We accelerate the new Africa

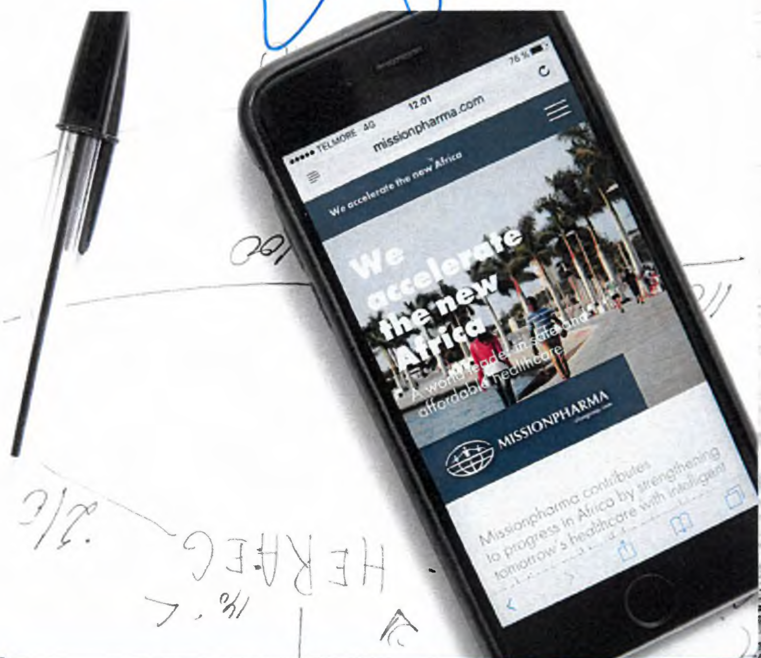
Missionpharma A/S

Annual report

2017

Approved at General Meeting
31/5 - 2018

Chairman:
Jacob Christensen
Plesner Advokatpartnerselskab



MISSIONPHARMA
cfaogroup.com

Missionpharma A/S
Vassingeroedvej 9 · 3540 Lynge · Denmark
www.missionpharma.com
CVR No. 26 90 23 98

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Company details

Missionpharma A/S
Vassingerødvej 9
3540 Lynge
Denmark
www.missionpharma.com

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

Board of Directors
Jean-Marc Pierre René Leccia (Chairman)
Denis Georges Fernand Maurice
Eric Pierre Jean Muris
Kim Erik Ginnerup

Executive Board
Kim Erik Ginnerup, CEO
Poul Lindof, CFO

Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup, Denmark

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 Africa and employ more than 160 people. Our head office is based in Denmark, from where our overall business activities are managed.

Missionpharma's purpose statement

> ***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. This integration enables us to further establish and develop our wholesale operations and to extend our operational reach.

For more information, please visit:

Eurapharma	www.eurapharma.com
CFAO group	www.cfao.com
Toyota Tsusho Corporation	www.toyota-tsusho.com

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 includes ministries of health, central medical stores and public procurement agencies as well as NGO´s, funders and private wholesalers.

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 extend as well as expanding the focus upon private customers and local NGO´s. Local storage, project management, installation and service of hospital equipment is locally available to our customers.

The business model is mainly designed to respond to direct inquiries from the market. 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 at the value we create towards all interested parties, including:

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

Performance 2017

Effective January 1, 2017, Missionpharma A/S merged with another group subsidiary Missionpharma Properties A/S, Missionpharma A/S being the continuing entity.

Financials

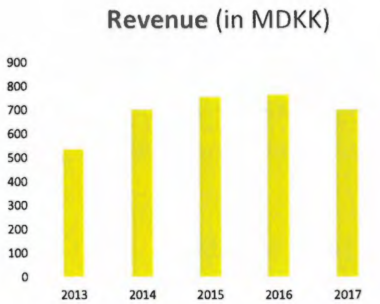
The financial year ended at 31 December 2017 with a profit of DKK 76,150 thousand.
The equity as at 31 December 2017 amounts to DKK 284,014 thousand.

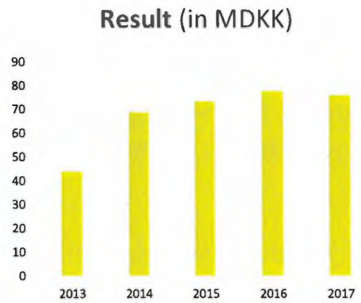
The financial performance for the financial year 2017 is in line with expectations of the Management and is considered satisfactory.

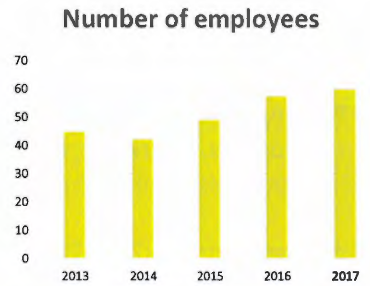
The composition and effective realization of contracts during 2017 have resulted in a higher than expected financial outcome, which has compensated a lower than expected revenue. A continued aggravated economic environment in certain markets has resulted in revenues lower than expected.

Missionpharma has not made any substantial investments during the financial year. As a consequence of the merger with Missionpharma Properties A/S, Missionpharma A/S is today the owner of its domicile property in Lynge, Denmark.

During 2017, the number of employees has increased in line with expectations.







No event has occurred after the 2017 financial year-end which significantly could affect the financial position.

Comparison with outlook

PERFORMANCE 2017	OUTLOOK 2017
Revenue declined 8% compared to 2016 and the expected growth in revenue did not materialize. The economic environment in certain markets did, as foreseen, aggravate with lower revenue as outcome.	Expected growth in revenue, although with uncertainty due to expected further aggravated economic environment in certain African countries.
Local presence activities continued with the consolidation of our Zambian setup. New local presence locations have been initiated and shall materialize during coming financial years.	Strengthening of local presence in Africa.
Specific synergy projects were initiated, although only with positive effect on revenue and earnings during the financial year 2018/19.	Synergy projects with parent company Eurapharma SA is expected to contribute positively to revenue and earnings.
As expected, the financial result for 2017 ended lower compared to 2016.	The financial result is expected lower compared to 2016.

Outlook 2018

As to align reporting periods with parent companies, all Danish companies in the Missionpharma group shall, in the future, operate a financial year ending of March 31.

To implement this alignment, an interim period covering the period January 1 to March 31, 2018 (a 3-months period) is introduced.
The 2018 financial year will cover the 3 months, January 1 to March 31 2018 while the 2018/2019 financial year will cover April 1, 2018 – March 31, 2019.

Financial year 2018 (Jan-March 2018, 3 months)

At the time of finalization and approval of the annual report or the financial year 2017, the financial year 2018 has been completed with the following result:

- Revenue: 153,301 TDKK
- Net result: 3,378 TDKK
- Equity March 31, 2018: 286,459 TDKK

The realization of projects during this transitional period was in line with budget, although with a composition of lower margin projects which resulted in a dissatisfactory result.

Financial year 2018/19 (April 2018 – March 2019, 12 months)

The portfolio of contracts, pending quotations and inquiries for 2017 combined with the operational and strategic activities lead to an expected growth in revenue in 2018/19 compared to the full financial year 2017. The net result is expected in line with the performance of the financial year 2017.

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 develop the customer base and scope of activity with both existing customers as well as targeted new customers.
- To continue the strengthening of our existing local presence in Africa.
- To expand our local presence in Africa
- To implement synergy projects with the parent company Eurapharma SA.

The negative economic and political tendencies are in certain markets expected to aggravate further, which shall reflect in a continued high focus on managing risk elements on exposures of customer receivables and inventories.

No major investments are foreseen for 2018/19.

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

Financial highlights in DKK

DKK'000	2017*	2016	2015	2014	2013
Key figures					
Revenue	703,475	762,676	753,910	703,768	537,927
Gross profit	137,089	142,599	122,771	129,537	106,132
Ordinary operating profit (EBIT)	85,985	98,466	80,969	90,383	69,046
Net financials	-8,670	-4,634	-2,752	-181	-11,850
Profit of the year	**76,150**	**78,005**	**73,845**	**69,003**	**44,083**
Investments in the year	167	588	185	920	267
Total assets	438,511	321,576	311,057	317,641	214,241
Equity	**284,014**	**209,047**	**185,468**	**162,346**	**124,385**
Average number of full-time employees	**60**	**57**	**49**	**42**	**45**
Financial ratios					
Operating margin (EBIT)	12.2%	12.9%	10.7%	12.8%	12.8%
Solvency ratio	64.8%	65.0%	59.6%	51.1%	58.1%
Return on equity	30.9%	39.5%	42.5%	48.1%	38.2%
Liquidity ratio	2.4	2.6	2.3	2.0	2.4

* 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	2017	2016	2015	2014	2013
Average DKK/100 USD rate (P&L)	659.46	675.83	670.49	563.45	561.66
Closing DKK/100 USD rate (balance sheet)	620.77	705.28	683.00	612.14	541.27
Key figures					
Revenue	106,674	112,850	112,442	124,903	95,774
Gross profit	20,788	21,100	18,311	22,990	18,896
Ordinary operating profit (EBIT)	13,039	14,570	12,076	16,041	12,293
Net financials	-1,315	-686	-410	-32	-2,110
Profit for the year	**11,547**	**11,542**	**11,014**	**12,246**	**7,849**
Investments in the year	25	87	28	163	48
Total assets	70,640	45,595	45,543	51,890	39,581
Equity	**45,752**	**29,640**	**27,155**	**26,521**	**22,980**
Average number of full-time employees	**60**	**57**	**49**	**42**	**45**
Financial ratio					
Operating margin (EBIT)	12.2%	12.9%	10.7%	12.8%	12.8%
Solvency ratio	64.8%	65.0%	59.6%	51.1%	58.1%
Return on equity	30.9%	39.5%	42.5%	48.1%	38.2%
Liquidity ratio	2.4	2.6	2.3	2.0	2.4

EUR '000	2017	2016	2015	2014	2013
Average DKK/100 EUR rate (P&L)	743.86	744.64	745.92	745.49	745.78
Closing DKK/100 EUR rate (balance sheet)	744.49	743.44	746.25	744.36	746.03
Key figures					
Revenue	94,571	102,422	101,071	94,403	72,129
Gross profit	18,429	19,150	16,459	17,376	14,231
Ordinary operating profit (EBIT)	11,559	13,223	10,855	12,124	9,258
Net financials	-1,166	-622	-369	-24	-1,589
Profit for the year	**10,237**	**10,476**	**9,900**	**9,256**	**5,911**
Investments in the year	22	79	25	123	36
Total assets	58,901	43,255	41,683	42,673	28,717
Equity	**38,149**	**28,119**	**24,853**	**21,810**	**16,673**
Average number of full-time employees	**60**	**57**	**49**	**42**	**45**
Financial ratio					
Operating margin (EBIT)	12.2%	12.9%	10.7%	12.8%	12.8%
Solvency ratio	64.8%	65.0%	59.6%	51.1%	58.1%
Return on equity	30.9%	39.5%	42.5%	48.1%	38.2%
Liquidity ratio	2.4	2.6	2.3	2.0	2.4

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. 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.

We have chosen to divide our sustainability commitment into four main areas:

COMMITMENT 1

We create local value

COMMITMENT 2

We empower people

COMMITMENT 3

We reduce our environmental footprint

COMMITMENT 4

We stand for integrity

COMMITMENT 1

We create local value
by helping to advance the communities in which we are present.

POLICY

Our ambition is to be present locally in the countries where we operate. Local involvement and a commitment to enriching the community and supporting sustainability creates true value. This is how we want to ensure a long-term positive impact in the healthcare sector in our markets. By cooperating with local stakeholders and building capacity, we empower and support the countries in which we are represented. We are constantly expanding our local presence, and intend to become even more engaged in African communities in the years to come.

CAPACITY BUILDING AS KEY TO GROWTH

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.

LOCAL ENGAGEMENT

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.

PROGRESS

During 2017 we have increased our commitment in Zambia and a few other African countries allowing us to expand business and service customers from a local platform.

AMBITIONS

We shall continue the development within already selected countries including local packaging of medical kits. A few additional selected countries shall be in focus in the coming year.

COMMITMENT 2

We empower people
by fostering an inclusive culture where people can grow and develop.

POLICY

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.

GREAT PLACE TO WORK

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.

DIVERSITY IS AN ASSET

We fight discrimination and promote social diversity and gender equality. We strive to provide a fulfilling and inclusive environment for every employee.

HEALTH AND SAFETY

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.

PROGRESS

We have empowered and supported local partners to develop their business.
We have continued the development of our platform in Zambia.
We have repeated our achievement of being one of the best workplaces in Denmark by the Great Place to Work® Institute.

AMBITIONS

We shall continue to facilitate local partners with the expansion of local business to mutual benefit.
We shall continue to develop Missionpharma as a great place to work across current and new locations.

COMMITMENT 3

We reduce our environmental footprint

by striving to integrate environmental responsibility into all our activities.

POLICY

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.

ENVIRONMENTAL AWARENESS

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.

OPTIMIZED TRANSPORTATION

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.

PROGRESS

Our logistics platforms, packing systems, and distribution have been reviewed and refined to minimize energy consumption and waste.
Best practice implemented at new facilities.

AMBITIONS

To ensure constant improvements in sustainability throughout the supply chain, we will intensify our environmental requirements for our manufacturers, suppliers and partners.

COMMITMENT 4

We stand for integrity

by aiming for the highest ethical standards in our business practices.

POLICY

We aim for the highest ethical standards in our business practices. We stand for integrity, respect, and transparency in all aspects of our activities.

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.

We believe that conducting business with honesty and transparency boosts competitiveness all while remaining competitive

CODE OF CONDUCT

Our Code of Conduct guides employees and partners to make responsible business decisions and act ethically and according to the highest standards of integrity.

HUMAN RIGHTS

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.

PROGRESS

We are TRACE certified and have completed a comprehensive due diligence process through the globally recognized anti-bribery business organisation, TRACE International.

AMBITIONS

We want to advance our commitment to integrity by continuing the rollout of training and vetting programmes to relevant employees, suppliers and other partners.

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.

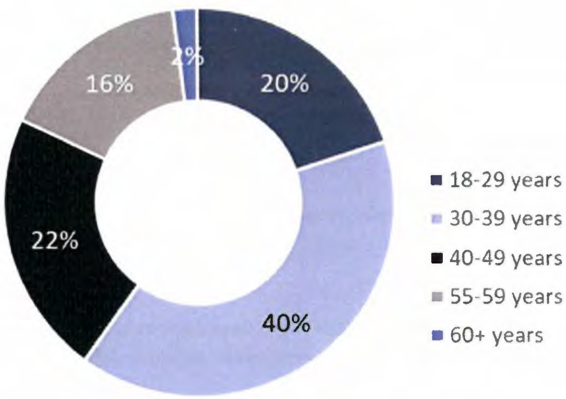
We strive to create a healthy and motivating environment with a high level of engagement and commitment to the Missionpharma purpose.

Employees

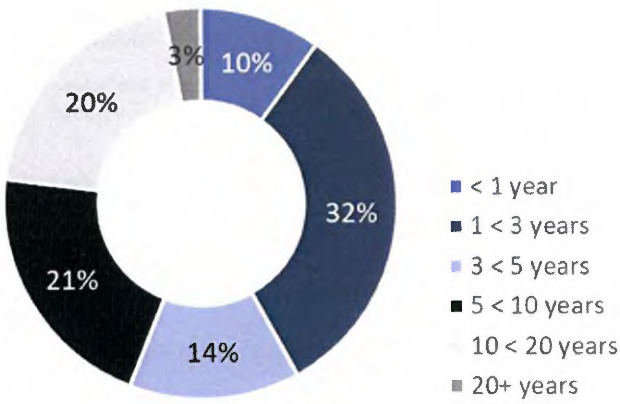
Our 164 employees in the Missionpharma group worldwide at the end of the year:

FEMALES	MALES	FEMALE MANAGERS	MALE MANAGERS
30%	70%	19%	81%

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 does not include any Danish or foreign subsidiary. The information provided below entirely relates to Missionpharma A/S.

BOARD OF DIRECTORS

POLICY Missionpharma strives to achieve gender equality by maintaining focus on identifying and recommending qualified female candidates for the Board.

TARGET Missionpharma maintains its objective of having one female member of the Board by the end of the financial year ending 31 March 2020.

PROGRESS There has been no change of Board members during 2017 and the compositions remains at 4 male members.
The company will initiate a search for a suitable candidate within the Eurapharma Group.

STATUS

	2017	2016
Female members	0%	0%
Male members	100%	100%

OTHER MANAGEMENT LEVELS

POLICY 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.

TARGET Missionpharma maintains its target of further increasing the number of females in managerial positions.

PROGRESS During the year, one managerial position has been closed. Another position has been created through internal promotion of a female employee. Consequently, the total number of female managers has increased in line with policy.
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.

STATUS

	2017	2016
Female managers	25%	17%
Male managers	75%	83%

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.

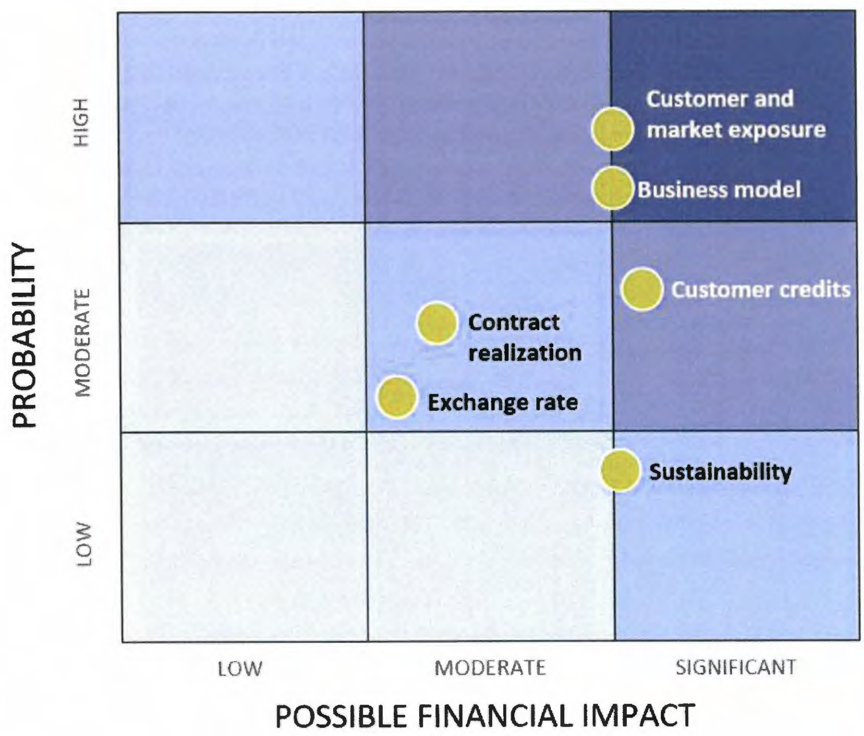
The internal control measures are aimed to secure not only a high level of effectiveness and correctness throughout its business and organization, the protection of resources and assets but also very much to secure compliance and control risk management in accordance with policies.

Risk assessment - mapping

The risks highlighted in below matrix, and subsequently described, are assessed to be and during 2018 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.



Risk assessment - description

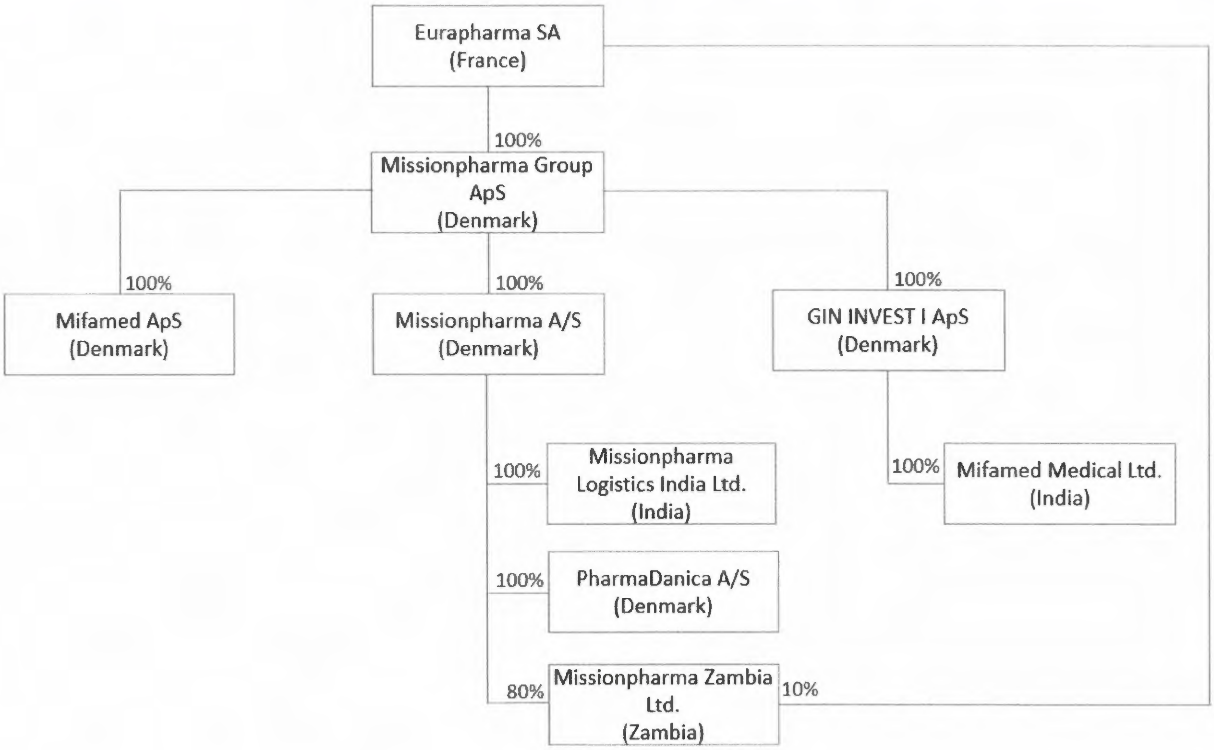
Risk description	Possible impact	Risk mitigation
Business model		
The business model of Missionpharma is exposed to the uncertainty of inquiries from the market and subsequent successful outcome of tenders participated in. The business consists of a combination of smaller and larger tenders where frequency, timing, value, and conditions for participation are concurrent elements of uncertainty.	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. 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.	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. Strategic initiatives to diversify the business are in high focus.
Contract realization		
The positive outcome of a tender leads to binding sales prices and contractual terms in general. 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.	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. Eventual commitment prior to conclusive contract constitutes a separate risk. Each risk represents a possible short and medium term impact on financial performance.	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.

Continues...

Risk assessment – description (continued)

Risk description	Possible impact	Risk mitigation
Customer and market exposure		
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.	The ability to predict short and long term financial performance on revenue, earning and cash flow is affected by: • Possible changes in customers overall environment which impacts purchase pattern, value and timing of inquiries. • Predicted or unpredicted changes in assumptions for contract realization. • Delays and defaults in customer payments.	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. No appropriate insurance possibilities are available. Internal processes secure proper and transparent risk exposures.
Customer credits		
In line with contractual terms Missionpharma grants credits to customers.	Defaulted payments from customers have a short term impact on cash flow and possibly earnings through increased provision for losses. 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.	The Missionpharma credit policy prescribes a comprehensive evaluation of any credit granted. 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. No appropriate insurance possibilities are available.
Exchange rates		
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)	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.	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.
Sustainability		
A default of our sustainability commitments through breach of business ethics, misbehavior or inadequate performance, represents a risk.	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.	By ensuring high standards and clear processes throughout operations, maximum focus is secured on performance. Internal control and compliance measures, including our sustainability commitments, to minimize risk.

Group chart


Eurapharma SA
(France)
100%
Missionpharma Group ApS
(Denmark)
100%
Mifamed ApS
(Denmark)
100%
Missionpharma A/S
(Denmark)
100%
GIN INVEST I ApS
(Denmark)
100%
Missionpharma Logistics India Ltd.
(India)
100%
Mifamed Medical Ltd.
(India)
100%
PharmaDanica A/S
(Denmark)
80%
Missionpharma Zambia Ltd.
(Zambia)
10%

Group locations


LYNGE, DENMARK


LUSAKA, ZAMBIA


AHMEDABAD, INDIA


SHANGHAI, CHINA


KANDLA, INDIA

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 January - 31 December 2017.

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 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

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.

Lynge, 28 May 2018

Executive Board

Kim Erik Ginnerup
CEO

Poul Lindof
CFO

Board of Directors

Jean-Marc Pierre René Leccia
Chairman

Denis Georges Fernand Maurice

Denis Maurice er udtrådt af bestyrelsen per 31. marts 2018

Eric Pierre Jean Muris

Kim Erik Ginnerup

Independent Auditor's Report

To the Shareholders 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 December 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Missionpharma A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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.

Independent Auditor's Report (continued)

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 skepticism 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.

Independent Auditor's Report (continued)

- 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, 28 May 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Rasmus Friis Jørgensen	Henrik Ødegaard
State Authorised Public Accountant	State Authorised Public Accountant
mne28705	*mne31489*

Accounts

Income statement

DKK'000	Note	2017	2016
Revenue		703,475	762,676
Goods for resale and consumables		-396,583	-429,745
Other external expenses		-169,803	-190,332
Gross profit		137,089	142,599
Staff costs	1	-47,471	-42,962
Depreciation and impairment of property, plant, equipment and software	4,8	-2,808	-438
Other operating costs		-825	-733
Ordinary operating profit		85,985	98,466
Income from investments in subsidiaries	5	15,891	4,892
Other financial income		4,371	32
Other financial expenses	2	-13,041	-4,666
Profit before tax		93,206	98,724
Tax on profit/loss	3	-17,056	-20,719
Profit for the year		76,150	78,005

Balance sheet - Assets

DKK'000	Note	2017	2016
ASSETS			
Non-current assets			
Intangible assets	7		
IT projects in progress		0	5,500
Software		4,431	0
		4,431	5,500
Property, plant and equipment	4		
Land and buildings		26,730	0
Other fixtures and fittings, tools and equipment		900	804
		27,630	804
Investments			
Investments in subsidiaries	5	35,952	21,391
Other investments	6	20	0
		35,972	21,391
Total non-current assets		68,033	27,695
Current assets			
Inventories			
Goods for resale		47,405	36,025
		47,405	36,025
Receivables			
Trade receivables		204,562	188,243
Receivables from group companies		86,431	32,886
Other receivables		16,160	11,971
Deferred tax asset		0	654
Accrued expenses		15,584	4,546
		322,737	238,300
Cash		336	19,556
Total current assets		370,478	293,881
TOTAL ASSETS		438,511	321,576

Balance sheet – Equity and liabilities

DKK'000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Share capital		2,000	1,000
Net revaluation according to the equity method		33,827	19,266
Reserve for IT development costs		3,457	5,500
Reserve for revaluation		5,983	0
Retained earnings		182,547	124,681
Proposed dividends		56,200	58,600
Total equity		284,014	209,047
Provisions			
Deferred tax		3,164	0
		3,164	0
Liabilities			
Current liabilities			
Other credit institutions		72,536	355
Prepayments received from customers		674	972
Trade payable		62,415	55,321
Payables to group entities		633	41,773
Other payables		15,075	14,108
Total liabilities other than provisions		151,333	112,529
TOTAL EQUITY AND LIABILITIES		438,511	321,576

Proposed profit appropriation	8
Contingent liabilities and other financial obligations	9
Related parties	10

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 January	1,000	19,266	5,500	0	124,681	58,600	209,047
Addition from merger	1,000	0	0	6,400	51,347	0	58,747
Total at 1 January	2,000	19,266	5,500	6,400	176,028	58,600	267,794
Dividends paid	0	0	0	0	0	-58,600	-58,600
Exchange adjustment	0	-1,330	0	0	0	0	-1,330
Depreciation IT development costs	0	0	-833	0	833	0	0
Tax effect of capitalized IT costs	0	0	-1,210	0	1,210	0	0
Depreciation on revaluation	0	0	0	-417	417	0	0
Profit for the year	0	15,891	0	0	4,059	56,200	76,150
Equity at 31 December	2,000	33,827	3,457	5,983	182,547	56,200	284,014

* Reserve for net revaluation according to the equity method.

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 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	2017	2016
Wages and salaries	42,476	38,084
Pension costs	3,338	2,940
Other social security costs	365	416
Other staff costs	1,292	1,522
	47,471	42,962
Salaries and fees paid to the Executive Board	5,747	5,627
The Board of Directors did not receive any remuneration		
Average number of employees	60	57

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, group entities	0	1,616
Interests payables, exchange losses and similar expenses	13,041	3,050
	13,041	4,666

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	18,049	20,897
Change in provision for deferred tax	-993	-178
	17,056	20,719

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 January	0	10,700	10,700
Addition from merger	33,966	405	34,371
Additions during the year	0	167	167
Disposals during the year	0	-7,500	-7,500
Cost at 31 December	33,966	3,772	37,738
Revaluation at 1 January	0	0	0
Addition from merger	13,378	0	13,378
Revaluation at 31 December	13,378	0	13,378
Impairment losses and depreciation at 1 January	0	9,896	9,896
Addition from merger	19,321	30	19,351
Depreciation during the year	1,293	446	1,739
Depreciation disposal during the year	0	-7,500	-7,500
Impairment losses and depreciation at 31 December	20,614	2,872	23,486
Carrying amount at 31 December	26,730	900	27,630
Carrying amount at 31 December without revaluation	13,352	900	14,252

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.

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 January	2,125
Cost at 31 December	2,125
Adjustments at 1 January	19,266
Foreign exchange rate adjustment	-1,330
Share of profit or loss for the year	15,891
Adjustments at 31 December	33,827
Carrying amount at 31 December	35,952

Name	Registered office	Ownership
PharmaDanica A/S	Allerød, Denmark	100%
Missionpharma Logistics 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	2017	2016
Time-share apartment (addition from merger)	20	0

7 Intangible assets

DKK'000	Software	IT projects in progress
Cost at 1 January	0	5,500
Transfer during the year	5,500	-5,500
Cost at 31 December	5,500	0
Impairment losses and amortization at 1 January	0	0
Amortization during the year	1,069	0
Impairment losses and amortization at 31 December	1,069	0
Carrying amount at 31 December	4,431	0

Accounting policies
IT projects in progress consist of costs from IT-suppliers for IT projects in progress which were completed in 2017 and transferred to Software. 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 Proposed profit appropriation

DKK'000	2017	2016
Proposed dividends	56,200	58,600
Reserve for net revaluation under the equity method	15,891	5,266
Retained earnings	4,059	14,139
	76,150	78,005

9 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.

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 0.7 million.

Missionpharma A/S has entered into a payment guarantee up to DKK 20 million in relation to an ongoing customer dispute.

10 Related parties

Other related parties that the Company has had transactions with

The Company´s immediate Danish Parent Company 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 Lynge.

The Company´s ultimate Parent Company 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 2017 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.

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.

Missionpharma A/S merged with the wholly-owned subsidiary Missionpharma Properties A/S in 2017. The merger has been recognized according to the book value method as at 1 January 2017. In accordance with the book value method, comparative figures shown in the financial highlights have not been restated.

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.

Financial 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)	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$
Liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$