



ORIFARM

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ORIFARM

21

**ANNUAL
REVIEW**



*Great companies
state out loud what
they intend to do
and in doing so, they
get things done.*

Adapted from
Simon Sinek

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Erik Sandberg
CEO, Orifarm Group

Letter from the CEO

WE DID IT – TOGETHER!

From the outset of 2021, we anticipated a year that would be challenging, rewarding and, first and foremost, game-changing for Orifarm Group, as we implemented the biggest acquisition in the history of our company, while maintaining a strong focus on daily business. This prediction turned out to be right. Our mindset and culture again proved paramount to our success.

A year with external and internal challenges

COVID-19 continued to influence individuals, communities and business. During the year, we had to adapt both how we as individuals engage with other people and our ways of working together.

Even though Orifarm did not feel the impact of COVID-19 to the same extent as many other companies, we still had issues to resolve while simultaneously navigating a major acquisition. This meant we had to plan and implement many internal changes.

A game-changing year for Orifarm

Entering 2021, Orifarm was a company with significant business in the field of parallel import of pharmaceuticals. As well as being the largest supplier of parallel-imported pharmaceuticals in Europe – which we still are – we held a strong position as a fast-growing supplier of generic pharmaceuticals to the Nordic countries.

By the end of 2021, Orifarm was still a successful supplier of parallel imported pharmaceuticals. But today we are also a major manufacturer and supplier of generics, consumer healthcare products (vitamins, minerals etc.) and over the counter (OTC) products. This is the result of the acquisition of more than 110 products, two production sites and more than 600 employees from Takeda.



In Orifarm we believe that, if we set ambitious goals, discuss how to overcome the challenges and work closely together across the organisation with respect for everyone's competencies and opinions, everything is possible – and we will eventually succeed. 2021 proved us to be right – yet again.

Erik Sandberg
CEO, Orifarm Group

A rewarding year in many ways

Over the year, we welcomed more than 900 new colleagues to Orifarm. It was a great pleasure to experience the enthusiasm of the colleagues who joined our company and to witness how both new and existing colleagues joined forces to ensure a successful acquisition, while keeping the day-to-day business running smoothly.

Looking back at the implementation of the acquisition over the last nine months of 2021, we faced a bumpy road with multiple challenges. Thanks to the persistently hard work of colleagues at our various locations, we managed to overcome all difficulties. At the same time, and very importantly, our existing parallel-import business performed very well during the year. All in all, Orifarm had a very strong year indeed.

Our mindset and culture made the difference – yet again

In Orifarm we believe that, if we set ambitious goals, discuss how to overcome the challenges and work closely together across the organisation with respect for everyone's competencies and opinions, everything is possible – and we will eventually succeed. 2021 proved us to be right – yet again.

We stated out loud what we intended to do in 2021 and, despite the challenges, we did it! Together. That to me is a great company.

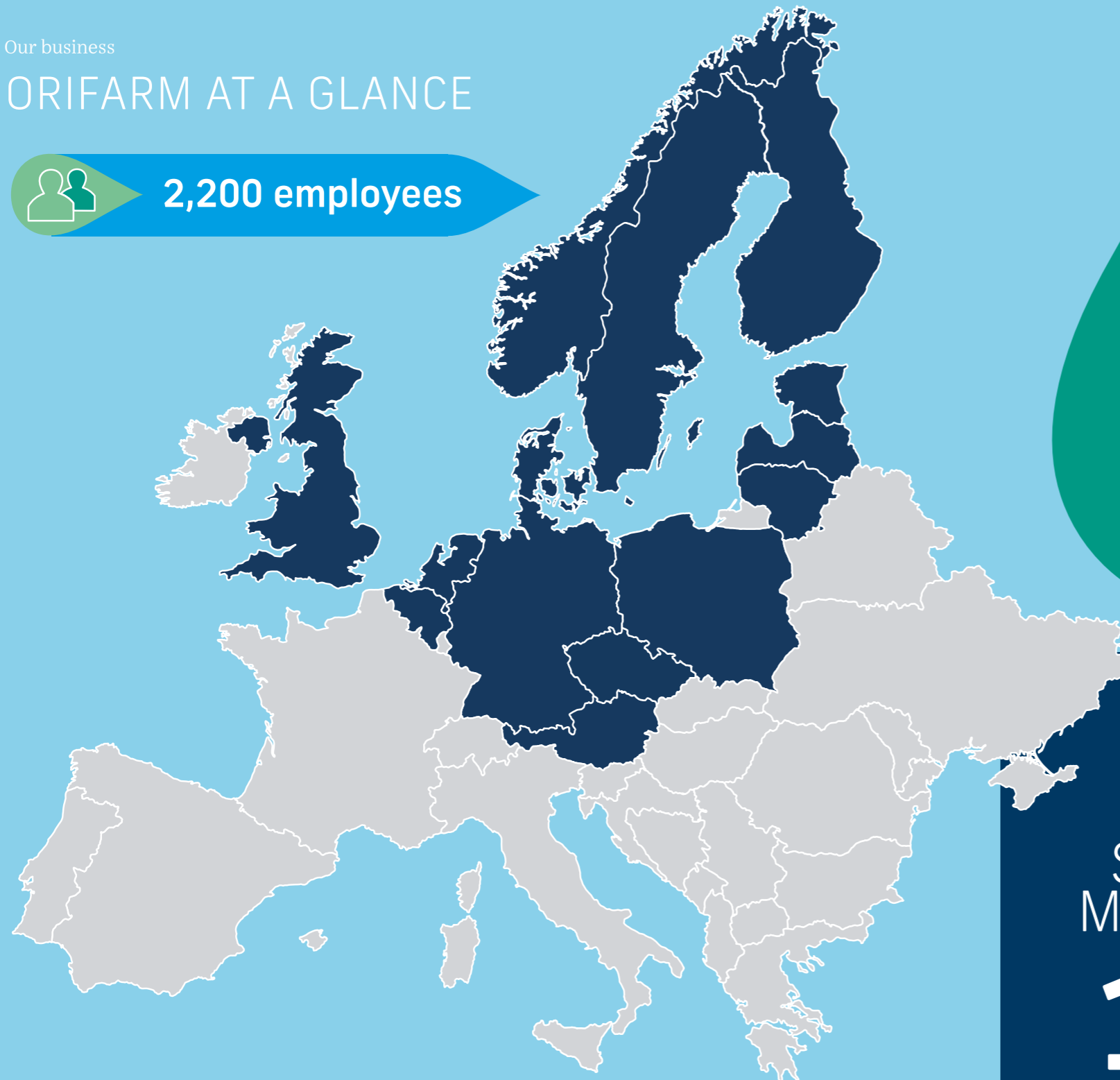
I hope you will enjoy reading more about our great company in this 2021 annual review.

Best regards,
Erik Sandberg


CEO, Orifarm Group

ORIFARM AT A GLANCE

 **2,200 employees**



Orifarm Healthcare:

Generics, Over the Counter (OTC), Consumer Healthcare, and Promotional Rx



Orifarm Health Access:

Parallel Import, Unlicensed Medicines and Comparator Sourcing for Clinical Trials



Purchase markets

30



Main production/storage facilities

6

Denmark (Hobro, Skælskør, Odense), Poland (Łyszkowice), the Czech Republic (Hostivice), and Germany (Leverkusen)



Sales Markets

13



Offices

12

11 across Europe
+ 1 in the United States

2021 results



Orifarm Group:
Orifarm Health Access:
Orifarm Healthcare:
Other elements regarding Group:

Turnover
1,417.1 MEUR
1,150.4 MEUR
265.4 MEUR
1.3 MEUR

EBITDA
116.7 MEUR
52.3 MEUR
71.0 MEUR
-6.6 MEUR



Highlights from the Non-Financial reporting:

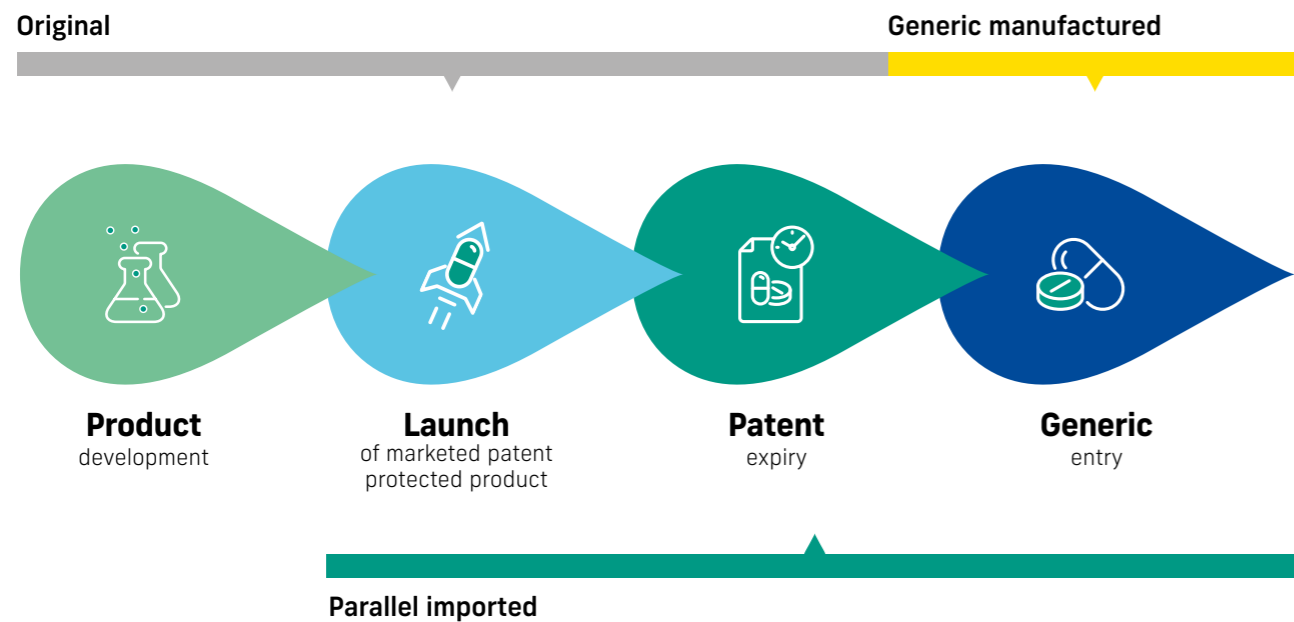
42% women in management **63%** waste recycled
Five out of six production and/or storage sites powered by renewable energy sources

WHAT WE DO

At Orifarm, in cooperation with our direct customers, we make affordable, high-quality healthcare products available to end users across multiple markets. Although our direct customers are mainly pharmacies, hospitals and wholesalers, and our primary markets are within Europe, the company is expanding, and currently we also operate in the United States.

All Orifarm products are original, but repacked and/or relabelled, or manufactured in compliance with the health authorities' quality and safety regulations. By providing multiple original and/or generic pharmaceuticals at affordable prices to the numerous countries we operate in, we generate significant savings for societies and end users - for example, patients.

The product life cycle



Pharmaceuticals to combat multiple diseases

Orifarm supplies a wide range of high quality pharmaceuticals across several therapeutic areas and stages of illness. The diseases that we provide pharmaceuticals against include cancer, rheumatism, sclerosis and HIV. We also supply, for example, prescription pharmaceuticals that help combat insomnia or non-prescription pharmaceuticals such as light painkillers, products against colds, constipation, or allergies – and even vitamins, minerals and supplements. Our high-quality products tackle the entire patient journey from prevention and alleviation to treatment and follow-up.

A one-stop-shop for customers

Our main activities fall into seven areas of business, since we supply over-the-counter (OTC) products, consumer healthcare products, generics and promotional Rx products. We also parallel import original brands and supply unlicensed medicines and handle comparator sourcing for clinical trials. Our ability to supply these numerous different products and services makes Orifarm a one-stop-shop, thereby making the lives of our customers much easier.

Orifarm operates in 13 sales markets across Europe and in the United States, and is active in 30 purchase markets. We own 6 main production and/or storage facilities in Denmark (Hobro, Skælskør and Odense), Poland (Łyszkowice), the Czech Republic (Hostivice) and Germany (Leverkusen).

As well as taking good care of the current business activities, Orifarm also focuses on new business opportunities and synergistic M&A with a view to increasing our provision of high-quality, affordable healthcare products even further and expanding our business.

SEVEN STRATEGIC BUSINESS AREAS

Read more about Orifarm's strategic business areas below.

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 the EU countries, repacking/relabeling and reselling the products in different markets at more affordable prices for the end users and the societies. Our parallel import product portfolio includes pharmaceuticals from nearly all therapy groups: e.g. pharmaceuticals against diseases such as cancer, rheumatism, sclerosis, psoriasis and HIV.

Unlicensed Medicines

Unlicensed Medicines are found within any therapy group and are normally supplied to hospitals, wholesalers, and pharmacies as are many other pharmaceuticals. However, contrary to most pharmaceuticals, these pharmaceuticals do not have a marketing authorisation. As patients in different markets still need the pharmaceuticals, Unlicensed Medicines are supplied via a special authorisation from the local authorities.

Comparator Sourcing for Clinical Trials

Pharmaceuticals are sometimes used in clinical trials to compare the product effectiveness against a new innovational product. Orifarm supports the manufacturer of the clinical trial, the clinical research organisation and/or the contract manufacturing organisation with the sourcing of the necessary pharmaceuticals included in the clinical trials. Comparator Sourcing for Clinical Trials is handled by Pilatus Comparator Solutions, which was acquired by Orifarm in 2019.

Generics

When a patent for an original pharmaceutical expires, generic manufacturers have the opportunity of marketing a similar pharmaceutical containing the same Active Pharmaceutical Ingredient (API) and subject to the same strict quality and safety requirements as the original. Orifarm's generic products are manufactured at our own production facilities in Denmark (Skælskør and

Hobro) and in Poland (Łyszkowice), and by trusted contract manufacturers around the world. Examples include a wide range of high-quality pharmaceuticals across several therapeutic areas: e.g. pain, insomnia, constipation and colds.

Over the Counter (OTC)

OTC products can be sold directly to end users without a prescription. They are regulated by health authorities to ensure that they contain pharmaceutical ingredients that are safe and effective to use without advice from a physician. Examples include pharmaceuticals for pain and fever relief, nasal congestion relief, products for bone health and multipurpose herbal tonics.

Consumer Healthcare

These products are mainly dietary supplements to complement – not replace – the daily diet. Examples include vitamins, minerals, fish oil, and probiotics.

Promotional Rx

As the name implies, Orifarm's portfolio of Promotional Rx products consists solely of prescription pharmaceuticals. The uniqueness of these pharmaceuticals makes them relevant for patients, prescribers, payers, pharmacies and/or authorities. The therapeutic areas they tackle include insomnia, hypothyroidism, and anti-coagulation.



The seven strategic business areas are handled by two business units. Read more about the highlights of these two business units on the following pages.



Mette Wejs Bojsen, Vice President of Corporate Quality Compliance

SAFETY COMES FIRST

Orifarm believes in providing high-quality products, and the safety of end users continues to be our top priority. End users of any healthcare product must be able to trust that the product is safe to use. That applies to all products – originals, parallel imports, generics, OTCs and consumer healthcare products.

The same high-quality standards apply

As a licensed parallel importer and manufacturer of healthcare products, Orifarm is liable to the same strict quality and safety requirements as the original manufacturer. In other words, our healthcare products are as safe as the original products. Orifarm complies with the standards stipulated by the European Medicines Agency (EMA) in Good Manufacturing Practice (GMP) and Good Distribution Practice (GDP). Compliance with these standards is closely monitored by national and European institutions, including the EMA itself.

Safety is carefully monitored

Orifarm has always employed numerous highly skilled specialists in the fields of Regulatory Affairs and Quality. Together they ensure that our healthcare products are carefully controlled, and live up to all quality and safety requirements and hence safe for the end users to use. In 2021, more than 375 people across our different locations were working within this field.

Even more focus on quality compliance excellence

In June 2021, quality compliance efforts were boosted even further, when the Executive Management Group decided to establish a Corporate Quality Compliance position, reporting directly to the CEO.

Mette Wejs Bojsen, the newly appointed Vice President of Corporate Quality Compliance elaborates on the purpose and tasks:

“During 2021, due to the acquisition of assets from Takeda and its own organic growth, Orifarm became a much bigger company. I joined Orifarm in June 2021 and, even though I have only been part of the company for less than a year, I can easily see that the company is evolving very quickly.

The new corporate function has the overall purpose of ensuring a common approach in the way we govern and manage quality across Orifarm’s business units and value chain. We want to learn from each other and become even better at working together across the Orifarm countries. Together with my many, highly skilled colleagues in Regulatory Affairs and Corporate Quality, I really look forward to embarking on this journey.

Ultimately, it all boils down to ensure that we constantly strive for, and deliver excellence when it comes to providing high-quality products and patient safety, as Orifarm has been doing for many years.”

What is GDP?

Good Distribution Practice (GDP) describes the minimum standards that a wholesale distributor must meet to ensure that the quality and integrity of medicines is maintained throughout the supply chain.

Compliance with GDP ensures that:

- Medicines in the supply chain are authorised in accordance with European Union (EU) legislation
- Medicines are stored in the right conditions at all times, including during transportation
- Contamination by or of other products is avoided
- An adequate turnover of stored medicines takes place
- The right products reach the right addressee within a satisfactory time period

The distributor should also put in place a tracing system to enable finding faulty products and an effective recall procedure.

GDP also applies to the sourcing, storage and transportation of active pharmaceutical ingredients and other ingredients used in the production of the medicines.

Source: European Medicines Agency (www.ema.europa.eu)

What is GMP?

Good Manufacturing Practice (GMP) describes the minimum standard that a medicines manufacturer must meet in their production processes.

Any manufacturer of medicines intended for the EU market, no matter where in the world it is located, must comply with GMP.

GMP requires that medicines:

- Are of consistent high quality
- Are appropriate for their intended use
- Meet the requirements of the marketing authorisation or clinical trial authorisation

Source: European Medicines Agency (www.ema.europa.eu)

ORIFARM HEALTH ACCESS: A VERY STRONG YEAR INDEED

Orifarm is – and has been for years - the largest supplier of parallel-imported pharmaceuticals in Europe. This position was emphatically consolidated in 2021. The parallel import business performed particularly well during the year, resulting in increased market shares.

All parallel import is taken care of by Orifarm Health Access. This business unit also handles Unlicensed Medicines and Comparator Sourcing for Clinical Trials. Both business areas also performed very well in 2021.

Parallel import, Unlicensed Medicines and Comparator Sourcing for Clinical Trials all provide customers, patients and society with access to pharmaceuticals.



Thomas Brandhof, Chief Commercial Officer for Orifarm Health Access

2021 highlights from Orifarm Health Access

- Orifarm Health Access' overall performance in 2021 was very strong (turnover and earnings)
- All three business areas within Orifarm Health Access - Parallel Import, Unlicensed Medicines and Comparator Sourcing for Clinical Trials - had a very strong 2021
- The parallel import business stood out from the crowd with more outstanding months during the year. In November 2021, Orifarm Health Access achieved a monthly turnover of more than 100 MEUR



Thomas Brandhof, Chief Commercial Officer for Orifarm Health Access, looks back on 2021 as a very exceptional, very exciting and very challenging year. But first and foremost a year to be very proud of.

Thomas Brandhof has a lot of company experience to draw on, having joined Orifarm for the first time in 2001. Consequently, he knows the definition of an exceptional year for Orifarm. And, according to him, 2021 was indeed exceptional:

"Both my colleagues and myself knew that we had to continue to meet ambitious earnings expectations as usual. And the expectations had to be met while most of the company were simultaneously engaged in the biggest M&A case Orifarm has ever experienced.

Operating the daily business under these internal circumstances was different from previous years. We also had to overcome many external challenges - Brexit, price dynamics in Germany and the COVID-19 situation. In many ways it was an unusual year to do business in.

Taking all these challenges into account makes me even prouder of what the whole team achieved in 2021. A very strong year indeed, both in terms of turnover and profits.

2021 was an exceptional year due to the many highly skilled, extremely dedicated colleagues working in the fields of Parallel Import, Unlicensed Medicines and Comparator Sourcing for Clinical Trials, and to the support from all areas of Orifarm."



Alfred Unkenholz, Vice President for Sales and Marketing Germany

Orifarm Germany's performance exceeded expectations

Germany is by far Orifarm's biggest market in the parallel import sector. Despite challenges due to Brexit and changes in the German price mechanisms, the German team still managed to grow Orifarm's market share. Actually, Orifarm Germany's performance in 2021 exceeded expectations. Alfred Unkenholz, Vice President for Sales and Marketing, explains what it takes to succeed:

"It is crucial for us to understand the market and the needs of our primary customers. Our main focus is to strengthen customer relationships with wholesalers, pharmacies and hospitals, and it takes highly motivated, skilled and dedicated colleagues to do so. One of our biggest challenges is to succeed in a very price-sensitive market.

We are fortunate to have colleagues here in the German head office in Leverkusen and in Germany in general, who know the market, the customers and the portfolio very well. Growing our market shares also depends on cooperation in our international setup. That is our key to success."



Bedřich Filip, General Manager at Orifarm Supply s.r.o.

A very busy year at Orifarm Supply in the Czech Republic

A very strong year in Orifarm Health Access reflects a very busy year at Orifarm Supply s.r.o.. Orifarm Supply is located in Hostivice, just outside Prague in the Czech Republic, and its 550+ employees handle most of the repacking of Orifarm's parallel-imported pharmaceuticals. Following the acquisition of assets from Takeda, the site also handles storage of the new Orifarm Healthcare portfolio for some of the sales offices in the region.

Bedřich Filip, General Manager at Orifarm Supply s.r.o. looks back at 2021 with pride – and relief:

"2021 was an extremely busy year for us, as we had to repack and relabel a huge number of pharmaceuticals for parallel import. During the year, we added storage of the new healthcare portfolio to our list of tasks, established a new label department and managed to further improve our processes. On top of this, we had to handle it all under the cloud of COVID-19, which added a lot of complexity and restrictions to our daily work.

It is a relief to see how we handled it all. We did it together, and I am so proud of all the colleagues here at Orifarm Supply. Our achievements in 2021 are entirely due to a highly dedicated, flexible and truly collaborative approach from everyone."



ORIFARM HEALTHCARE: A TRULY TRANSFORMATIONAL YEAR

Before April 1, 2021, Orifarm was a fast growing supplier of generic pharmaceuticals to the Nordic countries and commercialised a minor portfolio of OTC products and a few dietary supplements. The acquisition from Takeda entailed a significant expansion of the product portfolio with more than 110 products, two manufacturing sites and more than 600 new colleagues.

The acquisition from Takeda with takeover in April 2021 expanded Orifarm's footprint in Europe with establishment in new markets such as Poland and Belgium. Orifarm is now one of the largest manufacturers of OTC products in the Nordic region. The business is now composed of four strong strategic business areas: Generics, Promotional Rx products, Over the Counter (OTC) products and Consumer Healthcare products, and in the years to come there is exciting growth opportunity across these areas.

The business unit, which handles the four strategic business areas, is headed by Chief Commercial Officer for Orifarm Healthcare, Dennis Dencher. He is a very experienced leader in the international pharmaceutical industry, bringing a lot of the necessary experience to these new areas. Dennis Dencher joined Orifarm in November 2020, a few months before the acquisition from Takeda was effectively concluded. The task he accepted was huge and demanding, yet very exciting and rewarding, he recalls.



Dennis Dencher, Chief Commercial Officer for Orifarm Healthcare

2021 highlights from Orifarm Healthcare

- Orifarm Healthcare delivered a very satisfactory 2021 result in Generics, Promotional Rx Products, OTC, and Consumer Healthcare across markets despite supply challenges
- In April, after months of preparation, the whole of Orifarm celebrated the success of the acquisition
- The local commercial takeovers were implemented in 5 countries as planned: Norway, Denmark, Austria, Finland and Belgium
- New teams and promotional activities were launched in all countries following the commercial takeovers
- Several products grew significantly and outperformed the segment they competed in
- All new people across countries were warmly welcomed and onboarded into Orifarm



"Together with our very dedicated, highly competent colleagues across Orifarm, we prepared the go-to-market strategy and business model. At the same time, we determined the appropriate organisational capabilities, structure, size, roles and responsibilities. We recruited and onboarded a lot of new people, updated processes and systems and developed new ones – all in order to be well prepared to take over the 110+ new products across different European countries during 2021.

To describe the magnitude of the task, it was nothing like changing wheels while driving. It was more like finding a hangar, building an aircraft and hiring the crew within a very short period of time, while waiting for the passengers and the luggage to be allowed to fly and then take off. During 2021, thanks to the incredibly competent, committed Orifarm 'crew', we accelerated on the runway and took off, ascending towards new heights and destinations!

Looking back at 2021, it was truly a transformational year for Orifarm. The acquisition from Takeda was a game-changer, and by the end of 2021, the company was different and much bigger than at the start of the year. Bigger in many ways – more people, more products, more countries, more customers and more opportunities."



Kornelia Nemeth, Country Manager Austria

More value for Austrian customers

The sales office in Mödling, approximately 20 km south-west of Vienna, has provided parallel-imported pharmaceuticals to Orifarm's Austrian customers for years. The primary customers are pharmacies, hospitals and wholesalers.

However, the acquisition of assets from Takeda resulted in many more products. 1 October 2021 saw the Commercial Takeover (CTO) of the acquired products in Austria, which signalled the addition of a substantial number of over the counter (OTC) products to the Orifarm portfolio. More products mean more opportunities, more people and more value for customers.

Kornelia Nemeth, Country Manager, puts it like this:

"Customer centricity has always been paramount to us. We listen carefully to our customers and aspire to provide the products and services they need in order to build a solid, long-lasting relationship. Now, with the commercial takeover of multiple OTC products etc., we are able to offer an extended product portfolio. It makes our customers' lives easier, because all they need to do is contact us to access numerous parallel-imported and OTC products."

In Austria, Orifarm has an excellent reputation for its parallel import of pharmaceuticals, and I am confident that our customers will soon get used to the fact that Orifarm is now also a major manufacturer and provider of pharmaceuticals. 2021 got off to a good start with the new portfolio. At the same time we managed to do very well in the existing parallel import business – all thanks to the ultra-efficient cooperation between the head office in Denmark and our incredible, outstanding team effort here in Mödling."

Kornelia Nemeth and her team in Austria managed to tackle the day-to-day operation of the business, while preparing and implementing the commercial takeover, and building the organisation. At the start of 2021, the office had three members of staff. By the end of 2021, there were 10. Bearing in mind the future opportunities for growth, Kornelia Nemeth will soon have to look for new office premises in Mödling.



2021 highlights

February: Launch of a new 2025 aspiration

Based on the company's history of growth, the aspiration 'Towards New Heights' is in line with Orifarm's value - 'Ambitions: Together – Always Aiming Higher'.

March: Orifarm's new office in Copenhagen ready to move into

The office in Søborg Towers in the capital area houses 40 employees. In addition to the 36 free-seating desks, there are conference rooms and rooms for reservation. These can be used by visitors for meetings in the capital area.

April: Day 1 celebration across the company

After several months of preparation, the deal with Takeda was finally closed at the end of March, and it was time for the entire company to celebrate Day 1 at the beginning of April.

April: New warehouses

The new warehouse in Odense, Denmark was officially opened. This meant that 12,000 extra square meters were now available for storage at the company's head office. We also acquired the keys to a 5,000 square meters warehouse facility in Hostivice in the Czech Republic.

May: A new member of the Board of Directors

Chairman of the Board of Directors, Hans Bøgh-Sørensen announced that Heidi Wase Skovhus, CEO and co-owner of Wibroe, Duckert & Partners A/S will join the Board of Directors.

May: Łyszkowice plant celebrates 20th anniversary

Our colleagues at the Orifarm plant in Łyszkowice celebrated the inauguration of the plant two decades ago. Over the years, the plant had housed other pharmaceutical companies, before joining the Orifarm family in April 2021.

June: Another member of the Board of Directors

In June 2021, Jeff Rope joined the Board of Directors. He is an Executive Coach and Consultant with more than 40 years' experience in Pharmaceutical Operations.

June: Boosting Corporate Quality Compliance

The Executive Management Group decided to establish a Corporate Quality Compliance position, reporting directly to the CEO. This will boost Orifarm's efforts in the field of quality compliance. Mette Wejs Bojsen was appointed Vice President of Quality Compliance.

July: Survey supports successful onboarding

No fewer than 84% of the new colleagues who joined Orifarm as part of the acquisition of assets from Takeda responded to a survey on the quality of our onboarding. Within all categories of the survey, the scores were well above average. We also obtained some indications of improvements that could be made.

August: Announcement of para-dressage sponsorship

One year before the event, it was announced that Orifarm would be the main official sponsor of the Para Dressage discipline at the 2022 ECCO FEI World Championships in Herning, Denmark. The event will take place from 6 August to 14 August 2022.

August: Owners visit Łyszkowice plant

Following the lifting of the COVID-19 restrictions, which made it possible to travel again, Birgitte and Hans Bøgh-Sørensen visited the Łyszkowice plant for the first time, thereby meeting the employees and passing on knowledge about Orifarm's exciting growth story and culture.

September: Norway and Denmark celebrate commercial takeovers

On 1 September, the sales office in Oslo, Norway became the first Orifarm sales office to celebrate a successful commercial takeover from Takeda. This was closely followed by the sales office for Denmark and Iceland, which implemented the takeover later in September.

October: Austria celebrates commercial takeover

On 1 October, Orifarm entered the Austrian sales market with the new healthcare portfolio, which was part of the acquisition from Takeda. These healthcare products supplement Orifarm's existing portfolio of parallel-imported pharmaceuticals.

November: Finland celebrates commercial takeover

The sales office in Espoo, Finland, became the fourth sales office in Orifarm to celebrate the commercial takeover from Takeda.

November: An outstanding month in Orifarm Health Access

During November, Orifarm Health Access achieved a monthly turnover of more than 100 MEUR.

December: Belgium office celebrates commercial takeover

The Belgium office in Ghent became the fifth Orifarm sales office to celebrate the commercial takeover. From 1 December, the new products were sold in both Belgium and Luxembourg.

Who We Are

Orifarm is a dynamic international player in the pharmaceutical industry.

Dynamic as in always looking for new opportunities to develop our business. Ongoing changes are part of our DNA. We never rest on our laurels. We are always aiming higher. An excellent example of this tendency is the acquisition of assets from Takeda. In 2021 this transformed Orifarm into a major pharmaceutical manufacturer, in addition to its role as a major player in the parallel import sector.

International as in being present in multiple markets both in Europe and the United States and with a high degree of diversity among our employees. We represent people of many different nationalities and cultural backgrounds, people of different ages, people with different skills and experiences, and people of many different ages.

But our vision remains the same. We want to be No. 1 in making healthcare a better deal. Every day, we strive to make high quality pharmaceuticals at affordable prices for end users on the basis of manufacturing, commercialising and trading products.

VISION

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

A better deal for

- Society. We help reduce pharmaceutical expenses by providing access to more affordable healthcare products, and by focusing on running a more responsible, more sustainable manufacturing and logistics business
- Our customers (business-to-business). We help increase their turnover and hence their earnings
- End users (patients). We help keep prices down and increase product availability
- Orifarm. Better deals for the above stakeholders boost their trust in us, our turnover, earnings, and help create more jobs and job development opportunities

MISSION

We challenge the market and make affordable healthcare available

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

- We pursue incremental improvements in everything we do
- We have a fundamental belief in development, growth, and are convinced that everything is possible if you fight for it
- Through challenge we find new solutions and develop as employees

VALUES

Orifarm has four core values: 'Ambitions', 'Flexibility', 'Responsibility' and 'Customer Centricity'. They have been valid for many years now.



Ambitions: Together – always aiming higher

We enjoy our success when we reach an objective together. We then aim to achieve more and keep raising the bar.



Flexibility: Challenges are opportunities

Changes drive us – we steer our course and find our way around obstacles – never losing sight of our goal.



Responsibility: Committed and caring

We act responsibly and with care towards each other and our environment. We work with utmost dedication, persistence and are committed to constantly improving.



Customer Centricity: More value for money

The customer is the center of our attention. We make high-quality pharmaceuticals accessible for everyone at better prices providing more value for the individual as well as society.



A HISTORY OF FAMILY OWNERSHIP AND GROWTH

When Birgitte and Hans Bøgh-Sørensen founded Orifarm in 1994, they had little experience of the pharmaceutical industry, but a lot of drive, lofty ambitions and a firm belief that everything is possible if you fight for it.

Now, a quarter of a century after selling the first Orifarm product and a lot of ups and downs, they have a highly successful international healthcare company.

Orifarm has evolved from a 'two-owners-one-employee' company to an international organisation with offices in countries across Europe and in the United States. Some of the first employees still work for Orifarm, and they have seen the organisation growing to approximately 2,200 employees.

Just as the number of employees has grown dramatically, so has the turnover. Due to organic growth and strategic acquisitions, from the outset Orifarm saw a steady rise in turnover.

It's all about family

Orifarm was founded as a family-owned business. That is still the case today. The family ownership and the family's long-term investment strategy have been key to Orifarm's growth over the years. Orifarm will remain a family-owned business going forward. Each of the founding couple's three children now owns 30% of the shares in Habico Holding, the company that owns Orifarm and several other activities.

A couple of years ago, Hans Bøgh-Sørensen stepped down as CEO and handed over responsibility for the daily business to Orifarm Group CEO, Erik Sandberg. Today, Hans Bøgh-Sørensen is chairman of the board of directors. Although the founding couple transferred the day-to-day running of Orifarm Group to the CEO and the Executive Management Group, they are still involved in the business and can often be found in the Family Office at the Orifarm headquarters in Odense, Denmark.

So, the word 'family' best describes the company's ownership – from the very outset and going forward. But often the word 'family' is also used to describe the organisation as a whole. Employees of Orifarm are members of the Orifarm family. For the owners, it has always been vital for each and every employee to feel a strong affinity both with their colleagues and the company. A unique company culture and a pronounced sense of belonging across the organisation are fundamental to Orifarm's ongoing success.

Passing on the values and culture

Birgitte and Hans Bøgh-Sørensen have always recognised that, to build and maintain a strong company culture, they must share the company heritage and values with new employees. From early on until this day, the owner couple holds regular onboarding meetings, to which all new employees are invited to learn about the history of the company, its values and culture directly from the owners.

In August 2021, the lifting of COVID-19 restrictions made it possible to travel outside Denmark and meet the many new colleagues at Orifarm's new state-of-the-art manufacturing plant in Łyszkowice, Poland. Just a few months earlier, in May 2021, the plant had celebrated its 20th anniversary. Following its inauguration in 2001, the plant had been owned by a number of pharmaceutical companies, prior to joining the Orifarm family in April 2021.



Every day, more than 400 employees produce a broad portfolio of health-care products at the plant in Łyszkowice.

Given that COVID-19 restricted international travel for most of 2021, the owners spent time with employees at the new office in Copenhagen, Denmark, and at the new manufacturing site in Hobro, Denmark

The latter produces hundreds of millions of tablets every year. These include some very well-known over-the-counter-brands of painkiller. The manufacturing site, which had existed for many years before becoming a member of the Orifarm family in 2021, employs a workforce of around 65.

A PRODUCT OF OUR CULTURE

The enterprising spirit of two dedicated entrepreneurs has permeated the company during its more than 25 years of evolution, and it still does. Even today, when Orifarm has become an international healthcare company with employees in many countries, that spirit remains. It is part of a strong culture of shared values, goals, attitudes and practices.

At Orifarm, we are always looking for new ways to develop and improve, while respecting product quality, working conditions and the individuals in our company. We are on our toes and constantly on the move. This is what it takes to develop – both our business and our people. Two elements that go hand in hand. Without this, we cannot win.

Winning is important to us. It always has been. As long as we win together. That is why we pursue continuous improvements, go the extra mile, work closely together in teams and always support each other as best we can across the organisation.

We believe that encouraging diversity is a powerful way of fostering great ideas and creating an exciting, productive working environment, which is fundamental to joint success.

That is why Orifarm recognises the benefits of diversity in respect of gender, culture, age, education and experience.

As we are always searching for, and often acting upon the opportunities we see, we acknowledge that sometimes winning is not the only possible outcome. But that is why we continuously practise our learning culture. If we make mistakes, we need to learn from them to improve and grow.

Without this entrepreneurial spirit and distinctive culture, Orifarm would never have evolved into the company it is today. We are proud to state, that Orifarm and its success are products of our culture.

Our culture welcomes new colleagues

In April 2021, Orifarm welcomed more than 600 new employees from Takeda – a vital part of the acquisition and an event that all employees had been looking forward to for months.

Day 1, when we celebrated the arrival of the countless new colleagues was a day to remember. Despite many COVID-19 challenges and restrictions, the sales offices managed to arrange a warm, festive welcome. Unable to travel because of the COVID-19 restrictions, Orifarm's owners and Executive Management Group checked in virtually from the company head office, along with many colleagues from our offices across Europe and the United States.

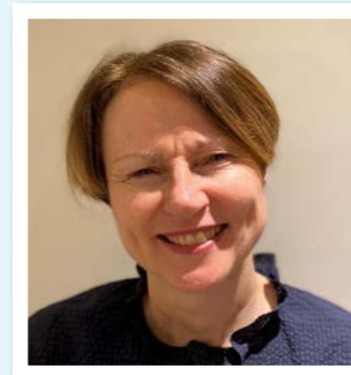


From the head office in Denmark, the Bøgh-Sørensen owner family and Group CEO Erik Sandberg celebrated Day 1 with all employees across countries.

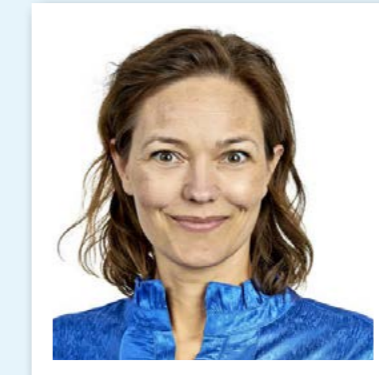
Our new colleagues were then engaged in onboarding programmes and team workshops. A lot of information about the company was shared. By the end of the year, they had all discovered the shared values, goals, attitudes and working practices. When asked about their initial impressions, new colleagues across the organisation agreed that the distinctive spirit and culture stand out.

Wolfgang Matias,
Sales Representative in Austria,
looks back at his start in Orifarm with a smile:

"My colleagues welcomed me very open-heartedly and the acknowledgement from the management in Denmark was very clear. It all gave me a reassuring feeling of appreciation."



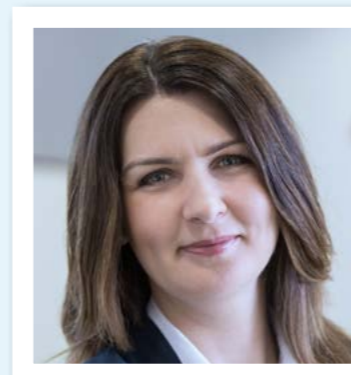
Mona Bergerud Greve,
Sales Manager and Demand
Planner in Oslo, Norway, com-
ments on the welcome on Day 1:
*"It was wonderful to see how all
of the practicalities had already
been taken care of on our first
day. However, the biggest im-
pression during the first months
in Orifarm was the culture."*



Mette Kvist Andreassen,
Category Manager in Søborg,
Denmark elaborates on the
culture: *"The Orifarm culture
exudes positive energy and team
spirit, and the high ambitions for
growth and the 'can do' attitude
convince me that I have ended
up in the perfect place. I really
appreciate this new feeling of
belonging to one big Orifarm
family. It really makes me want
to contribute to the company's
success."*



Marie Timmermans,
Brand Manager in Brussels,
Belgium adds: *"With Orifarm,
I see a horizon far ahead with
lots of new projects and new
challenges - a dynamism that
boosts me every morning."*



Following up on how important the Orifarm family ownership is and how the company history, spirit and culture are passed on, Katarzyna Szafarowicz, HR Associate Specialist in Łyszkowice, Poland, shares how the owner couple's visit to the new manufacturing plant in Poland affected her and other employees: "I am happy that Orifarm is driven by values. I could hear how the owners identify with the values and live them out every day. You could feel a real passion."

OUR RESPONSIBILITY IN A NEW REALITY

Orifarm firmly believes that acting responsibly depends on: having a sustainable, responsible business and management, and a diversified workforce; taking care of our employees; minimising our impact on society and the environment; and supporting initiatives that promote human and labour rights, and anti-bribery.

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 within the areas of human rights, labour rights, environment and anti-corruption, which we also report on.

While reporting on our commitment to the principles of the UN Global Compact, we also support the 17 UN Sustainable Development Goals (SDGs), which serve as a framework for sustainable development and long-term value creation. In our endeavours to minimise the impact of our business operations and to increase our positive contribution from our value creation and our products, we have chosen to focus on five SDGs.

SUSTAINABLE DEVELOPMENT GOALS



SDG 3: Good Health and Well-being

- Orifarm contributes by:
- Providing high-quality, safe pharmaceuticals at affordable prices
 - Ensuring a healthy work environment



SDG 5: Gender Equality

- Orifarm contributes by:
- Recognising the benefits of diversity in respect of gender, culture, age, education and experience
 - Ensuring equal leadership opportunities for men and women



SDG 8: Decent Work and Economic Growth

- Orifarm contributes by:
- Focusing on employee satisfaction, health and safety
 - Seeking to minimise environmental risks, risks of corruption, and risks of breaches of human rights and labour rights in our organisation and value chain



SDG 12: Responsible Consumption and Production

- Orifarm contributes by:
- Promoting sustainable use of resources on the basis of waste management principles for reducing, reusing, and recycling
 - Working to minimise our resource consumption including hazardous waste



SDG 13: Climate Action

- Orifarm contributes by:
- Reducing our carbon emissions in our operations and value chain to limit climate change

A new reality – in terms of responsibility too

2021 was a truly transformational year for Orifarm. Our integration of the acquisition from Takeda, including more than 110 new products and two new manufacturing sites, transformed Orifarm into a major manufacturer and supplier of healthcare products, in addition to its role as a major parallel importer within Europe.

Orifarm is aware that developing our business also means developing our impact on society and the environment. As an international company, we have a natural obligation to manage our business sustainably, creating long-term value, showing consideration for people and the environment, and engaging in the community of which we are a part.

The new reality prompted a new assessment

As we face a new reality with a transformed, far bigger organisation and business, to shape our future sustainable development work, in 2021 we reviewed our materiality assessment.

A materiality assessment is a formal exercise aimed at increasing the awareness of stakeholders in terms of how important specific environmental, social and governance (ESG) issues are to them. Based on the expectations of customers and other important stakeholders, and on assessments of expected upcoming legislation, we compiled an overview of current expected themes and indications of key future sustainability topics for Orifarm.

By categorising sustainability themes according to their importance to stakeholders and their impact on future business success, we achieved valuable guidelines in terms of what our priorities should be in our future sustainable development work.

The 2021 materiality assessment confirmed the fact that product quality and the health and safety of our people remain paramount. The same applies, for example, to transparency and reporting, responsible sourcing and more sustainable packaging. These themes are already part of our ongoing efforts. But now we are a much bigger company.

The materiality assessment led to three strategic priorities

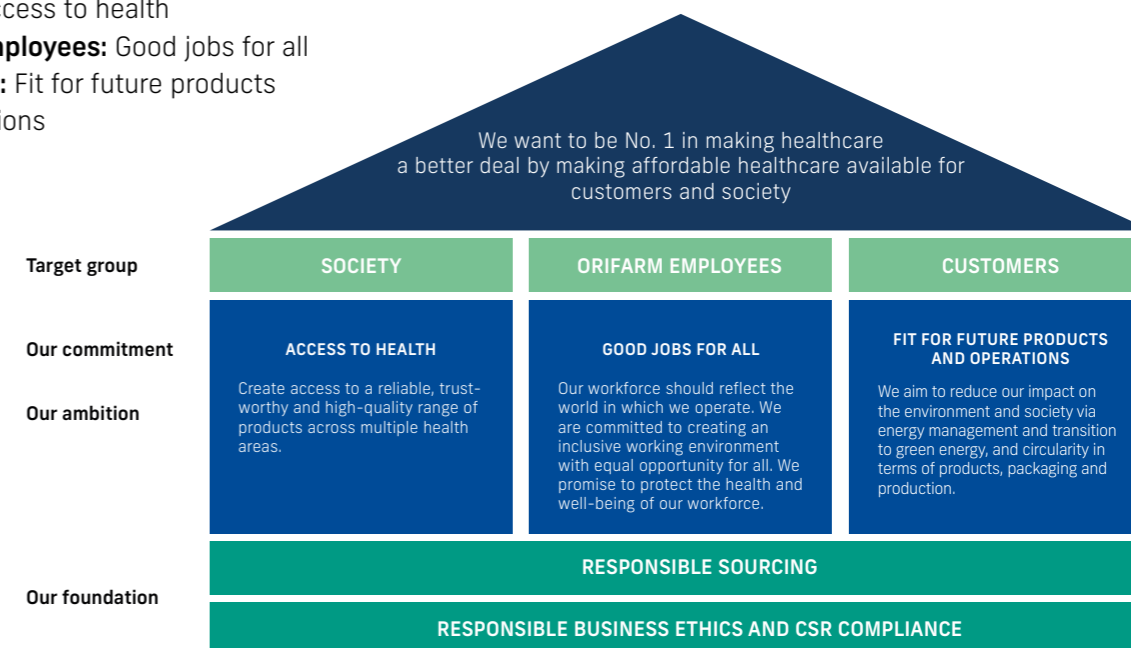
The materiality assessment helped us identify three main topics, which we decided that they would govern Orifarm's future work in the fields of social and environmental responsibility. Our approach to responsible sourcing and good business ethics supports all activities in Orifarm.

Our strategic priorities are:

Society: Access to health

Orifarm employees: Good jobs for all

Customers: Fit for future products and operations



HIGHLIGHTS FROM THE 2021 CSR REPORT

Despite being part of the major transformation into a much bigger company, the existing business continued at full speed during 2021. Selected highlights and key results of Orifarm's efforts in the area of responsibility are listed below

- **Health, safety and well-being of paramount importance**

In 2021, the main challenge on our people agenda was the onboarding of more than 900 new employees over the year. Everyone was welcomed to Orifarm onboarding programmes and team workshops for an experience of our shared values, goals, attitudes and working practices. At the same time, the COVID-19 health crisis and restrictions continued to impact the working life of our employees, and in 2021 we once again took the necessary precautions to safeguard both employees and workplace, and support those at home

- **Diversity matters to us**

We recognise the benefits of diversity in respect of gender, culture, age, education and experience. By 2021, across the organisation, 42% of our managers were women. We raised the bar and introduced a new ambition: to have a minimum of 45% representation of the lowest-represented gender at all management levels

- **Full implementation of whistleblower scheme**

Orifarm continues to have zero tolerance for bribery, corruption or other fraudulent business practices, and all employees must abide by good business ethics. The whistleblower scheme launched in 2020 was implemented in all new locations during 2021 as well. We had no substantiated cases in 2021

- **Use of renewable energy sources**

Five of our six main production and/or storage sites are powered by renewable energy. 1000 m² of solar cells installed in Odense (in operation as of December 2021)

- **New CO₂ emissions baseline**

A new scope 1 (from owned/controlled sources) and scope 2 (indirectly from purchased energy) CO₂ emissions baseline has been established

- **Waste was recycled**

63% of the waste we generated in 2021 was recycled. We included two new production sites in our resource baseline for paper, plastic, chemical and total waste, and increased sorting opportunities for employee waste

For more highlights, visit www.orifarm.com/responsibility

When we say inclusiveness and good jobs for all, we mean it

In 2021, Orifarm started collaborating with an organisation called 'Væksthuset' (The Greenhouse) in Odense, Denmark. Væksthuset is a socio-economic organisation that collaborates with individuals who have often been unemployed for some time, and who need extra support to progress to education or the labour market. In 2021, Orifarm helped a handful of long-term unemployed citizens with individual programmes in training competencies, specific job functions, or clarification and development of their ability to work. This collaboration with Væksthuset in 2021 resulted in further collaboration in 2022, where the two companies have again teamed up.

Donations, charity and sponsorships

DONATIONS, CHARITY AND SPONSORSHIPS

What do DanChurch Aid, Global Medical Aid, and World Wildlife Fund (WWF) have in common? Well, probably not much except for the fact that Orifarm supported them both in 2021 and before.

Supporting selected international initiatives

Orifarm has a long and proud tradition of supporting people in need in countries far from Europe, including some of the poorest people in the world, who live in villages in Myanmar, Zimbabwe and Nepal. For the past 8 years, Orifarm has supported villages via a DanChurch Aid initiative, thereby helping improve the living conditions of many of their inhabitants. Prior to the 'Support a Village' initiative, Orifarm helped DanChurch Aid fund the building of water wells in India, thereby ensuring access to clean drinking water. Via World Assistance for Cambodia, we also helped fund the construction of 10 schools.

Global Medical Aid is a humanitarian organisation that collects usable medicine and functional hospital equipment for the benefit of third world countries. Being a major trader and manufacturer of healthcare products, Orifarm now and then carries stock of products that are still usable, but whose expiry date is too short for commercial use. Instead, in cooperation with Global Medical Aid, we donate the products. In 2021, we donated healthcare products worth almost USD 159,000.

Orifarm also supports the WWF. We believe that contributing to initiatives that protect global wildlife and nature are vital.

Supporting local initiatives

Orifarm is a major contributor to cultural institutions and activities in Odense, Denmark, where we have our head office, and where it all began. But we also support organisations and activities outside Denmark. We believe it is important to contribute to the local communities in which we operate.

Take two examples in Łyszkowice, Poland. In 2021, Orifarm helped a local church to fund Christmas food parcels for disabled and elderly people in the

community, and provided financial support to the local volunteer fire department for the purchase of rescue and firefighting equipment. Some of our employees in Łyszkowice are voluntary fire fighters in this fire department.

Sports are special

There is something special about the way in which sports are able to find and cultivate talents, create cohesiveness in teams, communities and societies, and move people. There is also something special about ensuring that we can constantly improve and win together. All of this resonates well with the Orifarm culture.

In 2021, Orifarm contributed to talent development and selected local teams in a number of different sports, including soccer, show jumping and racing. And there is more to come.

In August 2021 – a year before the event – Orifarm announced its sponsorship of the Para Dressage discipline at the 2022 ECCO FEI World Championships in Herning, Denmark, thereby supporting the athletes and their horses during these World Championships. Para Dressage is one of the four equestrian disciplines in the event, the others being Show Jumping, Dressage and Vaulting. This is a major event for the talented athletes and their horses, the organisers and equestrian sports.



Para Dressage rider Tobias Thorning Jørgensen and Jolene Hill

EXECUTIVE MANAGEMENT GROUP

The Executive Management Group in Orifarm consists of Group CEO, Erik Sandberg and the Chief Executive Officers of the six Group Functions.

The Group Functions cover both the complete value chain and the shared service functions.



Erik Sandberg
CEO, Orifarm Group



Jacob Berg Lucassen
Chief Financial Officer



Dennis Dencher
Chief Commercial Officer
Orifarm Healthcare



Thomas Brandhof
Chief Commercial Officer
Orifarm Health Access



Birgitte Ladefoged
Chief Human
Resources Officer



Jeff Rope
Chief Operating Officer
(interim)



Ulrik Markussen
Chief Corporate
Development Officer

BOARD OF DIRECTORS

In 2021, two new members joined Orifarm's Board of Directors. Both bring years of relevant experience to the table.

Heidi Wase Skovhus, CEO and co-owner of Wibroe, Duckert & Partners A/S, a very well-known advertising agency in Copenhagen, Denmark joined the Board of Directors in May. Heidi Wase Skovhus brings a wealth of marketing experience in the fields of consumer products, digital platforms and OTC in general.

Jeff Rope, an Executive Coach and Consultant with more than 40 years' experience in Pharmaceutical Operations joined the Board of Directors in June. A new Zealander, he has worked in Australia, Switzerland, and Germany. Though now a resident of Ireland, as temporary Chief Operating Officer, he spends a lot of time in Denmark as well.



Hans Carl Bøgh-Sørensen
Chairman



Ole Michael Friis
Vice Chairman



Anders Hagh
Board Member



Heidi Wase Skovhus
Board Member



Claudio Albrecht
Board Member



Jeff Rope
Board Member



Birgitte Bøgh-Sørensen
Consultant



Christian Bøgh-Sørensen
Second Generation Representative



Jean-Francois Loumeau
Advisor



Bettina Britt Hansen
Employee Elected Representative



Gitte Alhed Poulsen
Employee Elected Representative



Jeanette Jæger Wallentin
Employee Elected Representative

TOWARDS NEW HEIGHTS

2021 was certainly a year to remember. It was a year that witnessed not only continuity and growth in our current business, but also the implementation of the biggest acquisition in the company's history.

Walking that fine line successfully takes a solid belief that everything is possible, if you state it out loud and fight for it, have the courage to challenge barriers and maintain a persistent focus on customer centricity and employee motivation and well-being. As it happened, in 2021 we had it all.

But the best part is that we will continue to have everything we had in 2021. For years, the Orifarm culture has proven outstanding when it comes to identifying and utilising opportunities for the business and employees, and in tackling a range of challenges.

There has never been a year like 2021. It was the pinnacle of Orifarm's journey so far. But that journey is far from over. Our 2025 aspiration – 'Towards New Heights' – outlines where and how we want to move our business forward.

In early 2022 we initiated internal discussions on how to achieve our aspiration and become joint winners once again. As we prepare to reach new heights, we will make sure the organisation has the chance to settle and recharge its batteries. During the past year, we have run at extremely high speed, expediting every process and stretching the organisation to the limit.

Even the most eager and fittest climber needs the occasional short break to regain energy before resuming their ascent. So, 2022 will be all about concentrating on further organic growth and integration, and on ensuring scalability in preparation for the years to come. Increased scalability will enable us to facilitate the integration of potential new companies and/or product portfolios as we head towards 2025.

I hope you enjoyed reading about Orifarm's journey and how we reached such an important peak in 2021. I really look forward to scaling new heights together with all my outstanding Orifarm colleagues.

Best regards,
Erik Sandberg
CEO, Orifarm Group

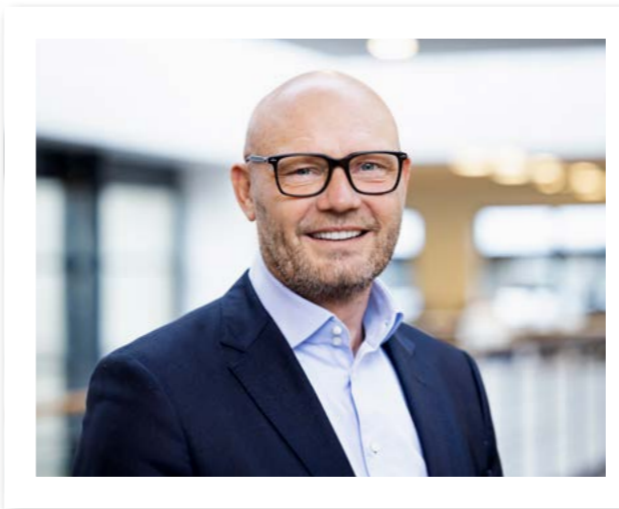


One of our four core values is 'Ambitions: Together - always aiming higher'

Company details and key figures

COMPANY DETAILS

Group Executive Board



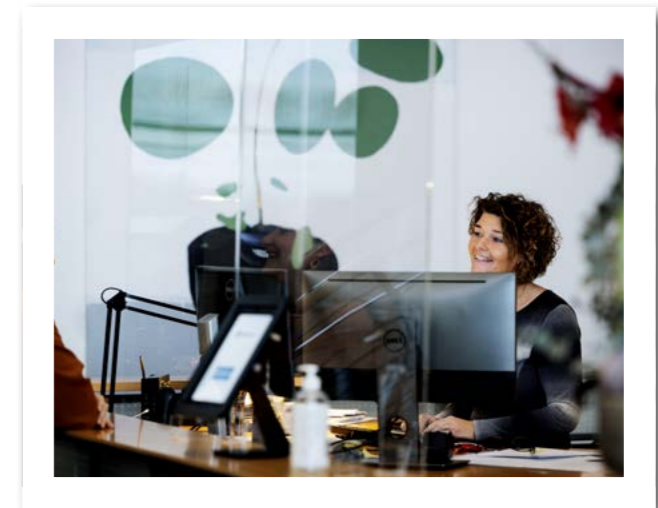
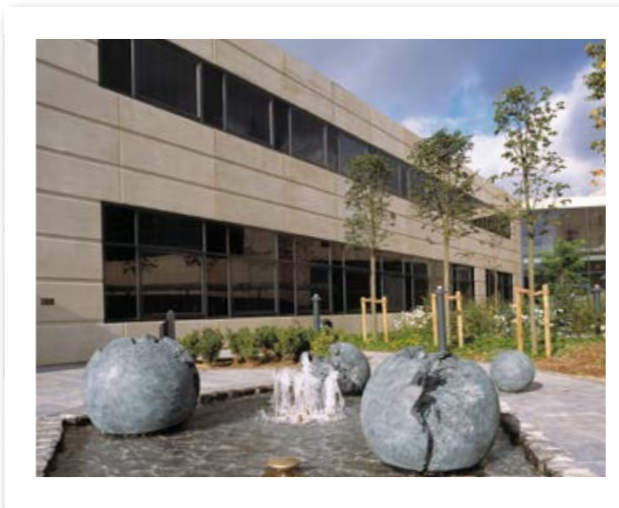
Erik Sandberg
Chief Executive Officer



Jacob Berg Lucassen
EVP and CFO

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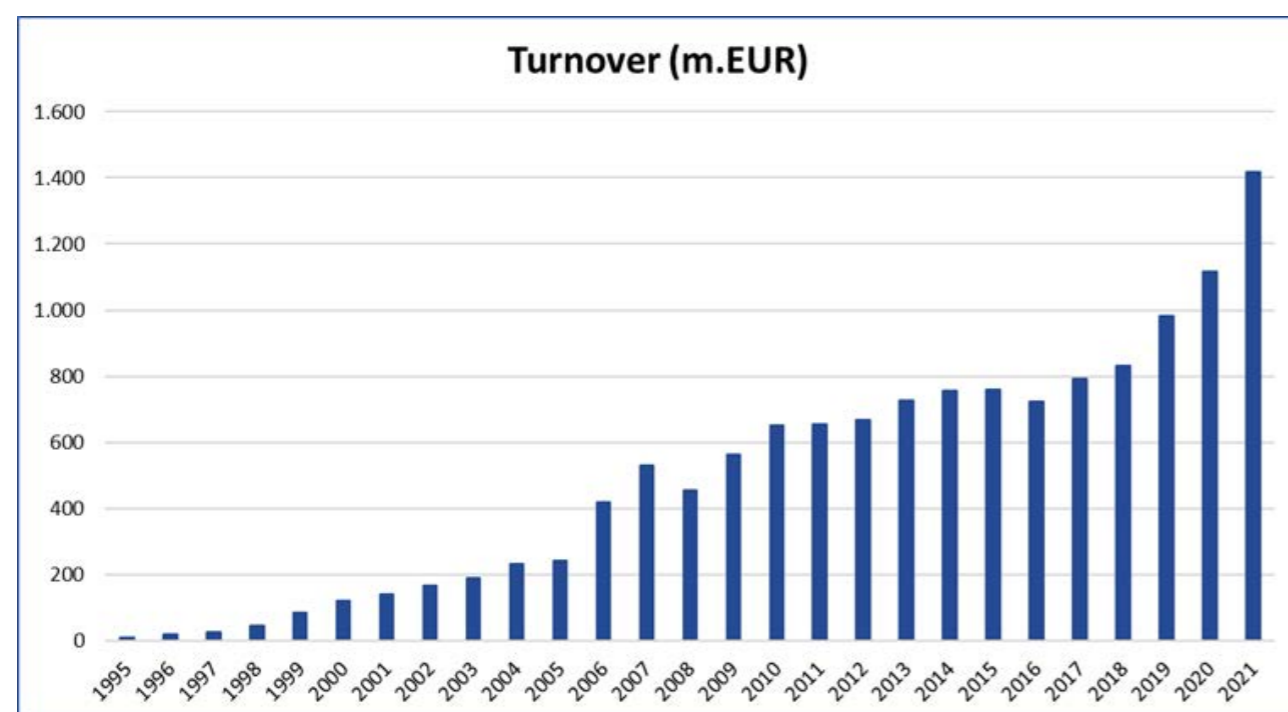


KEY FIGURES

Financial highlights of the group

Orifarm Group A/S					
	2021	2020	2019	2018	2017
	EUR mio	EUR mio	EUR mio	EUR mio	EUR mio
Key Figures					
Revenue	1,417.1	1,115.5	981.6	832.9	796.9
Gross profit/loss	183.6	120.4	116.5	96.7	85.3
Non-recurring costs	(24.6)	(14.2)	(0.7)	(1.1)	0
Operating profit/loss	55.5	39.9	47.4	38.1	33.8
Net financials	(18.2)	(2.7)	(2.0)	(3.2)	(5.1)
Profit/loss for the year	28.7	25.5	34.7	26.5	21.9
Balance sheet total	1,120.1	494.0	423.8	344.3	360.6
Inventories	259.7	210.6	189.4	140.4	151.4
Investments in property, plant, and equipment	78.5	19.6	7.9	4.2	4.1
Trade receivables	193.7	134.8	113.2	101.4	111.7
Equity	169.5	149.0	167.9	136.0	117.0
Equity excl. minority interests	169.5	149.0	167.9	136.0	117.0
Cash flows from operating activities	39.5	4.3	15.1	36.1	25.5
Cash flows from investing activities	(498.7)	(30.5)	(35.4)	(10.9)	(8.7)
Cash flows from financing activities	462.0	26.1	17.0	(20.6)	(17.7)
Ratios					
Gross margin (%)	13.0	10.8	11.9	11.6	10.7
Operating margin (%)	3.9	3.6	4.8	4.5	4.2
Return on equity (%)	18.0	16.1	22.8	20.9	20.3
Equity ratio (%)	15.1	30.2	39.6	39.5	32.4

The operating profit includes non-recurring cost of MEUR 24.6 driven by acquisition and integration costs related thereto.



KEY FIGURES

Non-Financial reporting

	Unit	Target 2025	2021	2020
Social				
Non-compliance of H&S impacts of products				
	Number	0	0	0
Employee turnover				
	%	10%	12%	13%*
Women in management				
Executive Management				
	%	45%	14%	14%
Management all levels				
	%	45%	42%	41%
Governance				
Women in management Orifarm Board				
	%	40%	17% (5 men/ 1 woman)	0%
Environment				
CO ₂ Scope1				
	Ton CO ₂ e	Under review	2,318**	605
CO ₂ Scope2 - market based				
	Ton CO ₂ e	Under review	940**	395
Renewable electricity share				
	%	To be decided	92%**	79%
Water consumption				
	m ³ /headcount		19.0**	9.9
Total Waste				
	kg		1,581,457**	1,053,648
Chemical				
	kg		243,493**	92,074
Plastic				
	kg		81,207**	19,730
Paper				
	kg		882,159**	772,954
Waste recycled				
	%	To be decided	63%**	75%

2021 baseline year

* 2020 calculation of employee turnover incl blue collar

** 2021 emissions and consumption growth mainly caused by inclusion of 2 acquired production sites 1. April 2021

YOUR NOTES

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