic was also signed in 2020. The additional storage square meters will be made available for Orifarm during 2021.



Strategy house

By initiating expansions of offices and production facilities in 2020, we literally added the physical surroundings for future growth. However, in 2020, we also initiated essential ground-work of another kind of house, and also a very important one, i.e. the Orifarm Strategy House.

We now leave the 2020 review for a brief moment to introduce a few headlines on how we see Orifarm develop and grow going forward.

Towards New Heights

Orifarm continues to insist on growth as the only way forward. This also applies for the upcoming years. Consequently, the headline of our 2025 Strategy is “Towards New Heights”.

The overall ambitions towards future growth in turnover as well as in earnings are very high, and we expect to realize our ambitions through organic growth in existing business areas as well as adding new business areas - potentially through more large-scale mergers and acquisitions (M&As).

The 2025 Strategy mirrors the wish for a continued well-balanced business portfolio with three bearing pillars (PI, GE and New Bizz) which hold the roof containing the vision, mission and values. All pillars rest on a solid foundation of important corporate initiatives and not least - our company culture.



Orifarm's Executive Management

Orifarm is divided into six Group Functions covering the complete value chain as well as shared service functions: Commercial Generics, Commercial Parallel Import, Supply Chain & Manufacturing, Corporate Development, Corporate Finance, IT & Legal, and HR, Communication & CSR.

Each of the Group Functions is headed by a Chief Officer and together, all Chief Officers form the Executive Management Group (EMG) of Orifarm.

Continuity and change – the perfect foundation for future growth

The Executive Management Group is characterized by members with an extensive Orifarm seniority combined with newcomers to the team. This drives an exclusive and valuable combination of continuity and change. Many years of industry insights and a deep understanding of the Orifarm business combined with new perspectives provide a perfect foundation for leading future business growth.

Erik Sandberg (CEO), Jacob Berg Lucassen (CFO), Allan Dinesen (COO), Ulrik Markussen (CCDO), and Thomas Brandhof (CCO, PI) have been with Orifarm for many years. Together they represent more than 55 years of Orifarm seniority. During the years, they have all played important roles in developing Orifarm and they will continue to do so going forward.

In 2020, the new function Corporate Development was established to be advisor and strategic partner for the CEO and the Executive Management on company strategy, M&A, new bizz, digitalization, project governance and management as well as encompassing the Integration Management Office (IMO) established in continuation of the acquisition from Takeda. Ulrik Markussen was appointed Executive Officer of this function.

In the fall of 2020, Birgitte Ladefoged and Dennis Dencher joined Orifarm and the Executive Management Team. Birgitte Ladefoged brings 14 years of HR and Communication experience into the company as well as 12 years of top management experience. She left a position as Vice President HR & Segment Communication in Danfoss to join Orifarm.

Dennis Dencher brings 20 years of strategic leadership experience from the life science industry including solid experience with patient and health care professional services, commercialization and strategic growth of branded generics, prescription pharmaceuticals and over the counter products.

The onboarding of Birgitte Ladefoged and Dennis Dencher in 2020 completes the Executive Management Group of Orifarm.



Erik Sandberg
Responsibilities: Orifarm Group Business.
Seniority at Orifarm: Joined Orifarm in 2012



Dennis Dencher
Responsibilities: Commercial responsible for OTC, Consumer Healthcare, Generics, and Promotional Rx.
Seniority at Orifarm: Joined Orifarm in 2020



Birgitte Ladefoged
Responsibilities: Global Human Resources, Corporate Communication, and Corporate Social Responsibility.
Seniority at Orifarm: Joined Orifarm in 2020



Thomas Brandhof
Responsibilities: Commercial responsible for Parallel Import, Unlicensed Medicines, and Clinical Services.
Seniority at Orifarm: Joined Orifarm in 2001-2005, 2006-2014, and 2016



Allan Dinesen
Responsibilities: Supply Chain & Manufacturing.
Seniority at Orifarm: Joined Orifarm in 2009



Ulrik Markussen
Responsibilities: New Bizz, Strategy, and Integration.
Seniority at Orifarm: Joined Orifarm in 1999-2009 and 2016



Jacob Berg Lucassen
Responsibilities: Corporate Finance, IT & Legal.
Seniority at Orifarm: Joined Orifarm in 2007

More bright years ahead of us

As shown throughout this report, 2020 turned out very well for Orifarm despite the many challenges we – and all others – faced during the year due to the COVID-19 pandemic as well as other challenges we had to cope with.

As to how the pandemic develops in 2021 and potentially on a longer perspective, apparently no one can predict. Unfortunately, it seems as if we will have to live with the diverse uncertainties this pandemic brings for some time to come – as societies, businesses, and as individuals.

Having these uncertainties in mind and many other important elements as well, we still expect the years ahead of us to be bright years for Orifarm. Building on the past, our current strong foundation and promising industry mega trends, we continue to have very high ambitions when it comes to developing the company, to the growth in turnover and in number of employees as well as to earnings in the future.

Our 2025 corporate strategy “Towards New Heights” has been finalized and at the beginning of 2021, we initiated the implementation of Phase 1 of the corporate strategy, which is about integrating and igniting further growth.

First and foremost we focus on successfully implementing the acquisition from Takeda. Being a game-changing acquisition for us, it is also a huge – and very important – task to complete, and we acknowledge that it will demand an enormous effort from all of us during the upcoming months and potentially even years.

This concludes our 2020 Annual Review. I hope you enjoyed reading it.

Best regards,

Erik Sandberg,
CEO, Orifarm Group

Company details

Board of Directors



Hans Carl Bøgh-Sørensen
Chairman



Ole Michael Friis
Vice Chairman



Claudio Albrecht
Board Member



Anders Hagh
Board Member



Jean-Francois Loumeau
Advisor



Bettina Britt Hansen
Employee elected representative



Gitte Alhed Poulsen
Employee elected representative



Jeanette Jæger Wallentin
Employee elected representative

Group Executive Board



Erik Sandberg
Chief Executive Officer



Jacob Lucassen
EVP and CFO

Orifarm Group A/S
Energivej 15
5260 Odense S
Denmark
Phone +45 63 95 27 00
Central Business Registration no. 27347282
www.orifarm.com

Key figures

Orifarm Group A/S					
Financial highlights of the Group					
MEUR	2020	2019	2018	2017	2016
Key Figures					
Revenue	1,115.5	981.6	832.9	796.9	725.8
Gross profit	169.4	150.7	131.0	120.4	108.7
Non-recurring costs	-14.2	-0.7	-1.1	0.0	-7.7
Operating profit	39.9	47.4	38.1	33.8	24.5
Net financials	-2.7	-2.0	-3.2	-5.1	-8.1
Profit for the year	25.5	34.7	26.5	21.9	10.2
Investments in tangible fixed assets	19.6	7.9	4.2	4.1	3.0
Inventories	210.6	189.4	140.4	151.4	148.6
Trade receivables	134.8	113.2	101.4	111.7	95.4
Equity	149.0	167.9	136.0	117.0	98.5
Balance sheet total	494.0	423.8	344.3	360.6	347.2
Cash flows from operating activities	4.3	15.1	36.1	25.5	-14.3
Cash flows from investing activities	-30.5	-35.4	-10.9	-8.7	-7.8
Ratios					
Gross margin (%)	15.2	15.4	15.7	15.1	15.0
Operating margin (%)	3.6	4.8	4.6	4.2	3.4
Equity ratio (%)	30.2	39.6	39.5	32.4	28.4
Return on equity (%)	16.1	22.8	20.9	20.3	10.8



Non-Financial reporting

	Unit	Target 2023	2020	2019	2018
Social					
Employee turnover	%	17%	13%	13%	24%

Women in management					
Executive Management	%	40%	14%	40%	40%
Senior Management (SVP, VP)	%	40%	26%	27%	24%
Management (DM, TM)	%	40%	47%	44%	46%
Management all levels	%	40%	41%	40%	46%

Governance					
Women in management; Orifarm Board	Number	2	0	0	1

Environment					
CO2 Scope1	Ton	NA	605	644	732
CO2 Scope2	Ton	NA	395	401	575
Renewable electricity share	%	100%	79%	77%	29%
Water consumption	m3/FTE	Maintain intensity	9.9	11.5	9.3

Waste					
Mixed (kg)	Kg/FTE	10% intensity reduction	125	145	178
Chemical (kg)	g/box	10% intensity reduction	3	2.9	3.0
Plastic (kg)	g/box	Maintain intensity	0.6	0.4	0.5
Paper (kg)	g/box	Maintain intensity	25.3	23.3	16.1
Organic waste (kg)	Kg/FTE	Include CZ&DE site	6	7.3	
Waste recycled	%	NA	75%	71%	63%

Your notes