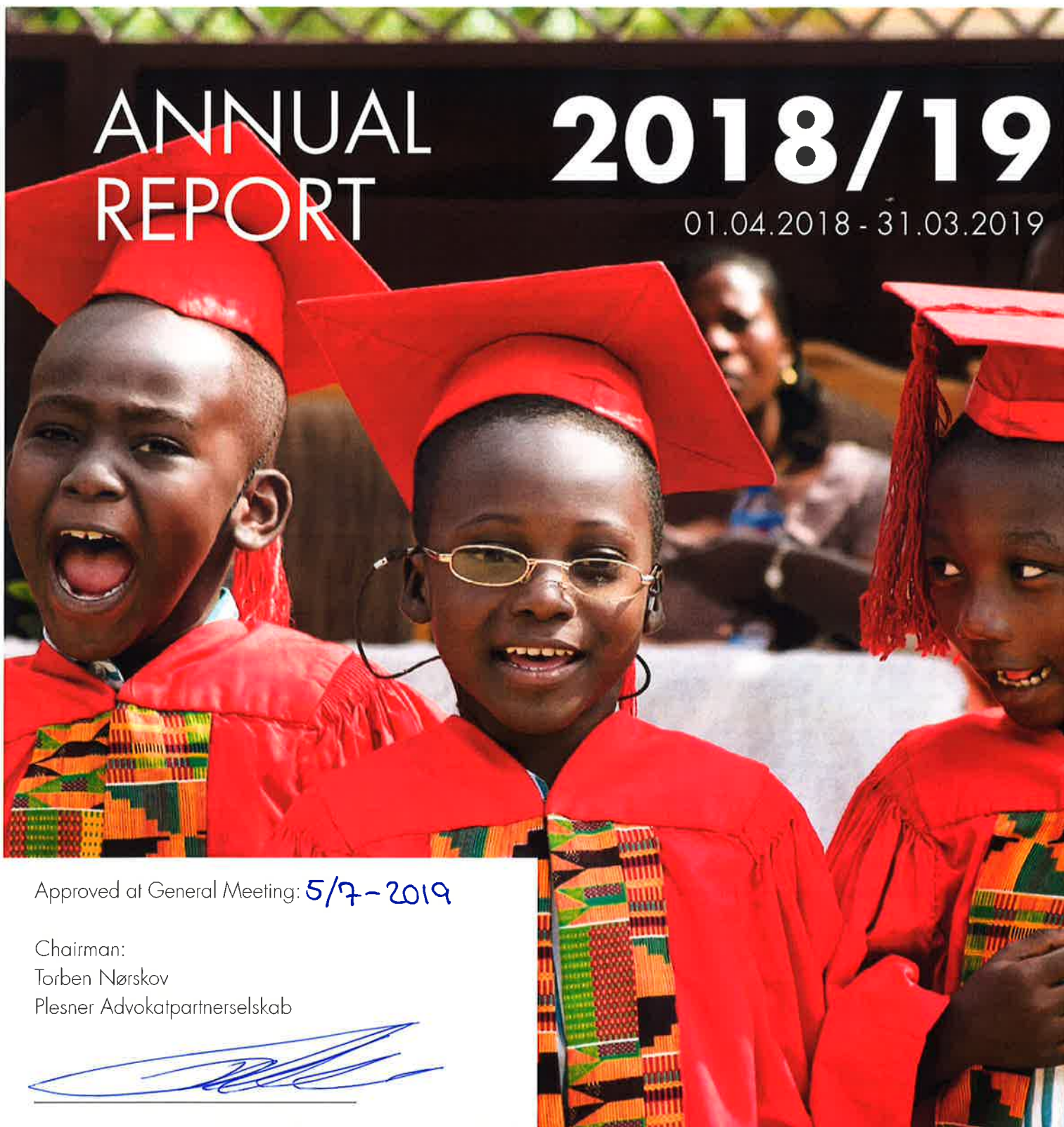


# Missionpharma A/S

## ANNUAL REPORT

# 2018/19

01.04.2018 - 31.03.2019



Approved at General Meeting: 5/7-2019

Chairman:

Torben Nørskov

Plesner Advokatpartnerselskab

A handwritten signature in blue ink, likely of the Chairman Torben Nørskov, written over a horizontal line.



**MISSIONPHARMA**  
cfaogroup.com

Missionpharma A/S

Vassingerøedvej 9 · 3540 Lyngø · Denmark

[www.missionpharma.com](http://www.missionpharma.com)

CVR No. 26 90 23 98

# CONTENTS

<b>Management review</b> .....	<b>3</b>
Company details .....	3
About Missionpharma .....	4
About our business .....	5
Performance 2018/19 .....	6
Outlook 2019/20 .....	8
Financial highlights in DKK .....	9
Financial highlights in USD and EUR .....	10
Our sustainability commitment .....	11
Our people .....	15
Risk management .....	17
Group chart and Group locations .....	20
<b>Reports</b> .....	<b>21</b>
Statement by the Executive Board and Board of Directors .....	22
Independent Auditor's Report .....	23
<b>Group and Parent Accounts</b> .....	<b>26</b>
Income statement .....	27
Balance sheet - Assets .....	28
Balance sheet – Equity and liabilities .....	29
Statement of changes in equity .....	30
Notes to the annual report .....	31
Accounting policies .....	36
Definition of financial ratios .....	39

## COMPANY DETAILS

### MISSIONPHARMA A/S

Vassingerødvej 9  
3540 Lyngø  
Denmark  
[www.missionpharma.com](http://www.missionpharma.com)

CVR no.: 26 90 23 98  
Financial year: 1 April - 31 March  
Established: 6 December 2002  
Registered office: Lyngø, Denmark

### AUDITORS

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup, Denmark

### BOARD OF DIRECTORS

Jean-Marc Pierre René Leccia (Chairman)  
Kim Erik Ginnerup  
Eric Pierre Jean Muris  
Aymeric Erouart  
Annie Renée Simonne Dateu

### EXECUTIVE BOARD

Christian Monrad Overgaard (CEO)  
Poul Lindof (CFO)



## ABOUT MISSIONPHARMA

Missionpharma is a leading supplier of generic pharmaceuticals, medical consumables and hospital equipment to public and private institutions worldwide and the world's largest manufacturer of medical kits.

We have offices in Denmark, India, China and Zambia and employ more than 170 people. Our head office is based in Denmark, from where our overall business activities are managed.

Missionpharma's purpose statement is:

***We accelerate the new Africa***  
*Missionpharma contributes to progress in Africa by strengthening tomorrow's healthcare with intelligent solutions and trustful partnerships.*

This purpose underlines our focus on strengthening healthcare in Africa and thereby contributing to driving Africa forward.

It also underlines our dedication to making a positive impact in Africa by providing tailored

intelligent healthcare solutions built on deep insight and experience.

For more than 40 years, Missionpharma has provided safe and affordable healthcare products to the African continent. Every year our products and services reach millions of people. By delivering intelligent solutions, we grow the communities we work in – and we grow Missionpharma.

We are today a part of Eurapharma, owned by the CFAO Group – a group ultimately owned by Toyota Tsusho Corporation (TTC). This integration enables us to further establish and develop our wholesale operations and to extend our operational reach.

For more information, please visit:

Missionpharma: [www.missionpharma.com](http://www.missionpharma.com)

Eurapharma: [www.eurapharma.com](http://www.eurapharma.com)

CFAO Group: [www.cfao.com](http://www.cfao.com)

TTC: [www.toyota-tsusho.com](http://www.toyota-tsusho.com)



MISSIONPHARMA ZAMBIA

## ABOUT OUR BUSINESS

Our business model, our strategic focus, our organization and the values upon which we perform our business form a solid foundation for living our purpose, achieving our long term targets and creating shared value for all parties with interest in our business.

Missionpharma supplies generic pharmaceuticals medical devices, medical kits and hospital equipment to countries outside EU - primarily in Africa and Asia. Customers include ministries of health, central medical stores and public procurement agencies as well as NGO's, funders and private wholesalers. Through our subsidiary in Zambia we distribute directly to hospitals, pharmacies and larger enterprises.

Within the scope of products mentioned above, and any other health related product, Missionpharma performs its sourcing from manufacturers globally. Missionpharma is not a manufacturer itself.

Missionpharma furthermore focuses at the additional value created to our customers by providing project management and technical solutions. Within the scope of turn-key projects, medical kit-packing, in-country storage and distribution as well as installation and service agreements of hospital equipment Missionpharma expands its business.

Our increased presence in more African countries allows us to service our existing public customers to a greater extent as well as expanding the focus upon private customers and local NGO's.

The business and overall market position has enabled Missionpharma to operate this market successfully since many years. Through our local presence we shall expand our business to include traditional wholesale functions.

Missionpharma is focused to continuously improve its market position in relation to customers, markets and products, optimizing execution of contracts, and simultaneously developing new business areas through strategic initiatives.

Missionpharma focuses on the value we create towards all interested parties, including:

- Our customers and patients throughout our markets by securing the availability of essential pharmaceuticals and related products at an affordable price and a high quality.
- The local communities in which we are present through job creation, competence and capacity building and contribution to taxes.
- The societal challenges by actively performing our sustainability commitments.
- To secure our shareholders a competitive total return.



GENERIC  
PHARMACEUTICALS



MEDICAL  
CONSUMABLES



HOSPITAL  
EQUIPMENT



MEDICAL  
KITS

# PERFORMANCE 2018/19

(APRIL 2018 - MARCH 2019)

## Financials

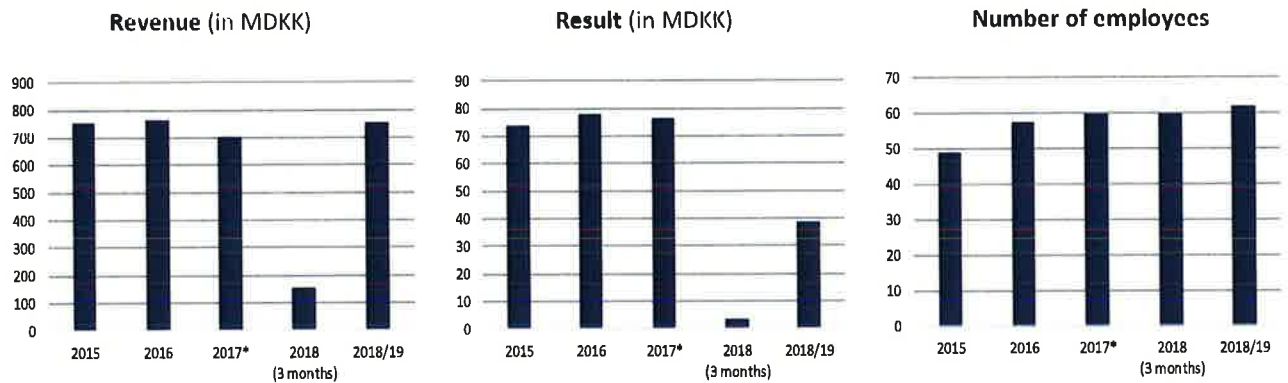
The financial year ended at 31 March 2019 with a profit of DKK 38,603 thousand. The equity as at 31 March 2019 amounts to DKK 269,522 thousand.

The realization of projects during this period was below budget, which combined with increased provisions for loss on customer receivables, as per accounting policy, resulted in a dissatisfactory result. Both matters occurred as a consequence of a continuous worsened economic environments in more important markets.

Missionpharma has not made any substantial investments during the financial year.

The number of employees has increased in line with expectations.

No event has occurred after the end of the financial period which significantly could affect the financial position.



The 3-months figures for 2018 is a result of a demand to align reporting with group companies.

## Comparison with outlook

PERFORMANCE 2018/19	OUTLOOK 2018/19
<p>Revenue increased by 9% compared to the full financial year 2017 although not fully to the level expected as the economic environment in certain markets continued to aggravate.</p>	<p>Expected growth in revenue, compared to the full financial year 2017.</p>
<p>The net result ended substantially lower than expected. The result for 2018/19 is heavily impacted by provision for loss on customer receivables, as per accounting policy, and a revaluation of financial assets in 2017 was not repeated in 2018/19</p>	<p>Expected net result in line with performance for the full financial year 2017</p>
<p>The development of scope of activity and in particular development of new customers has been positive during 2018/19 with an expected positive effect during 2019/20.</p>	<p>To develop the customer base and scope of activity with both existing customers as well as targeted new customers.</p>
<p>The development of existing customers was less successful due to economic limitations among customers in key markets.</p>	
<p>The local presences set-up in Zambia suffered in terms of sales under the economic development in the country. For same reasons of economic development, local presence projects in other countries have been postponed.</p>	<p>To strengthen and expand local presence in Africa.</p>
<p>The synergy projects developed positively with positive impact on the net result. The development of scope for synergy projects continued a positive development.</p>	<p>To implement synergy projects with the parent company Eurapharma SA.</p>

## OUTLOOK 2019/20

FINANCIAL YEAR 2019/20 (APRIL 2019 – MARCH 2020)

The portfolio of contracts, pending quotations and inquiries combined with the operational and strategic activities lead to a marginal expected growth in revenue in 2019/20 compared to financial year 2018/19. The net result is expected at a higher level than in financial year 2018/19.

In line with previous years, the level of activity is although substantially depending upon other incoming inquiries from the market and success on quotations made and constitutes an essential element in assumptions to meet expectations.



The year has the following key focus business areas:

- To continue the positive development within new customer segments.
- To monitor the development and mitigate the associated risks in key markets with economic negative environments.
- To continue to monitor and investigate the existing and new local presence possibilities in Africa.
- To continue the implementation of synergy projects with the group companies.

The negative economic and political tendencies in key markets are expected to increase the uncertainty to meet targets for 2019/20.

No major investments are foreseen for 2019/20.

The capital resources have a satisfactory level and are expected to be unchanged during the coming financial year.



## FINANCIAL HIGHLIGHTS IN DKK

DKK'000	2018				
	2018/19	(3 months)	2017*	2016	2015
<b>Key figures</b>					
Revenue	753,045	153,301	703,475	762,676	753,910
Gross profit	109,406	23,001	137,089	142,599	122,771
Operating profit (EBIT)	58,164	9,399	85,985	98,466	80,969
Net financials	-15,430	-6,713	-8,670	-4,634	-2,752
<b>Profit of the year</b>	<b>38,603</b>	<b>3,378</b>	<b>76,150</b>	<b>78,005</b>	<b>73,845</b>
Investments in the year	772	439	167	588	185
Total assets	391,439	422,798	438,511	321,576	311,057
<b>Equity</b>	<b>269,522</b>	<b>286,459</b>	<b>284,014</b>	<b>209,047</b>	<b>185,468</b>
<b>Average number of full-time employees</b>	<b>62</b>	<b>60</b>	<b>60</b>	<b>57</b>	<b>49</b>
<b>Financial ratios</b>					
Operating margin (EBIT)	7.7%	6.1%	12.2%	12.9%	10.7%
Solvency ratio	68.9%	67.8%	64.8%	65.0%	59.6%
Return on equity	13.9%	1.2%	30.9%	39.5%	42.5%
Liquidity ratio	2.7	2.7	2.4	2.6	2.3

\* Merged with Missionpharma Properties A/S on 1 January 2017.

In accordance with the book value method, financial highlights for prior years have not been restated.

## FINANCIAL HIGHLIGHTS IN USD AND EUR

USD '000	2018				
	2018/19	(3 months)	2017	2016	2015
Average DKK/100 USD rate (P&L)	642.33	607.22	659.46	675.83	670.49
Closing DKK/100 USD rate (balance sheet)	664.46	601.01	620.77	705.28	683
<b>Key figures</b>					
Revenue	117,236	25,246	106,674	112,850	112,442
Gross profit	17,033	3,788	20,788	21,100	18,311
Operating profit (EBIT)	9,055	1,548	13,039	14,570	12,076
Net financials	-2,402	-1,106	-1,315	-686	-410
<b>Profit for the year</b>	<b>6,010</b>	<b>556</b>	<b>11,547</b>	<b>11,542</b>	<b>11,014</b>
Investments in the year	120	72	25	87	28
Total assets	58,911	70,348	70,640	45,595	45,543
<b>Equity</b>	<b>40,563</b>	<b>47,663</b>	<b>45,752</b>	<b>29,640</b>	<b>27,155</b>
<b>Average number of full-time employees</b>	<b>62</b>	<b>60</b>	<b>60</b>	<b>57</b>	<b>49</b>
<b>Financial ratio</b>					
Operating margin (EBIT)	7.7%	6.1%	12.2%	12.9%	10.7%
Solvency ratio	68.9%	67.8%	64.8%	65.0%	59.6%
Return on equity	13.9%	1.2%	30.9%	39.5%	42.5%
Liquidity ratio	2.7	2.7	2.4	2.6	2.3

EUR '000	2018				
	2018/19	(3 months)	2017	2016	2015
Average DKK/100 EUR rate (P&L)	745.69	744.62	743.86	744.64	745.92
Closing DKK/100 EUR rate (balance sheet)	746.52	745.13	744.49	743.44	746.25
<b>Key figures</b>					
Revenue	100,986	20,588	94,571	102,422	101,071
Gross profit	14,672	3,089	18,429	19,150	16,459
Operating profit (EBIT)	7,800	1,262	11,559	13,223	10,855
Net financials	-2,069	-902	-1,166	-622	-369
<b>Profit for the year</b>	<b>5,177</b>	<b>454</b>	<b>10,237</b>	<b>10,476</b>	<b>9,900</b>
Investments in the year	104	59	22	79	25
Total assets	52,435	56,742	58,901	43,255	41,683
<b>Equity</b>	<b>36,104</b>	<b>38,444</b>	<b>38,149</b>	<b>28,119</b>	<b>24,853</b>
<b>Average number of full-time employees</b>	<b>62</b>	<b>60</b>	<b>60</b>	<b>57</b>	<b>49</b>
<b>Financial ratio</b>					
Operating margin (EBIT)	7.7%	6.1%	12.2%	12.9%	10.7%
Solvency ratio	68.9%	67.8%	64.8%	65.0%	59.6%
Return on equity	13.9%	1.2%	30.9%	39.5%	42.5%
Liquidity ratio	2.7	2.7	2.4	2.6	2.3

## OUR SUSTAINABILITY COMMITMENT

Our strong presence in several emerging countries allows us to make an impact on many people’s lives, whether they are patients, partners, customers, or employees (see description in “About our business” section). Making a difference for these people is the core sustainability goal of our company.

Contributing to better healthcare in these countries is no simple task. It takes in-depth understanding of the needs of customers, the business environment, and the entire healthcare systems in the markets. We want to deliver social, environmental, and economic value to the people and communities we engage with. We call this approach our sustainability commitment.





By delivering solutions, we grow the communities we work in – and we grow Missionpharma. We believe that a better


tomorrow is possible only if we can create a shared value with all parties with interest in Missionpharma.


We consider our sustainability commitment as imperative to our success and have addressed the risk considerations in the “Risk Management” description.

To further strengthen our sustainability commitment we have become a member of UN Global Compact during the year. For further details and latest report visit our website.


We have defined four sustainability commitments – in line with the UN Global Compact principles – which we adhere to and seek to continuously develop and integrate further into our global organization. We translate our commitments as follows:


<p>HUMAN RIGHTS COMMITMENT 1</p>  <p><b>We create local value</b></p>	<p>LABOUR COMMITMENT 2</p>  <p><b>We empower people</b></p>
<p>ENVIRONMENT COMMITMENT 3</p>  <p><b>We reduce our environmental footprint</b></p>	<p>ANTI-CORRUPTION COMMITMENT 4</p>  <p><b>We stand for integrity</b></p>

<p><b>HUMAN RIGHTS COMMITMENT 1</b></p>  <p><b>We create local value</b> by helping to advance the people and communities in which we are present.</p>	<p><b>POLICY</b> The Group has zero tolerance for any human rights abuse, in particular:</p> <ul style="list-style-type: none"> <li>• We must not engage or be involved in any business that is against human dignity</li> <li>• We must not discriminate based on race, colour, gender, religion or national origin</li> <li>• We must not be involved in any child labour, human trafficking or any other kind of forced or involuntary labour</li> <li>• We must not tolerate any form of harassment</li> <li>• We must not deal with any person that engages in or is involved with any human rights abuses</li> </ul> <p>We are committed to protect human rights within own organisations and to the largest possible extend to influence those of our suppliers and other partners. We monitor and mitigate on human rights.</p> <p><b>LOCAL ENGAGEMENT</b> We invest in people and facilities to increase local packing and distribution management. We seek to procure quality healthcare products from the local pharmaceutical industry and to share expertise in a manner that is mutually beneficial.</p> <p><b>CAPACITY BUILDING AS KEY TO GROWTH</b> We share technological processes and knowhow with our affiliates in Africa. We create jobs, educate staff, foster local expertise and create business for local companies. We believe that local capacity building helps create growth and prosperity in the region. That's why we seek to gather our activities and ensure our presence in the areas where our services are actually being used.</p> <table border="1" data-bbox="608 1115 1489 1261"> <tr> <td data-bbox="608 1115 1050 1261"> <p><b>PROGRESS DURING THE YEAR</b> We have continued the competence building among all employees and prepared for a higher level of due diligence within our organisation.</p> </td> <td data-bbox="1050 1115 1489 1261"> <p><b>AMBITIONS</b> We shall continue to grow and consolidate our approach to human rights and creation of local value within our organisation and among suppliers and other partners.</p> </td> </tr> </table>	<p><b>PROGRESS DURING THE YEAR</b> We have continued the competence building among all employees and prepared for a higher level of due diligence within our organisation.</p>	<p><b>AMBITIONS</b> We shall continue to grow and consolidate our approach to human rights and creation of local value within our organisation and among suppliers and other partners.</p>
<p><b>PROGRESS DURING THE YEAR</b> We have continued the competence building among all employees and prepared for a higher level of due diligence within our organisation.</p>	<p><b>AMBITIONS</b> We shall continue to grow and consolidate our approach to human rights and creation of local value within our organisation and among suppliers and other partners.</p>		

<p><b>LABOUR COMMITMENT 2</b></p> 	<p><b>POLICY</b> We strive to inspire people to share our commitment in Africa. Creating a great place to work is a key factor in achieving this. Our priority is to provide a safe and healthy environment for our employees and to foster an inclusive culture where people can grow and develop. We encourage ongoing skill development for everyone who works for us and run extensive training programmes in our locations around the globe. We believe safe and fair working conditions are a human right. To develop the personal and social conditions is crucial to us.</p> <p><b>GREAT PLACE TO WORK</b> We focus on attracting, retaining, and developing capable employees. We do our best to ensure that our global organisation is appropriately organised and consistently complies with local health, safety, and labour laws. By offering employees professional and personal training programmes, we make sure they acquire the right set of skills.</p> <p><b>DIVERSITY IS AN ASSET</b> We fight discrimination and promote social diversity and gender equality. We strive to provide a fulfilling and inclusive environment for every employee.</p>
---	--

<p><b>We empower people</b> by fostering an inclusive culture where people can grow and develop.</p>	<p><b>HEALTH AND SAFETY</b> We want to take care of and empower our people to improve our health and safety environment. We want to create a great place to work. Through training and initiatives in all our locations we strive towards constant improvements.</p> <p><b>PROGRESS DURING THE YEAR</b> We have continued the training and development of employees throughout our organisation. We have continued our yearly survey with employees in Denmark by the Great Place to Work® Institute.</p>	<p><b>AMBITIONS</b> We shall continue to focus on the development and health and safety of our employees. We shall continue to develop Missionpharma as a great place to work across current and new locations. We plan a survey, similar to Great place to Work, to be performed across global organisation in coming year.</p>
--	---	--

<p><b>ENVIRONMENT COMMITMENT 3</b></p> <div style="text-align: center;">  </div> <p><b>We reduce our environmental footprint</b> by striving to integrate environmental responsibility into all our activities.</p>	<p><b>POLICY</b> We want to reduce our environmental footprint every year. We want to integrate environmental responsibility into all our activities and affiliates and to reduce emissions and carbon footprint throughout the entire supply chain. We shall share and encourage best practices among our customers, suppliers and other partners.</p> <p><b>ENVIRONMENTAL AWARENESS</b> We work hard to reduce our environmental impact. We pay special attention to the consumption of electricity and fuel in all of our locations worldwide, we minimize waste, and we optimise benefits from intercompany synergies. To limit the negative environmental impacts of pharmaceutical manufacturing and ensure constant improvements, we keep manufacturers' social and environmental responsibility top of mind at all times.</p> <p><b>OPTIMIZED TRANSPORTATION</b> Transportation of goods constitute by far the biggest environmental impact within our part of the supply chain. That's why we always plan for the most environmentally effective mode of transportation, given the circumstances. As a project-oriented company, we are often subject to a range of external factors on which we have limited influence. We always seek to influence our customers' and suppliers' transportation preferences towards the method with the lowest possible environmental impact.</p> <p><b>PROGRESS DURING THE YEAR</b> We have continued the optimisation of our logistics platforms, packing systems, and distribution. We have invested in solar energy installations</p>	<p><b>AMBITIONS</b> To ensure constant improvements in sustainability throughout the supply chain, we will intensify our environmental requirements to suppliers and partners.</p>
--	--	--

<p><b>ANTI-CORRUPTION COMMITMENT 4</b></p>	<p><b>POLICY</b> We aim for the highest ethical standards in our business practices. We stand for integrity, respect, and transparency in all aspects of our activities.</p> <p>We believe that corruption and other unethical practices are incompatible with our vision and undermine the support and confidence of our business environment. That's why we implement policies to counteract corruption and unethical behaviour in all possible forms.</p> <p>We believe that conducting business with honesty and transparency boosts competitiveness all while remaining competitive</p>	
	<p><b>CODE OF CONDUCT</b> Our Code of Conduct and anti-bribery &amp; anti-corruption policy guides employees and partners to make responsible business decisions and act ethically and according to the highest standards of integrity.</p>	
<p><b>We stand for integrity</b> by aiming for the highest ethical standards in our business practices.</p>	<p><b>PROGRESS DURING THE YEAR</b> During the year we have introduced new and revised policies and procedures within anti-bribery, anti-corruption and whistleblowing.</p> <p>Training in existing and new policies and procedures has continued and formal compliance organisational structure has been established.</p>	<p><b>AMBITIONS</b> We want to advance our commitment to integrity by continuing the rollout of training and vetting programmes to relevant employees, suppliers and other partners.</p>

## OUR PEOPLE

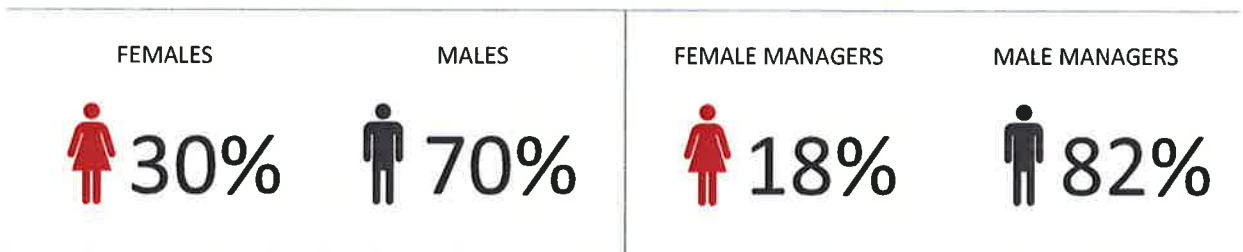
Missionpharma aims, across geographic locations, to employ and maintain a high degree of diversity within the organisation.

We continue to develop our organisation as a great place to work and to empower the

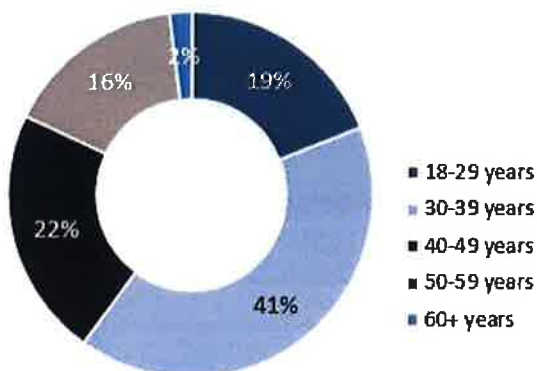
personal and professional skills among employees to secure a high performance culture. We strive to create a healthy and motivating environment with a high level of engagement and commitment to the Missionpharma purpose.

### Employees

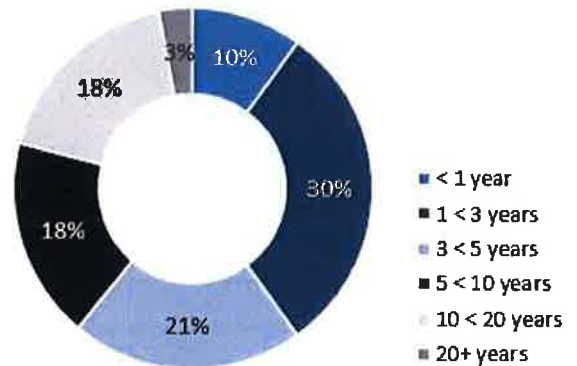
Our 178 employees in the Missionpharma Group worldwide at the end of March 2019:



AGE DISTRIBUTION



SENIORITY



## Statutory statement in accordance with §99b of the Danish Financial Statements Act

Policies for gender equality are entirely established for Missionpharma A/S and do not include any Danish or foreign subsidiary. The information provided below entirely relates to Missionpharma A/S.

### BOARD OF DIRECTORS

<b>POLICY</b>	Missionpharma strives to achieve the gender equality by maintaining focus on identifying and recommending qualified female candidates for the Boards within the Group, which have an obligation to set a diversity target.		
<b>TARGET</b>	Missionpharma has set a new total objective of two female members of the Boards by end of March 2022.		
<b>PROGRESS</b>	Missionpharma A/S has during the financial year 2018/19 met the previous target of one female member of the Board, which is one year prior to target.		
<b>STATUS</b>		<u>March 2019</u>	<u>March 2018</u>
	Female members	20%	0%
	Male members	80%	100%

### OTHER MANAGEMENT LEVELS

<b>POLICY</b>	Missionpharma's policy strives towards a higher degree of gender diversity within its management teams, as we believe it benefits our working environment and ability to develop.		
<b>TARGET</b>	Missionpharma maintains its target of further increasing the number of females in managerial positions.		
<b>PROGRESS</b>	To achieve the overall objective, we maintain a continuous focus to ensure gender equality during recruitment processes as well as through personal development and talent programs. No changes though during the financial year 2018/19		
<b>STATUS</b>		<u>March 2019</u>	<u>March 2018</u>
	Female managers	25%	25%
	Male managers	75%	75%



## RISK MANAGEMENT

Missionpharma systematically works with risk management as an integrated part of its business. Financial as well as non-financial risks are continuously identified and monitored to secure transparency in the accepted risks and to secure mitigation in line with policies whenever possible.

Missionpharma works with a structured internal control scheme as part of its business as well as being subject to internal controls procedures by its parent companies.

The internal control measures are aimed to secure not only a high level of effectiveness and correctness throughout its business and organization, the protection of resources and assets but also very much to secure compliance and control risk management in accordance with policies.

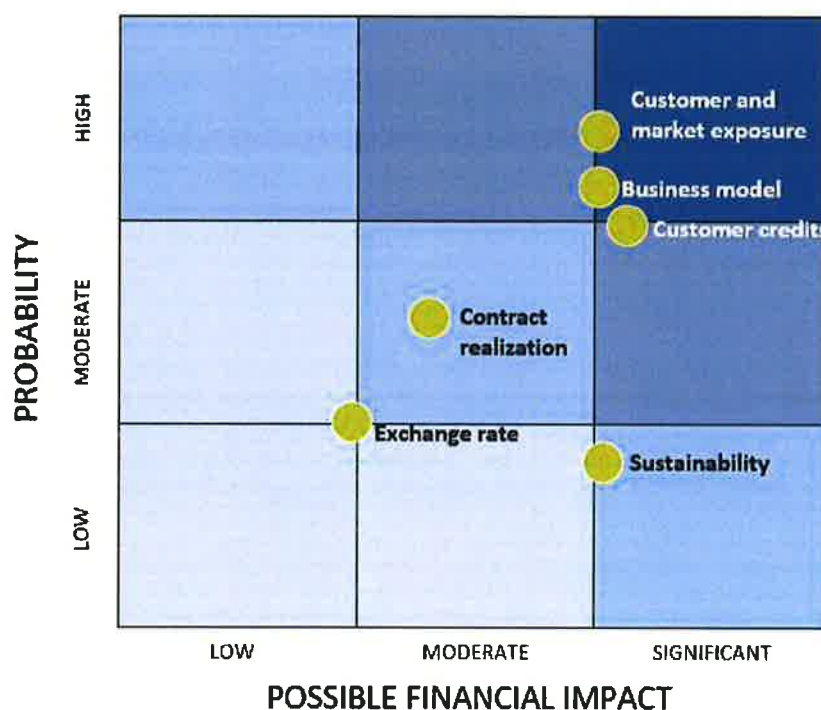
### Risk assessment - mapping

The risks highlighted in below matrix, and subsequently described, are assessed to be and during 2019/20 to become the key risks which may influence the business in general as well as short term performance and long term strategic objectives.

The key risks remain essentially unchanged compared to previous year, and are only marginally adjusted in terms of probability and impact.

The risks "Business model" and even more so for "Customer and market exposure" continuously have a dominant influence on the overall risk exposure. Strategic initiatives are expected to reduce the probability and possible impact.

"Customer credits", in terms of customer payment performance, has worsened during 2018/19 and is expected to remain a substantial risk element during 2019/20.



## Risk assessment - Description

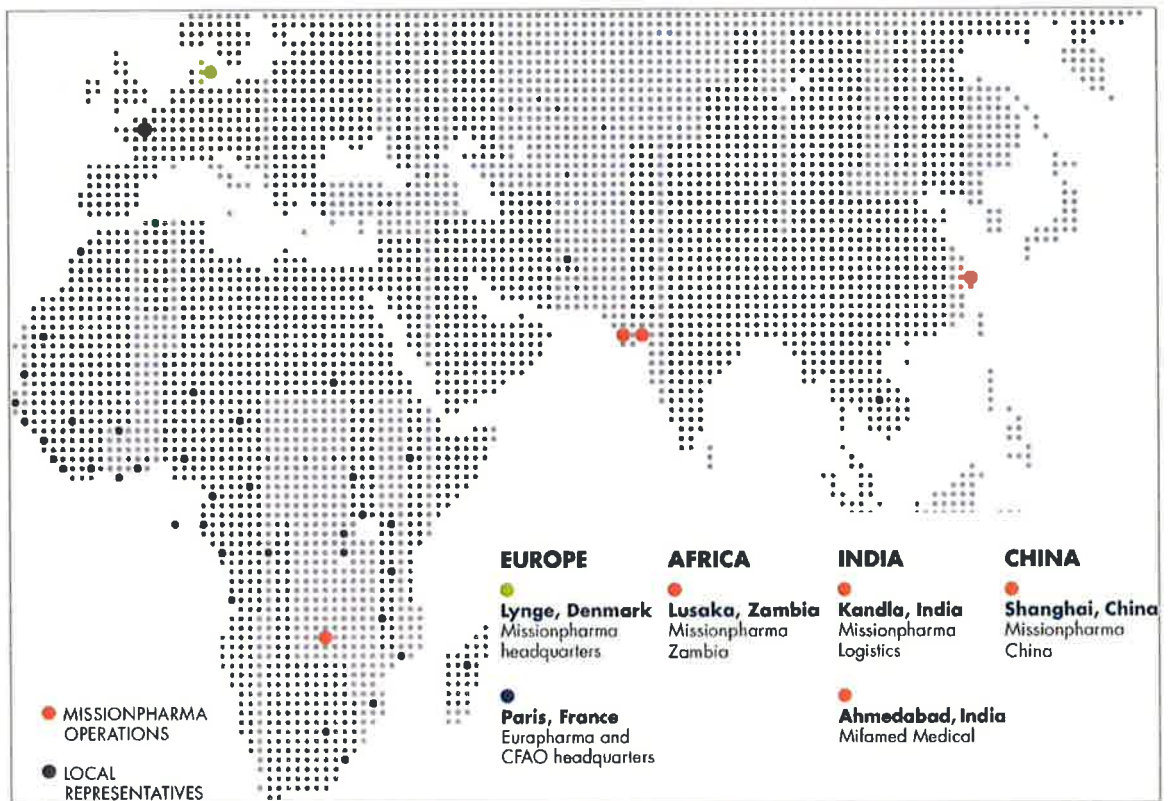
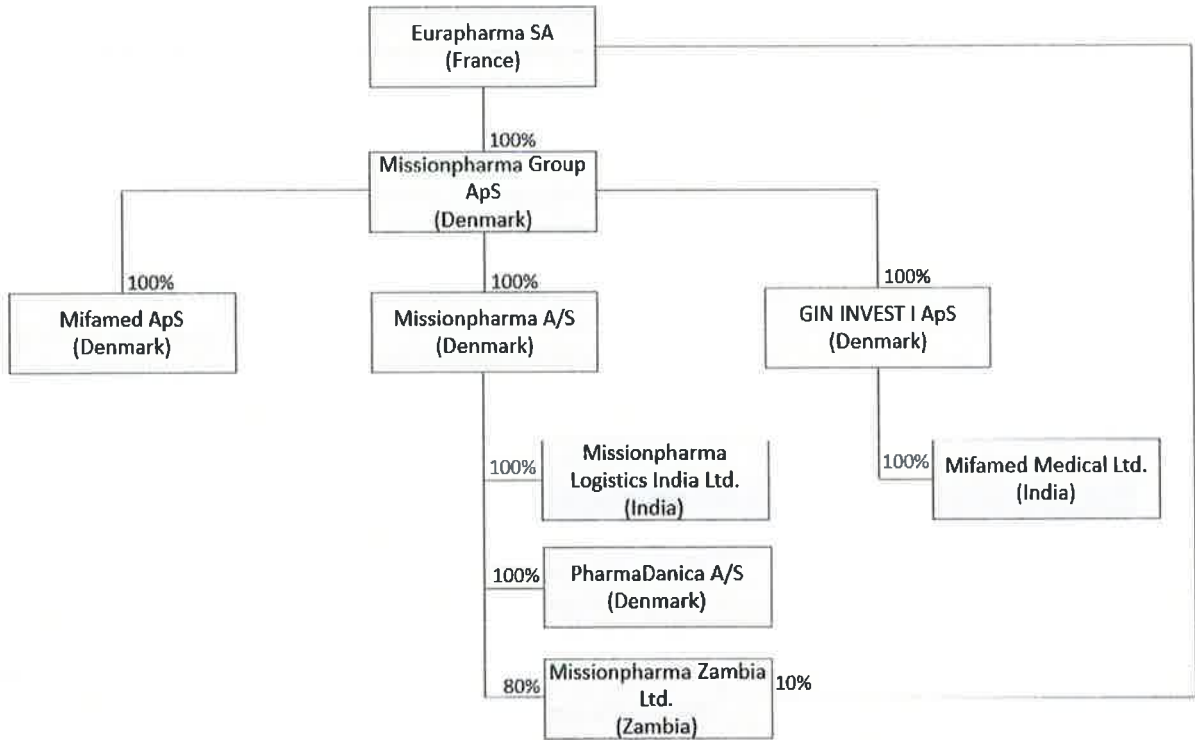
Risk description	Possible impact	Risk mitigation
<b>Business model</b>		
<p>The business model of Missionpharma is exposed to the uncertainty of inquiries from the market and subsequent successful outcome of tenders participated in. The business consists of a combination of smaller and larger tenders where frequency, timing, value, and conditions for participation are concurrent elements of uncertainty.</p>	<p>The ability to predict financial performance on revenue, earning and cash flow is affected by the uncertainty in general and in particular if not successful on major tenders with larger financial impact.</p> <p>The short term (less than 1 year) uncertainty is moderate due to a certain portfolio of confirmed orders whereas the long term uncertainty (above 1 year) is significant.</p>	<p>An ongoing monitoring of inquiries, quotations and actual orders, versus targets set, is an essential element in internal reporting and management of the business. A high level of agility in capacity and cost structures is equally an important focus area.</p> <p>Strategic initiatives to diversify the business are in high focus.</p>
<b>Contract realization</b>		
<p>The positive outcome of a tender leads to binding sales prices and contractual terms in general.</p> <p>Cost of goods and other cost elements, being the calculative base for tenders participated in, are only locked at time of customer contract. Occasionally purchase is committed prior to conclusive contract.</p>	<p>The time lag between tender bid, contract and purchase transactions for contract realization is substantial. As cost elements only are renegotiated at time of final orders the time lag represents a risk in predicting financial outcome in comparison to expectations for contracts.</p> <p>Eventual commitment prior to conclusive contract constitutes a separate risk.</p> <p>Each risk represents a possible short and medium term impact on financial performance.</p>	<p>The reduction in risk is concentrated around the intelligence in building and pricing bids. As raw materials in the price of products offered represents the most significant element out of the total costing, particular focus on expected future price setting is made.</p>

Continues...

## Risk assessment – Description (continued)

Risk description	Possible impact	Risk mitigation
<b>Customer and market exposure</b>		
<p>Customers are mainly public entities located within the main markets of Missionpharma, being African countries. A larger number of these customers and markets are subject to volatile economic and political conditions under both national as well as international influence.</p>	<p>The ability to predict short and long term financial performance on revenue, earning and cash flow is affected by:</p> <ul style="list-style-type: none"> <li>• Possible changes in customers overall environment which impacts purchase pattern, value and timing of inquiries.</li> <li>• Predicted or unpredicted changes in assumptions for contract realization.</li> <li>• Delays and defaults in customer payments.</li> </ul>	<p>Throughout both bidding and contract realization periods, maximum focus is maintained upon changes that possibly could represent a risk. Possible means of intervention are carefully considered.</p> <p>No appropriate insurance possibilities are available.</p> <p>Internal processes secure proper and transparent risk exposures.</p>
<b>Customer credits</b>		
<p>In line with contractual terms Missionpharma grants credits to customers.</p>	<p>Defaulted payments from customers have a short term impact on cash flow and possibly earnings through increased provision for losses.</p> <p>Defaulted payments have a medium and long term impact on revenue, earnings and cash flow as participation in new tenders is limited with such customers in default.</p>	<p>The Missionpharma credit policy prescribes a comprehensive evaluation of any credit granted.</p> <p>Credit policies are implemented to guide and control when credit is granted to a customer. Ongoing monitoring and dunning procedures play an important part of daily operations.</p> <p>No appropriate insurance possibilities are available.</p>
<b>Exchange rates</b>		
<p>With a globalized business Missionpharma is throughout its operations exposed to foreign exchange rates. Exposure is primarily towards US Dollar (USD) vs. the reporting currency in Danish Kroner (DKK)</p>	<p>The ability to predict financial performance on revenue, earning and cash flow is affected by fluctuation in USD exchange rate both short and long term.</p>	<p>In accordance with policies Missionpharma hedges major flows in USD exposures through forward contracts. Hedging policy includes invoiced flows whereas flows related to orders and bids are not included. Missionpharma is not engaged in currency speculation.</p>
<b>Sustainability</b>		
<p>A default of our sustainability commitments through breach of business ethics, misbehavior or inadequate performance, represents a risk.</p>	<p>Such circumstances may affect the possibility to participate with bids on customer inquiries or being awarded future contracts and consequently may affect the financial performance.</p>	<p>By ensuring high standards and clear processes throughout operations, maximum focus is secured on performance.</p> <p>Internal control, compliance and vetting measures, including our sustainability commitments, to minimize risk.</p>

## GROUP CHART AND GROUP LOCATIONS





# Reports

## STATEMENT BY THE EXECUTIVE BOARD AND BOARD OF DIRECTORS

The Board of Directors and the Executive Board have today discussed and approved the annual report of Missionpharma A/S for the financial year 1 April 2018 - 31 March 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2019 and of the results of the Company's operations for the financial year 1 April 2018 – 31 March 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, the results for the year and its financial position.

We recommend that the annual report be approved at the annual general meeting for the year.

Lynge, 18 June 2019

### Executive Board

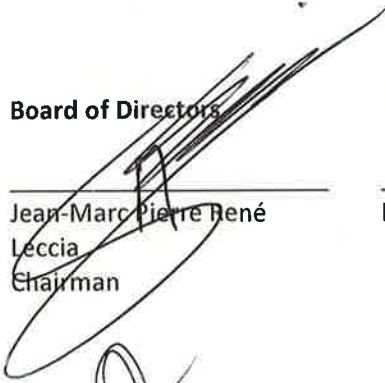


Christian Monrad Overgaard  
CEO



Poul Lindof  
CFO

### Board of Directors



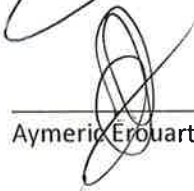
Jean-Marc Pierre René  
Leccia  
Chairman




Kim Erik Ginnerup



Eric Pierre Jean Muris



Aymeric Erouart



Annie Renée Simonne Dateu

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Missionpharma A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2019 and of the results of the Company's operations for the financial year 1 April 2018 - 31 March 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Missionpharma A/S for the financial year 1 April 2018 - 31 March 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

### **Management's responsibilities for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.



- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 18 June 2019  
**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR-nr. 33 77 12 31



Rasmus Friis Jørgensen  
State Authorised Public Accountant  
mne28705



Henrik Ødegaard  
State Authorised Public Accountant  
mne31489



# Accounts

## INCOME STATEMENT

DKK'000	Note	2018/19 (12 months)	2018 (3 months)
<b>Revenue</b>		753,045	153,301
Goods for resale and consumables		-450,336	-85,480
Other external expenses		-193,303	-44,820
<b>Gross profit</b>		109,406	23,001
Staff costs	1	-46,836	-12,505
Depreciation and impairment of property, plant and equipment	4,7	-3,624	-904
Other operating costs		-782	-193
<b>Operating profit</b>		58,164	9,399
Income from investments in subsidiaries	5	5,334	854
Other financial income		-	494
Other financial expenses	2	-15,430	-6,713
<b>Profit before tax</b>		48,068	4,034
Tax on profit/loss	3	-9,465	-656
<b>Profit for the year</b>		38,603	3,378

## BALANCE SHEET - ASSETS

31 MARCH

DKK'000

**ASSETS****Non-current assets****Intangible assets**

Software

Note	2019	2018
7	2,139	3,972
	<u>2,139</u>	<u>3,972</u>
<b>Property, plant and equipment</b>	4	
Land and buildings	25,114	26,407
Other fixtures and fittings, tools and equipment	1,490	1,216
	<u>26,604</u>	<u>27,623</u>
<b>Investments</b>		
Investments in subsidiaries	5	41,867
Other investments	6	20
	<u>41,887</u>	<u>35,893</u>
<b>Total non-current assets</b>	<u>70,630</u>	<u>67,488</u>
<b>Current assets</b>		
<b>Inventories</b>		
Goods for resale	16,174	58,740
	<u>16,174</u>	<u>58,740</u>
<b>Receivables</b>		
Trade receivables	204,202	176,422
Receivables from group companies	64,940	83,893
Other receivables	8	33,010
Accrued expenses	1,868	9,661
	<u>304,020</u>	<u>294,953</u>
<b>Cash</b>	615	1,617
<b>Total current assets</b>	<u>320,809</u>	<u>355,310</u>
<b>TOTAL ASSETS</b>	<u>391,439</u>	<u>422,798</u>

## BALANCE SHEET – EQUITY AND LIABILITIES

31 MARCH

DKK'000

	Note	2019	2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		2,000	2,000
Net revaluation according to the equity method		39,742	33,748
Reserve for IT development costs	7	1,668	2,998
Reserve for revaluation of the building		5,462	5,879
Retained earnings		194,350	185,634
Proposed dividends		26,300	56,200
<b>Total equity</b>		<b>269,522</b>	<b>286,459</b>
<b>Provisions</b>			
Deferred tax		3,132	4,047
		<b>3,132</b>	<b>4,047</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other credit institutions		52,643	58,135
Prepayments received from customers		20,928	19,882
Trade payable		28,694	36,648
Payables to group entities		793	422
Other payables		15,727	17,205
<b>Total liabilities other than provisions</b>		<b>118,785</b>	<b>132,292</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>391,439</b>	<b>422,798</b>
Proposed profit appropriation			9
Contingent liabilities and other financial obligations			10
Related parties			11

## STATEMENT OF CHANGES IN EQUITY

DKK'000	Share capital	Net revaluation*	Reserve for IT dev. costs	Revaluation reserve **	Retained earnings	Proposed dividends	Total
Equity at 1 April	2,000	33,748	2,998	5,879	185,634	56,200	286,459
Dividends paid	0	0	0	0	0	-56,200	-56,200
Exchange adjustment	0	660	0	0	0	0	660
Depreciation IT development costs	0	0	-1,330	0	1,330	0	0
Depreciation on revaluation	0	0	0	-417	417	0	0
Profit for the year	0	5,334	0	0	6,969	26,300	38,603
<b>Equity at 31 March</b>	<b>2,000</b>	<b>39,742</b>	<b>1,668</b>	<b>5,462</b>	<b>194,350</b>	<b>26,300</b>	<b>269,522</b>

\* Reserve for net revaluation according to the equity method

\*\* Reserve for revaluation of the building

#### Accounting policies

**Proposed dividends** are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

A reserve for IT development costs is included in the equity according to the new Danish Financial Statements Act. The reserve will be reduced as development costs are amortized. Dividends cannot be paid on the reserved amount.

## NOTES TO THE ANNUAL REPORT

### 1 Staff costs

DKK'000	2018/19 (12 months)	2018 (3 months)
Wages and salaries	41,676	11,339
Pension costs	3,653	845
Other social security costs	411	100
Other staff costs	1,096	221
	<u>46,836</u>	<u>12,505</u>
Salaries and fees paid to the Executive Board	<u>6,645</u>	<u>1,161</u>
The Board of Directors did not receive any remuneration		
Average number of employees	<u>62</u>	<u>60</u>

#### Accounting policies

**Staff costs** comprises wages and salaries, inclusive holiday allowances, pensions and other expenses related to social contributions.

### 2 Other financial expenses

Interests payables, exchange losses and similar expenses	15,430	6,713
	<u>15,430</u>	<u>6,713</u>

#### Accounting policies

**Financial income and expenses** that relate to the reporting period are recognized in the income statement.

Net financials include interest income and expenses, realized and unrealized capital and exchange gains and foreign currency transactions, and allowances under the advance-payment-of-tax- scheme, etc.

### 3 Tax on the profit for the year

Current tax for the year	10,380	-227
Change in provision for deferred tax	-915	883
	<u>9,465</u>	<u>656</u>

#### Accounting policies

**Tax for the year**, which includes current tax and the years deferred tax adjustments, is recognized in the income statement by the portion attributable to the result of the year and directly to equity by the portion attributable to direct changes in equity.

The parent and all Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

#### 4 Property, plant and equipment

DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 April	33,966	4,211	38,177
Additions during the year	0	772	772
Cost at 31 March	33,966	4,983	38,949
Revaluation at 1 April	13,378	0	13,378
Revaluation at 31 March	13,378	0	13,378
Impairment losses and depreciation at 1 April	20,937	2,995	23,932
Depreciation during the year	1,293	498	1,791
Impairment losses and depreciation at 31 March	22,230	3,493	25,723
<b>Carrying amount at 31 March</b>	<b>25,114</b>	<b>1,490</b>	<b>26,604</b>
<b>Carrying amount at 31 March without revaluation</b>	<b>11,736</b>	<b>1,490</b>	<b>13,226</b>

##### Accounting policies

**Property, plant and equipment** include land and buildings, other fixtures and fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Leased property, plant and equipment qualifying for recognition as assets held under finance leases are accounted for as acquired property, plant and equipment.

Land and buildings are valued at purchase price. Revaluations and reversals hereof, less deferred tax, are taken directly to equity.

Property, plant and equipment are tested for impairment whenever there is an indication that an asset might be impaired. The impairment test is performed for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Property, plant and equipment are depreciated using the straight-line method, based on the cost, measured by reference to the below assessment of the useful lives and residual values of the assets.

Buildings	25 years
IT equipment	3-5 years
Fixtures and fittings, tools and equipment	5 years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement under "Amortization/depreciation".

Residual values of the company's material assets are reviewed annually.



## 5 Investments in group entities

DKK'000	Investments in Group entities
Cost at 1 April	2,125
Cost at 31 March	2,125
Adjustments at 1 April	33,748
Exchange adjustment	660
Share of profit or loss for the year (12 months)	5,334
Adjustments at 31 March	39,742
<b>Carrying amount at 31 March</b>	<b>41,867</b>

Name	Registered office	Ownership
PharmaDanica A/S	Lynge, Denmark	100%
Missionpharma Logistics India Ltd.	Kandla, India	100%
Missionpharma Zambia Ltd.	Lusaka, Zambia	80%

### Accounting policies

The proportionate share of the results after tax of the individual subsidiaries is recognized in the income statement of the parent company after full elimination of intra-group profits/losses.

Investments in subsidiaries in the parent company are measured using the equity method.

Investments in subsidiaries are measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealized intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognized under provisions.

Net revaluation of investments in subsidiaries is recognized in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost.

## 6 Other investments

DKK'000	2019	2018
Time-share apartment	20	20

**7 Intangible assets**

DKK'000	Software
Cost at 1 April	5,500
Cost at 31 March	5,500
Impairment losses and amortization at 1 April	1,528
Amortization during the year	1,833
Impairment losses and amortization at 31 March	3,361
<b>Carrying amount at 31 March</b>	<b>2,139</b>

**Accounting policies**

IT development costs consist of costs from IT-suppliers for IT projects which are in progress. In the balance, development costs are measured at cost less accumulated depreciation and write-downs. From project completion, development costs are amortized using the straight-line method, typically over 3-5 years.

**8 Other receivables**

	Within 1 year	Within 1 and 5 years	Total
Other receivables, due	31,750	1,260	33,010

**9 Proposed profit appropriation**

DKK'000	2018/19 (12 months)	2018 (3 months)
Proposed dividends	26,300	0
Reserve for net revaluation under the equity method	5,334	854
Retained earnings	6,969	2,524
	38,603	3,378

## 10 Contingent liabilities and other financial obligations

### Contingent liabilities

The company is jointly taxed with the other Danish entities in the Missionpharma group. As a wholly owned subsidiary, the company is jointly and severally liable, together with the other jointly taxed entities, for Danish income taxes and withholding taxes on dividends, interest and royalties within the group of jointly taxed entities. Any subsequent adjustments of the joint taxable income or withholding taxes may result in an increase of the company's liability.

The subsidiary Missionpharma Logistics Pvt. Ltd. is currently involved in a transfer pricing dispute with the Indian tax authorities for more income years. Missionpharma is confident about a positive outcome of the dispute even if it still represents an uncertainty.

Missionpharma A/S has not assumed any guarantee obligations except for the guarantees issued in connection with operations for a total amount of DKK 42,750 thousand.

### Guarantees

The Group companies (Missionpharma A/S, Mifamed ApS, Missionpharma Group ApS, and PharmaDanica A/S) are jointly liable for a total credit and facility line of DKK 237 million.

Rental commitments for equipment amount to DKK 0.5 million.

## 11 Related parties

### Other related parties that the Company has had transactions with

The Company's immediate Danish Parent Company at 31 March 2019 that prepares Group Annual Report in which the Company's is included as a subsidiary is Missionpharma Group ApS, Denmark.

The Group Annual Report can be obtained at the following address:

Missionpharma Group ApS, Vassingerødvej 9, 3540 Lyngø.

The Company's ultimate Parent Company at 31 March 2019 that prepares Group Annual Report in which the Company is included as a subsidiary is Toyota Tsusho Corporation, Japan.

The Group Annual Report can be obtained at the following address:

Toyota Tsusho Corporation, 9-8 Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan.

## ACCOUNTING POLICIES

Accounting policies not already covered in the report.

### General accounting policies

The annual report of Missionpharma A/S for the year 2018/19 has been prepared in accordance with the provisions applying to reporting class large C enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

As the financial year was changed last year from the calendar year to the period 01.04 – 31.03 with the transition period 01.01.2018 – 31.03.2018 (3 months), comparative figures consist of this 3-months period.

In pursuance of section 86 (4) of the Danish Financial Statements Act, Cash flow statement have not been prepared. The Cash flow statement of Missionpharma A/S is included in the consolidated financial statement of Missionpharma Group ApS.

In pursuance of section 96 (3) of the Danish Financial Statements Act, fees to auditors have not been disclosed.

### Consolidated financial statements

In pursuance of section 112 (1) of the Danish Financial Statements Act, consolidated financial statements have not been prepared. The financial statements of Missionpharma A/S and its group entities are included in the consolidated financial statements of Missionpharma Group ApS.

### Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the date of the transaction.

Receivables, liabilities, and other monetary items denominated in foreign currencies are translated at the closing rates. The differences between the closing rates and the exchange rates at the time of emergence or recognition in the latest financial statements of the receivable or liability are recognized in the income statement as financial income and expenses.

## General accounting policies (continued)

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognized directly in equity.

### Derivatives

Derivative financial instruments are initially recognized on the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognized as other receivables and other payables, respectively.

Changes in fair value of derivative financial instruments designated as or qualifying for recognition as a fair value hedge of a recognized assets or liabilities are recognized in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognized as other receivables or other payables and in equity until the realization of the hedged transaction. If the future transaction results in the recognition of assets or liabilities, amounts which were previously recognized in equity are transferred to the cost of the asset or liability. If the future transaction results in income or costs, amounts which were previously recognized in equity are transferred to the income statement for the period when the hedged item affects the income statement.

## Income statement

### Revenue

Income from the sale of goods held for sale and finished goods is recognized in the income statement at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably.

Revenue is measured at the fair value of the remuneration agreed upon, excluding VAT and indirect taxes levied on behalf of a third party. All types of discounts are recognized in the revenue.

In pursuance of section 96 (1) of the Danish Financial Statement Act, a geographical breakdown of revenue is not disclosed for competitive reasons.

### Goods for resale and consumables

Goods for resale and consumables include cost of goods sold, provision/actual loss on stock depreciation.

### Other External Expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

## **Balance sheet**

### **Inventories**

Inventories are measured at cost, comprising purchase price plus delivery costs, by the FIFO method. Inventories are written down to the net realizable value if this is lower than the cost.

### **Receivables**

Receivables are measured at amortized cost. Write-down is made for bad debt losses, based on an individual assessment.

### **Corporation tax and deferred tax**

Current tax payables and current tax receivables are recognized in the balance sheet as the estimated tax charge in respect of the taxable income of the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Joint-taxation contribution payable and receivable is recognized in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Provisions for deferred tax are calculated using the expected tax rate by elimination of the temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on non-amortizable goodwill.

Deferred tax assets, including the tax value of deferrable taxable losses, are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or a set-off against deferred tax liabilities within the same legal tax entity.

### **Liabilities**

Financial liabilities are recognized on the raising of the loan at the cost, corresponding to the proceeds received net of transaction costs incurred. The financial liabilities are subsequently measured at amortized cost.

Other liabilities are measured at the net realizable value.

## DEFINITION OF FINANCIAL RATIOS

The financial ratios stated in the financial highlights have been calculated as follows:

Operating margin (EBIT margin)	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$

