



Missionpharma A/S

ANNUAL REPORT 2020/21



MISSIONPHARMA
cfaogroup.com

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

Approved at General Meeting / 2021
Chairman: Torben Nørskov,
Accura Advokatpartnerselskab

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ABOUT THIS REPORT

This annual report for Missionpharma A/S covers the financial year 1 April 2020 - 31 March 2021 and contains a Management Review, Reports and Accounts.

The Management Review in particular includes financial and non-financial highlights of the year, our business in general and very importantly, also the impact and actions of Missionpharma within the areas of social, environmental and ethical behavior.

The accounts of Missionpharma A/S and its subsidiaries are consolidated into the group accounts of Missionpharma Group ApS.



COMMUNICATION ON PROGRESS (COP) REPORT

As a member of the UN Global Compact we are committed to contributing to the UN Sustainable Development Goals (SDGs) and to report annually on our corporate responsibility within human rights, labour, environment and anti-corruption.

View our COP report at www.missionpharma.com

COMPANY DETAILS

COMPANY

Missionpharma A/S
 Vassingerødvej 9
 3540 Lyngø
 Denmark
www.missionpharma.com
 CVR no.: 26 90 23 98
 Financial year: 1 April - 31 March
 Established: 6 December 2002
 Registered office: Lyngø, Denmark

BOARD OF DIRECTORS

Jean-Marc Pierre René Leccia (Chairman)
 Kim Erik Ginnerup
 Eric Pierre Jean Muris
 Aymeric Erouart
 Patricia Hec

EXECUTIVE BOARD

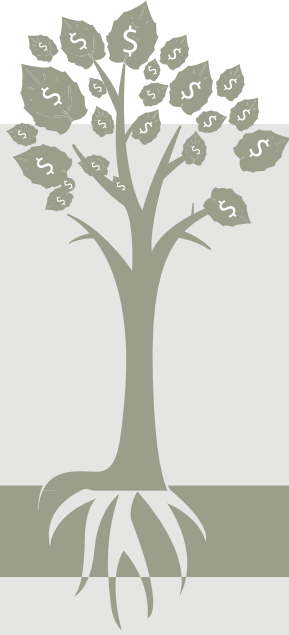
Christian Monrad Overgaard (CEO)
 Poul Lindof (CFO)

AUDITORS

PricewaterhouseCoopers
 Statsautoriseret Revisionspartnerselskab
 Strandvejen 44
 2900 Hellerup, Denmark



BUSINESS HIGHLIGHTS



731

MILLION DKK

**Revenue for
financial year 2020/21**

Missionpharma managed a strong revenue performance despite the challenges induced by COVID-19.

NO. 1

EXPORTER

Winning the Highest Export Award

Missionpharma's operation in India was again recognised for our performance in exports and won the award as "Highest Exporter" by Kandla Special Economic Zone (KASEZ) authorities in the category 'Drugs, Pharmaceuticals and Allied Products' for the 11th time.



Stronger market position

Our strategic direction towards a greater diversification of our business developed even further during the year.

Combined with a continuous strong financial position, the development allows Missionpharma to foresee an even stronger market position going forward.



FINANCIAL HIGHLIGHTS IN DKK

1 APRIL 2020 - 31 MARCH 2021

DKK'000	2020/21	2019/20	2018/19	2018 (3 months)	2017
KEY FIGURES					
Revenue	731,472	776,981	753,045	153,301	703,475
Gross profit	171,926	81,526	109,406	23,001	137,089
Operating profit (EBIT)	118,486	31,913	58,164	9,399	85,985
Net financials	-14,218	-8,238	-15,430	-6,713	-8,670
Profit of the year	83,607	22,237	38,603	3,378	76,150
Total assets	427,212	380,971	391,439	422,798	438,511
Equity	332,425	263,209	269,522	286,459	284,014
Investments in the year	161	1,509	772	439	167
Average number of full-time employees	58	62	62	60	60
FINANCIAL RATIOS					
Operating margin (EBIT)	16.2%	4.1%	7.7%	6.1%	12.2%
Return on assets	29.3%	5.7%	9.5%	0.7%	20.0%
Equity ratio	77.8%	69.1%	68.9%	67.8%	64.8%
Return on equity	28.1%	8.3%	13.9%	1.2%	30.9%
Liquidity ratio	3.9	2.7	2.7	2.7	2.4

COMMENTS TO FINANCIAL HIGHLIGHTS

The financial performance of Missionpharma during the financial year 2020/21 has been strong.

A strong operational focus and plans to mitigate the global impact of COVID-19 in combination with a strong financial risk management, resulted in the success of achieving the best net result ever.

All in all the financial year 2020/21 ended with a very satisfactory result and above expectations.

Missionpharma continues the high dividend payout ratio with a proposed 78 million DKK for the financial year 2020/21.

SUSTAINABILITY HIGHLIGHTS



200 TONS

REDUCTION IN CO₂
EMISSIONS

By increasing our solar power capacity in India to 200 kW, we have generated more than 222,000 kWh green energy, which covers an increasing part of our total electricity needs in our warehouse operations in India.

40,000

CBM HEALTHCARE PRODUCTS

In financial year 2020/21 we managed to supply more than 40,000 cbm life-saving pharmaceuticals, medical devices and kits to patients worldwide.

Many of the products are packed in kits manufactured at our warehousing facilities in India or Denmark.



ISO 13485

OBTAINED ISO 13485
CERTIFICATION BY BUREAU VERITAS

In 2020 Missionpharma was certified according to the international medical device standard, ISO 13485.

The certification reflects our ability to bring safe and effective medical devices to the market, while at the same time committing to incorporate continuous improvement in quality standards.

STATEMENT FROM THE CEO

The year 2020/21 became a successful year considering the development in our own strategic initiatives, but also the external challenges of COVID-19 impacts.



The financial year 2020/21 in many ways became a year to remember.

Our financial performance ended with the best financial result ever since we commenced business back in 1975.

Equally important we managed to live up to our own mission of securing safe and affordable healthcare to millions of people in need for same. Furthermore, we managed to continue our strategic development towards a stronger Missionpharma meeting the demands of the future.

All that being said, it has for sure been a very challenging year for the entire organisation to operate in an environment, where the impact of COVID-19 kept changing and affected both our own operations and that of our customers, our suppliers and our logistics providers.

At an early stage we decided not to pursue ad hoc business opportunities of supplying equipment for the COVID-19 pandemic, as we could see a market place very much disrupted. Of course, we kept supplying COVID-related personal protective equipment to existing customers and other natural business partners, including parent group companies.

We decided to maintain extreme focus on our operations and mitigate the challenging environment and ensure constant flow in our supply chain. A decision which we today are proud of and in particular as both our financial and non-financial achievements are based upon our core business.

A new financial year has just commenced and we remain very focused. Despite a solid portfolio of orders entering the new year, we see continuous challenges related to the COVID-19 impact, particularly in India, which is an important part of our supply chain and operational platform.

However, with a continuous focus and close cooperation with customers, suppliers and logistics providers, we strongly believe in our joint ability to once again navigate the future.

We shall continue our mission for better global health by supplying high quality affordable medicines, whilst making complexity easy. We will create positive change based on respect and sustainability, always driven by continuous improvement and inspiration from world leading partners, like the UN Global Compact and TRACE International.

A handwritten signature in blue ink that reads "Christian Overgaard". The signature is fluid and cursive, with a small flourish at the end.

CHRISTIAN OVERGAARD
CEO, Missionpharma Group

ABOUT MISSIONPHARMA

Missionpharma is a leading supplier of generic pharmaceuticals, medical consumables, hospital equipment and medical kits to public and private institutions, international development organisations and the UN.

We have offices in Denmark, India, China and Zambia and currently employ 144 people globally. Our head office is based in Denmark, from where our overall business activities are managed. We have a fully integrated logistics setup, which includes GDP-certified pharmaceutical warehousing and complete kit packing facilities in India and Denmark. In addition, we have a comprehensive network of local representatives in over 30 countries worldwide.

Missionpharma is a wholesaler specialised in managing the entire supply chain of healthcare products - from sourcing and procurement of the right product at the right price, through comprehensive quality assurance and kit packing to delivery at the final destination. Products are primarily sourced and procured from manufacturers based in Europe and Asia and supplied to customers outside the EU; primarily in Africa and Asia.

We are a part of Eurapharma, which is owned by the CFAO Group – a multinational distributor of brands, particularly within technology, healthcare and consumer goods – and ultimately owned by Toyota Tsusho Corporation (TTC) in Japan. This integration enables us to further establish and develop our wholesale operations and to extend our operational reach.

OUR PRODUCTS

 **Generic pharmaceuticals**

 **Medical consumables**

 **Medical kits**

 **Hospital equipment**

We fundamentally believe that access to the highest attainable standard of safe and affordable health products and services should be a human right.

By delivering solutions with a long-term positive impact, we grow the communities we work in – and we grow Missionpharma. We focus on continuously improving our market position and at the same time developing new business areas through focused strategic initiatives.

We are motivated by creating value to all our stakeholders, but our core focus is to increase access to essential healthcare products in our markets at affordable prices and consistently high quality.



144

EMPLOYEES GLOBALLY



731

REVENUE IN MILLION DKK



5

LOCATIONS



1975

COMMENCING BUSINESS



2012

PART OF THE TTC, CFAO AND EURAPHARMA GROUP

ABOUT OUR BUSINESS

We are founded on a strong desire to increase access to safe and affordable healthcare globally and to integrate responsibility in the way we act as a company.

BUSINESS MODEL

Our business model, our strategic focus, our organisation 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 our stakeholders. At the same time, our business activities are targeted towards creating a platform for sustainable growth.

Missionpharma specialises in developing products and projects in collaboration with customers and local partners. Our solutions are based on knowledge, experience, commitment and hard work. They are developed always with respect for and in close dialogue with our partners.

BUSINESS APPROACH

Our proven ability to handle complex supply projects ensures reliable delivery to the final destination, even to the most remote clinics or health posts. Handling product sourcing with multiple manufacturers and performing sufficient quality assurance and quality control can be substantial tasks. Missionpharma specialises in managing the entire range of activities involved and offers a single-point-of-contact approach throughout the entire project.

Our in-depth understanding of customer needs and operating environments enable us to market and sell impactful solutions. We focus greatly on continuously improving our market position in relation to customers, markets and products, while at the same time optimizing contract execution and simultaneously developing new business areas through strategic initiatives.

CREATING SHARED VALUE

Missionpharma focuses on creating value towards all interested parties, including:

- Customers and patients in our markets by securing availability of essential health care products at affordable prices and a consistently high quality
- The societal challenges by actively contributing to the UN Global Compact's Ten Principles for human rights, labour, environment and anti-corruption
- Securing our shareholders a competitive total return on investment
- Providing a safe and healthy work environment for our employees and foster an inclusive culture where people can grow and develop



▶▶ IMPACT

Every year Missionpharma supplies

2 billion tablets/capsules

This corresponds to nearly 2 tablets/capsules per African citizen

OUR BUSINESS MODEL

Our business model forms the framework for how we use our resources to create social, environmental and economic value to the people and societies we engage with.

VALUE CREATED



PATIENTS

We make a difference for millions of people all over the world by making safe healthcare affordable. Every year, we supply around 40,000 cbm of essential medicines to patients in vulnerable communities.



PARTNERS AND STAKEHOLDERS

We rely on constructive relationships with our partners to deliver efficient solutions with impact. Always based on respect and sustainability considerations.



FINANCIAL CONTRIBUTION

Our revenue comes from sales of life-saving medicines. Focusing on long term shareholder returns allows us to invest in sustainable solutions.



EMPLOYEES

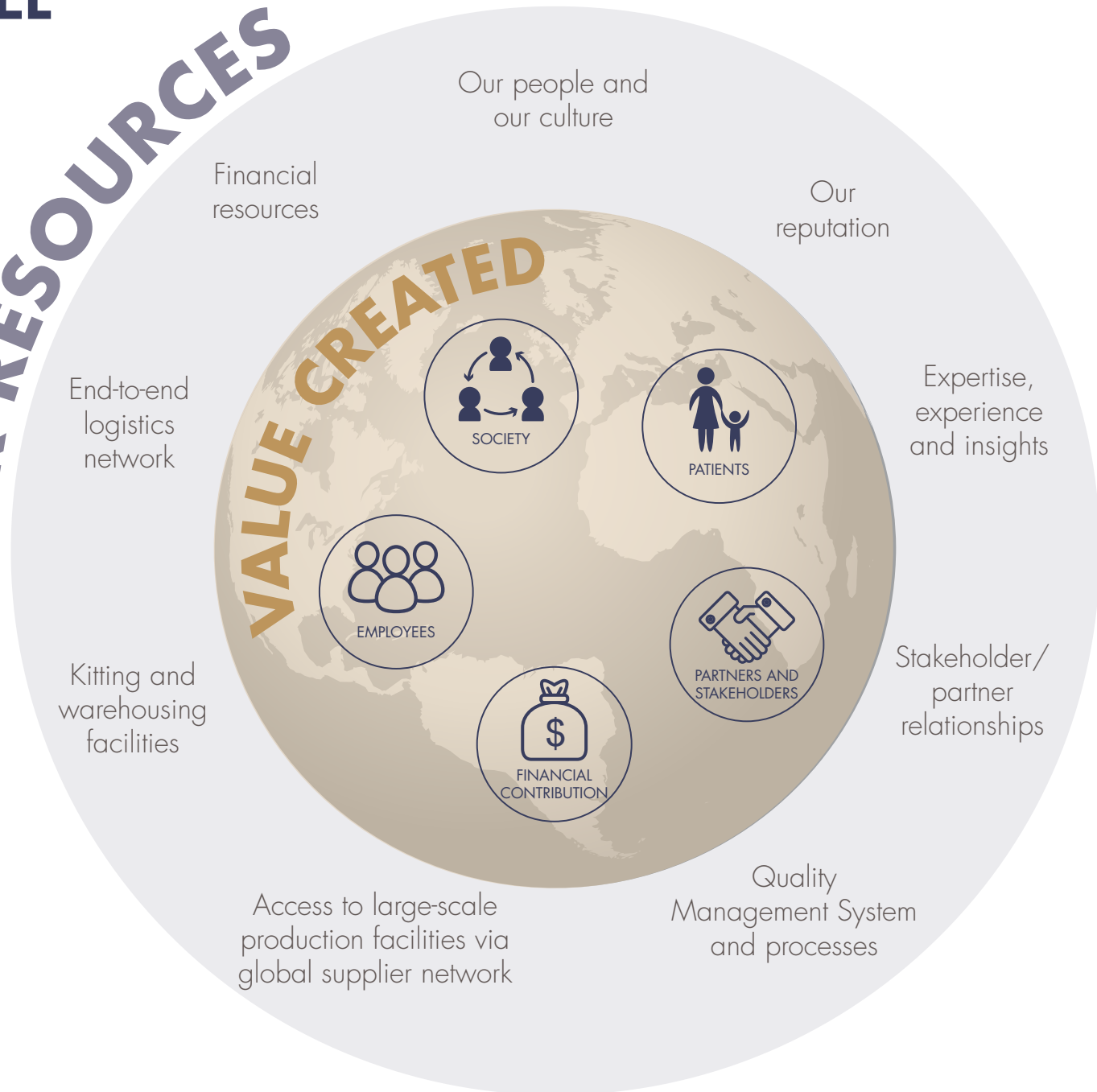
Our 144 employees are among our most important assets. With 13 different nationalities globally, we foster an inclusive and diverse culture, where people can grow and develop. Passionate employees are the driving force to reach our goals.



SOCIETY

We take active part in empowering communities by developing simple solutions to complex challenges - with respect for the people and the societies we engage with.

OUR RESOURCES



OUR GROUP

Toyota Tsusho Corporation (TTC)

is the trading arm of the Toyota Group and a specialist within the automotive, machinery, energy, chemicals and food industries in both domestic and overseas markets.

TOYOTA TSUSHO CORPORATION

Employees: 66,000
 Annual turnover: EUR 55 billion
 Operational reach:
 1,000 group companies in 120 countries around the world

CFAO Group is a multinational distributor of brands, particularly within equipment, healthcare and consumer goods. The Group has a strong presence on the African continent.

CFAO

Employees: 22,000
 Annual turnover: EUR 5.5 billion
 Operational reach:
 158 operating offices in 38 countries in Africa and 9 overseas territories

Eurapharma is a leading distributor of branded-originator pharmaceuticals to the private market in primarily Africa. Eurapharma is represented on the African continent by its own distribution companies: Laborex, Continental Pharmaceutique and E.P. DIS.

EURAPHARMA

Employees: 3,200
 Annual turnover: EUR 1.5 billion
 Operational reach:
 40 operating subsidiaries in 23 countries in Africa and 7 French overseas territories

MISSIONPHARMA

For further information please visit:

Missionpharma: www.missionpharma.com

Eurapharma: www.eurapharma.com

CFAO Group: www.cfao.com

TTC: www.toyota-tsusho.com

March 2020 figures

A complete group chart is found on Missionpharma's website at <https://missionpharma.com/about/#global-set-up>

PERFORMANCE 2020/21

APRIL 2020 - MARCH 2021

FINANCIALS

The financial year ended at 31 March 2021 with a profit of DKK 83,607 thousand. The equity as at 31 March 2021 amounts to DKK 332,425 thousand.

With a focused navigation in challenging circumstances Missionpharma managed to obtain its best financial performance ever in the financial year 2020/21.

This performance is two-legged. Firstly, Missionpharma secured a solid operational result and secondly recovered previously provisioned receivables.

The operational result was achieved in a year where the continuous focus to build more diversified customer and

market segments was successful and this despite very challenging economical environment in key markets. A strong mitigation in a business environment impacted by COVID-19 secured the sourcing of products and logistics solutions. Finally, a strong cost reduction, partly due to lack of travelling possibilities, contributed positively.

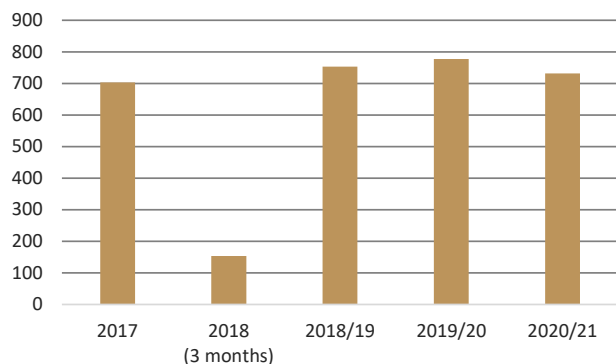
In addition hereto, we continued to minimise risk on credits granted. Missionpharma did not expose itself to any substantial risk during the year in this respect and managed to partly recover previously provisioned receivables with a positive effect on our financial performance.

All in all, the year ended with a very satisfactory result and above expectations.

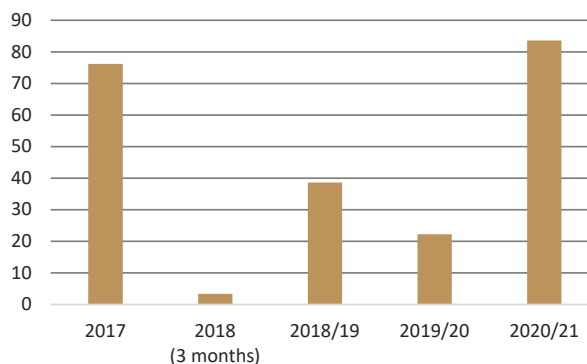
Missionpharma has not made any substantial investments during the financial year.

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

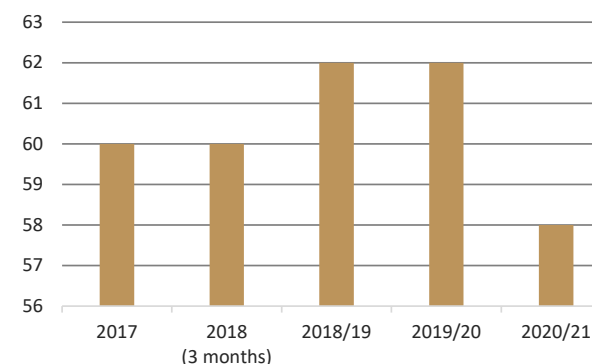
Revenue (MDKK)



Result (MDKK)



Number of employees



The 3-months figures for 2018 is a result of an alignment of reporting with group companies.

PERFORMANCE 2020/21

COMPARISON WITH OUTLOOK

OUTLOOK 2020/21	PERFORMANCE 2020/21
Expectation of a revenue in line with previous Financial year.	Revenue for the year ended slightly lower than expected, negatively impacted by exchange rates for important revenue currencies, particularly USD.
Expectation of a net result at a higher level compared previous financial year.	Our strong segment and risk focus combined with managing the challenges of COVID-19 resulted in a financial performance exceeding expectations.
Manage uncertainties related to COVID-19.	Missionpharma managed to mitigate the operational challenges related to COVID-19, whereas certain development initiatives were delayed due to travel stop.
To continue the positive development within new customer segments.	A solid development in all customer segments created the foundation for an improved financial result and a reduced risk.
To continue the implementation of synergy projects with group companies.	The focus on synergy projects within the group continued, although at a slower pace than expected. However, some sales of COVID-19-related protection equipment to group companies
To continue to reduce the financial risk in our key markets.	Missionpharma succeeded in executing our plan for continuous reduction of our financial risk towards customers in key markets.
To continue improving global teamwork across locations in Denmark, India and China as one of our cultural trademarks.	The objective was challenged by the restrictions in travelling in between locations. This partly compensated through improved digital solutions, incl. increased global communication and monthly video calls.
To maintain the highest standards in our quality and compliance orientation and processes.	We succeeded to maintain and develop our quality and compliance standards despite challenged by limitations in physical on-site audits due to restrictions in travelling.

OUTLOOK 2021/22

APRIL 2021 - MARCH 2022

At the entrance to the financial year 2021/22 we have a portfolio of confirmed orders at a satisfactory level and higher than at the entrance to the latest financial years. Missionpharma although expects a total revenue at a level similar to the financial year 2020/21.

The level of net result for the financial year 2021/22 is expected at a lower level compared to the latest financial year. This is foreseen due to expectation of a bit lower margins on certain commercial projects, combined with cost of mitigation due to continuous expected COVID-19 impact throughout the business operations. Finally, we expect a lower level of savings in administrative expenses due to initiation of postponed projects.

It is although with a continuous substantial uncertainty we enter the financial year 2021/22 due to the COVID-19 impact of markets for sourcing products and global logistic solutions. We shall continue the strong plans of mitigation and strive towards managing such uncertainties and achieving our targets.

Consequently, Missionpharma shall in particular maintain high focus within the following areas:

- To continue the mitigation of any business impact related to the challenges of COVID-19 throughout the supply chain.
- To continue the focus on minimizing risks in operations.
- To continue the development of diversified and financially strong customer segments.
- To strengthen the technical solutions and efforts within our global network of employees.
- To develop our standards for quality and compliance even further.
- To strengthen our framework and focus with sustainability objectives.

No major investments are foreseen for 2021/22.

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

Please refer to page 27 for review of risks associated with COVID-19.



▶▶ IMPACT

177,000 medical kits

manufactured at our kit packing facilities in India and Denmark in financial year 2020/21

OUR SUSTAINABILITY FRAMEWORK

Missionpharma's most important positive impact on society lies in our contribution to facilitating access to safe and affordable healthcare and thereby improving quality of life for millions of people worldwide.

INFLUENCING GLOBAL HEALTH

As a global business with activities in numerous countries worldwide, we not only have an opportunity – but also an obligation – to address, influence, support and change global healthcare issues. Our leading market position and many activities in challenged communities around the world allow us to make an impact on many people's lives, whether they are patients, partners, customers or employees. Making a difference for our broad portfolio of stakeholders is the core goal of our company. It's why we do what we do.

According to WHO, about one-third of people across the world lack access to essential healthcare, and minimum 10% of all medical products in developing countries are substandard or falsified. Since 1975 Missionpharma has continued to improve global health by supplying quality medicine, medical devices and kits to people all over the world.

WE CREATE SHARED VALUE

We seek to create economic, environmental and social value to the people and communities we engage with. Our sustainability commitment is founded in this triple bottom line approach, which ensures that business decisions balance all three areas, while always keeping in mind the best interests of our stakeholders.

FACTS*

- **99%** of all maternal deaths occur in developing countries
- Over **800 women** die each day from complications in pregnancy and childbirth
- Every **11 seconds**, a pregnant woman or newborn dies somewhere around the world - most of them due to preventable and treatable reasons
- At least **1 in 10** medical products in developing countries is substandard or falsified
- Estimated **1 million** patients die annually from toxic counterfeit pharmaceuticals

**Sources: Unicef, WHO and PwC*

As a member of the UN Global Compact we conduct our business activities with respect for the Ten Principles for human rights, labour, environment and anti-corruption and the relevant UN Sustainable Development Goals.

We also work actively to identify, prevent and mitigate any adverse impacts and risks associated with our sustainability commitments. We have addressed these risks separately in the "Risk Management" section.

▶▶ FOR FURTHER INSIGHTS please see our Communication on Progress (COP) report at www.missionpharma.com



▶▶ IMPACT

40,000 cbm

of healthcare products delivered to patients annually

OUR SUSTAINABILITY COMMITMENTS

Corporate responsibility is deeply rooted in our culture and in the way we work. Missionpharma is committed to acting responsibly in all parts of our business and in all relations with our surroundings.

We know that responsible business conduct provides sustainable and long-term business results and that responsibility is a prerequisite for retaining our customers', partners' and employees' trust and confidence.

Our sustainability commitments aim to ensure that our activities are conducted in a way that supports the UN Global Compact Principles and the relevant SDGs, while still mitigating significant risks and adverse impacts. The backbone of our sustainability work is shaped by the Ten Principles of the UN Global Compact within human rights, labour, environment and anti-corruption and the relevant Sustainable Development Goals (SDGs).

Missionpharma has been a member of the UN Global Compact since 2018, but even long before our active engagement, acting responsibly while continuously focusing on creating a positive impact on society has been an integrated part of our work and deeply rooted in our company culture.

Together with our employees and partners, we want to work towards a more responsible supply chain for our customers and our other stakeholders - and we want to make sure that our collaborations add value to local economies.

One of the ways to do this is to create a transparent and responsible value chain. Our approach builds on our ambition to make a positive difference, to establish responsible processes for our products and services while aiming to systematise and strengthen our stakeholder risk management.

Missionpharma has defined four sustainability commitments – in line with the UN Global Compact principles and founded on a triple bottom line approach – which we adhere to and seek to continuously develop and integrate further into our global organisation.

COVID-19 EFFECTS ON OUR OPERATIONS

As a leading supplier of essential medicines, Missionpharma plays an important role in securing health supplies also during the crisis. As for everyone else, the global COVID-19 pandemic has had an influence on Missionpharma's normal business routines.

We are continuously focusing on mitigating the impact of COVID-19 and the associated risk on our operations. In every region we operate, we are working with partners to ensure continuity of our operations. Although the world is in the midst of a global pandemic crisis, our business model has shown resilience against the disturbances and we are proud to have been able to maintain a constant delivery flow to our customers.

Precautionary measures taken are many but include, among others, proactive risk evaluation of every single order, close monitoring of manufacturing and logistics situations as well as ensuring a consistently high information level internally in our organisation as well as externally towards customers and partners on issues, which may influence supplies.

OUR FOUR SUSTAINABILITY COMMITMENTS

HUMAN RIGHTS



We improve global health

by making safe healthcare affordable

LABOUR



We empower people

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

ENVIRONMENT



We reduce our environmental footprint

by striving to integrate environmental responsibility into all our activities.

ANTI-CORRUPTION



We stand for integrity

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

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Missionpharma is committed to contributing to the SDGs as they inspire our strategies and targets and constitute important elements towards strengthening our corporate sustainability. Therefore, we have incorporated universal principles of responsibility and sustainability into our core operations and across our value chain.

SDG FOCUS

Missionpharma has been a signatory to the UN Global Compact since 2018 and it is a natural consequence of our commitment to the Ten Principles to engage with the Sustainable Development Goals (SDGs). The goals are closely interlinked with our sustainability commitments for human rights, labour, environment and anti-corruption.

Looking across the SDGs and underlying targets, Missionpharma touches, directly or indirectly, many of the goals. We have chosen to target our efforts towards specifically the UN Sustainable Development Goals no. 3, 8 and 13 and the relevant sub-targets.

Goal 3, Good health and well-being, is by far the goal, where Missionpharma has the ability to significantly contribute to large-scale positive transformations, as this target directly relates to our focused efforts to improve access to safe healthcare globally. In addition to Goal 3, we contribute particularly to Goal 8, Decent work and economic growth and Goal 13, Climate action.

On the following pages, we seek to make our sustainability efforts tangible for employees and stakeholders by describing our progress and measure our impact.



SDG 3: GOOD HEALTH AND WELL-BEING

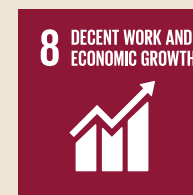
Ensure healthy lives and promote well-being for all at all ages.

In particular, Missionpharma focuses on contributing to the following sub-targets:

- 3.1: Reduce the global maternal mortality ratio
- 3.2: End preventable deaths of newborns and children
- 3.3: End the epidemics of AIDS, tuberculosis, malaria
- 3.4: Reduce premature mortality from non-communicable diseases
- 3.7: Ensure access to sexual and reproductive health care services
- 3.8: Achieve universal health coverage

MISSIONPHARMA'S CONTRIBUTION TO GOAL 3

Our activities reach further than making generics available; we organise dedicated initiatives to improve maternal and child health and reduce the maternal mortality ratio, we supply products to combat HIV, TB and malaria epidemics, we provide products to prevent and treat non-communicable diseases (NCDs), we offer solutions to address family planning issues and we improve access to universal health coverage through providing access to quality medicine and vaccines.



SDG 8: DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

MISSIONPHARMA'S CONTRIBUTION TO GOAL 8

Both permanent and casual employees count as a vital resource in our organisation. Therefore, we do our best to protect the well-being of our employees by providing a safe and healthy work environment and fostering an inclusive culture where people can grow and develop.



SDG 13: CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

MISSIONPHARMA'S CONTRIBUTION TO GOAL 13

With climate changes being among the world's biggest challenges we have an obligation to continuously improve our environmental performance and to define concrete goals to reduce our environmental footprint every year.



HUMAN RIGHTS

We want to improve access to safe and affordable medicine worldwide, while consistently focusing on ensuring that products are provided to patients under responsible and sustainable conditions.

APPROACH TO HUMAN RIGHTS

We fundamentally believe that access to safe and affordable healthcare is a human right. In many countries medical supplies from Missionpharma constitute the backbone of local healthcare solutions. Therefore, we work towards continuously refining our fundamental purpose: To ensure timely delivery of quality-assured medicine and medical devices to those who need it. Therefore, we continuously seek to advance our supply chain to make healthcare products available and to actively address barriers to accessibility.

In addition to contributing to making a difference for millions of people every year, it is our obligation to protect human rights within our organisation and, to the largest possible extent, to influence those of our manufacturers and partners throughout the value chain.

HUMAN RIGHTS POLICY

Missionpharma has a zero tolerance against infringement of human rights, and in particular to the use of child labour. Working in global partnerships, we are guided by national laws and internationally proclaimed human rights.

The WHO Technical Report Series No. 986 and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work serve as guidelines for our approach to universal human rights.

OUR GLOBAL CODE OF CONDUCT & ETHICS

- We do not engage or get involved in any business that is against human dignity
- We do not discriminate based on race, colour, gender, religion or national origin
- We do not tolerate any form of harassment
- We do not deal with any person that engages in or is involved with any human rights abuses
- We do not get involved in any child labour, human trafficking or any other kind of forced or involuntary labour

We do not accept any kind of forced or compulsory labour, we work actively to abolish child labour and we aim to assure that no breach of local and global regulations takes place in our operations or with our partners, to the extent possible.

HUMAN RIGHTS VIOLATIONS:

Discrimination:	Zero reports
Forced labour:	One report*
Freedom of Association and Collective Bargaining:	Zero reports
Child labour:	Zero reports

*Case investigated and closed





HUMAN RIGHTS

COVID-19 CONTINGENCY MEASURES

We recognised early COVID-19's potential to become a pandemic that could have significant consequences for our ability to ensure a consistent supply of safe medicine to customers and patients. Therefore, focus has been kept on preparing and executing business contingency plans to cover most scenarios.

HIGHLIGHTS 2020/21

- Significant contribution to SDG Goal 3 by supplying more than 40,000 cbm of healthcare products to patients worldwide
- Mobilising extensive contingency measures to limit the negative effect of COVID-19 on our ability to ensure consistency in supply of medicines
- Due to COVID-19 restrictions, we have only executed 18 GMP audits, which significantly differs from targeted 50-60 audits annually
- Obtained ISO 13485 certification by Bureau Veritas. ISO 13485 is an internationally agreed medical device standard that sets out specific requirements to quality management systems in the medical device industry
- Assessment of child labor, recruitment policies and staff labour contract details intensified as part of every GMP audit schedule
- No violations of human rights reported within our own organisation and one reporting identified with third party.

The effectiveness of our contingency plans have been clearly demonstrated, with majority of our delivery performance upheld though the COVID-19 crisis.

MAINTAINING HIGH QUALITY STANDARDS DURING COVID-19

As for everyone else, the global COVID-19 pandemic has had an influence on Missionpharma's usual business routines. Extensive travel restrictions have prevented us from maintaining our usual high levels of on-site supplier GMP audits.



As we are determined to ensure consistently high product quality standards also during crises, we have been forced to implement new routines to minimise risk of non-compliance with Missionpharma predefined quality standards.

The limitations currently faced in performing on-site supplier audits has incited us to establish procedures to conduct virtual audits to compensate for physical audits. Virtual audits include, among others, extensive evaluation of written documentation, which is cross-verified in details during the virtual audit using video conference tools.

OBJECTIVES 2021/22

- Continue our extensive contribution to SDG Goal 3 by striving to ensure consistent supplies of safe and affordable healthcare to patients worldwide
- Continue implementation of contingency measures to uphold our delivery performance through COVID-19.
- Resume supplier audit schedule post corona to reach original target of 50-60 on-site audits per year
- Meeting international regulations to minimise substandard and falsified medicine by continuing our preparations towards GS1 (Global Standards 1) and MDR (Medical Device Regulation) compliance
- Continue implementation of our Third Party Code of Conduct towards relevant stakeholders
- Engage in Corporate Social Responsibility (CSR) activities in our local communities in India targeted to improve safe and clean drinking water and to enhance skill level of our female casual workers and their children to better equip them for continuous job opportunities

LABOUR

Our employees are among our most important asset and we believe that an engaged workforce performs better. Therefore, we want to offer challenging and purposeful work with opportunities for personal and professional development.

OUR APPROACH TO LABOUR

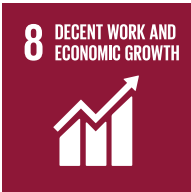
With goal 8, Decent work and Economic growth, as one of our primary SDG targets, we are committed to promoting sustainable economic growth and ensuring a productive and decent work environment for all our employees.

Our employees are vital for Missionpharma's growth and the successful execution of our strategies. Therefore, it is important for us to focus on building a company culture in which our employees thrive both personally and professionally and where passion and engagement are principal values. We believe that a healthy and inspiring workplace in which our employees get the opportunity to develop themselves will allow our people to perform to the best of their abilities.

LABOUR POLICY

We protect labor rights and provide a safe and healthy working environment for our employees. Staying healthy and safe at work is a fundamental right and we offer our employees a sound physical and mental work environment.

We do not accept any forms of forced, compulsory and child labour in any of our affiliates. We promote social diversity, we fight discrimination and we strive to provide an inclusive environment with equal opportunities for every employee. We always seek a fair balance between men and women among our employees, as we believe it benefits our working environment and ability to develop.



13 different nationalities are employed across our five locations

SICKNESS ABSENCE

Sickness absence among our Danish employees is traditionally significantly lower than the average 3.6% among all Danish companies (2019 figure). This year, the drop may be related to increased work from home frequency and thereby less exposure to infections.

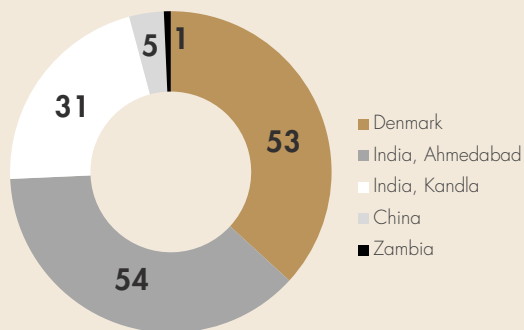


2020/21	2019/20	2018/19
1.00%	2.18%	1.16%

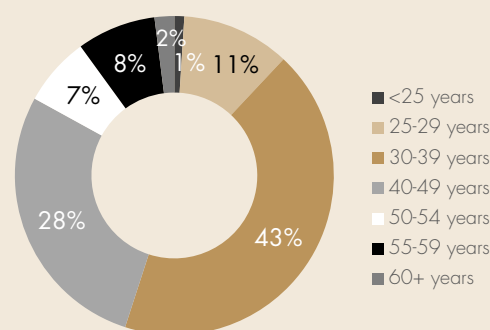
Figures include Danish employees only

STATISTICS BY MARCH 2021 (Group figures)

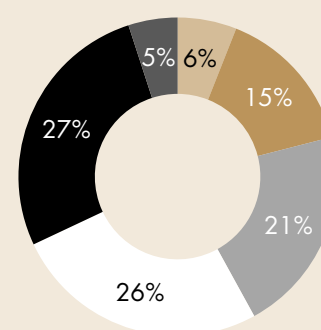
EMPLOYEE DISTRIBUTION



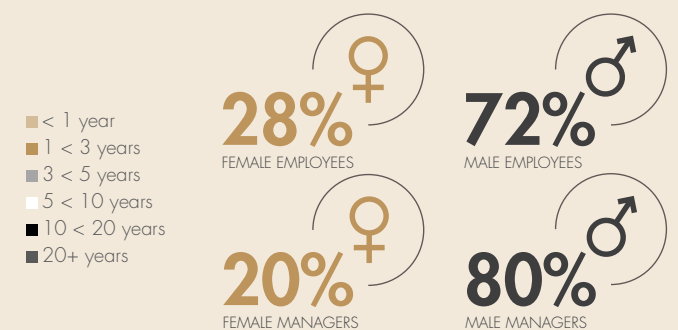
AGE DISTRIBUTION



SENIORITY



GENDER DISTRIBUTION





LABOUR

EMPLOYEE SAFETY MEASURES DURING COVID-19

While fully maintaining operations during COVID-19 pandemic, Missionpharma has taken a number of measures to protect our employees by ensuring a healthy and safe working environment and to limit exposure to the virus in all our locations.

Specifically, we have encouraged employees to work from home to the maximum possible extent, we have provided a large range of personal protective and cleaning measures in all locations and have maintained a high information level about precautionary and preventive measures according to guidelines from local authorities.

HIGHLIGHTS 2020/21

- 97% response rate to this year's global employee satisfaction survey
- 90% of all employees globally believe that "Missionpharma is a great place to work"
- Gender distribution among managers slightly dropped from 24% to 20% female managers
- Global coverage of annual Personal Development Talks and Personal Evaluation reached 100% across locations
- Introduction of a range of COVID-19 employee safety measures across locations
- Upholding the social glue via digital social initiatives substituting physical interaction.

FAST FORWARDING ON THE DIGITAL AGENDA

The COVID-19 situation has forced us to rethink how to best optimise communication and secure a consistently high level of information-sharing within our global organisation and in our communication with customers and partners.



As in many other companies, Missionpharma has been scaling up on virtual meetings, which has resulted in new meeting structures and communication channels.

The COVID pandemic has forced us to increase work from home arrangements for our employees, which put additional requirements to technological performance and discipline. At the same time, work from home arrangements are adding to a more flexible work-life balance and leading to decrease in CO₂ emissions.

90% of employees have responded positively to the question *"When working remotely, our technology enables me to have good social interaction with my colleagues"* in this year's global employee satisfaction survey.

Without a doubt the COVID pandemic is forcing us to prepare for a more flexible and digitally driven workplace globally going forward.

OBJECTIVES 2021/22

- Obtain a global employee satisfaction score of minimum 85% satisfaction with Missionpharma as a workplace
- Ensure Personal Evaluation (PE) and Personal Development Talks (PDT) coverage of 100%
- Strive towards increasing gender equality in our management teams globally
- Develop our technical platforms to ensure that performance matches increasing needs for virtual meetings and digital communication
- Ensure a healthy and safe working environment for our employees also during COVID-19.



ENVIRONMENT

We are committed to minimising the impact of our business operations on the environment and to continuously working to improve our environmental performance - not only today, but also well into the future.

ENVIRONMENTAL APPROACH AT MISSIONPHARMA

Missionpharma contributes to SDG goal 13, Climate action, through defined targets to mitigate our negative impact on the environment. With climate changes being among the world's biggest challenges we have an obligation to continuously improve our environmental performance and to define concrete goals to continuously reducing our environmental footprint.

Being an important supplier to healthcare programmes worldwide, transportation of goods constitutes by far the biggest environmental impact within our part of the supply chain. That's why we plan for the most environmentally effective mode of transportation, given the circumstances and with respect for customers' individual preferences.

Our fully integrated logistics setup in India directly contributes to minimising carbon emissions, as transportation distances to our customers in, typically, Africa and Asia are minimised when packing and shipping products directly from our logistics hub - and from our manufacturers located in India and China.

However, as a project-oriented wholesaler, we are often subject to a range of external factors on which we have limited influence. Still, we always try to influence our customers' and manufacturers' transportation preferences towards the method with the lowest possible environmental impact.

ENVIRONMENTAL POLICY

We want to reduce our environmental footprint every year through focused efforts to reduce energy consumption and CO₂ emissions. We strive to integrate environmental responsibility into all our activities on a global scale and, to the largest possible extent, to contribute to reducing our carbon footprint throughout the entire supply chain.

We want to minimise the electricity consumption in our own locations and we encourage employees to use resources sustainably and to create a climate-conscious working environment.

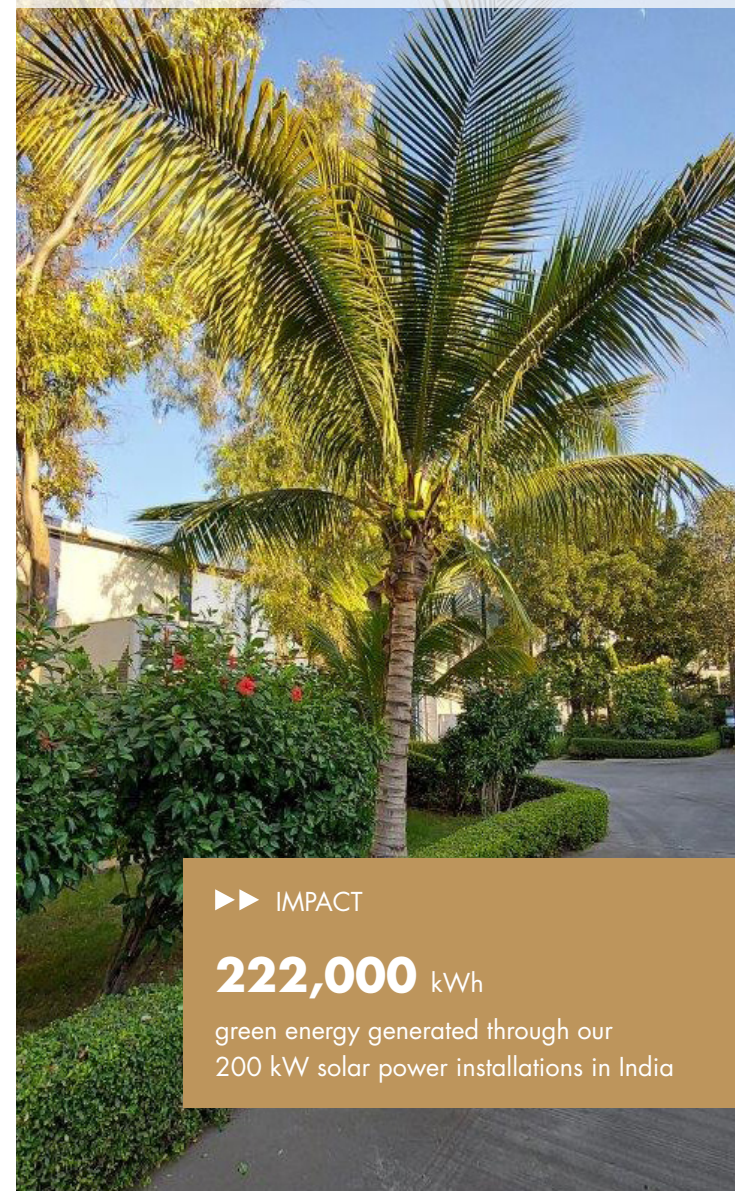
We will further establish, maintain and develop key performance indicators covering selected environmental areas to systematically monitor and improve our overall environmental performance.

To limit the negative environmental impacts from pharmaceutical manufacturing, and to ensure continuous improvement initiatives, we keep our manufacturers' social and environmental responsibility top of mind at all times. This is particularly addressed during periodical GMP audits, where we are intensifying monitoring of and requirements to our manufacturers' environmental policies.

13 CLIMATE ACTION



We have consistently been growing oxygen-generating plants and trees at our Indian facilities to encourage green and sustainable surroundings.



▶▶ IMPACT

222,000 kWh

green energy generated through our 200 kW solar power installations in India



ENVIRONMENT

GREEN SOLAR POWER

Knowing that we have limited influence on customers' choice of transportation method towards the most environmentally friendly solution, we are focusing our efforts on where we can directly make a positive contribution on the environment.

Our logistics hub in India accounts for nearly half of the total energy consumption within our Group. In 2020, we increased our solar power capacity with another 100 kW - increasing our total capacity to 200 kW.



The installation has provided an estimated reduction of 200 tons CO₂ and a generation of more than 222,000 kWh green energy in financial year 2020/21. Continued savings of over 250 tons CO₂ per year is expected going forward.

The 200 kW solar power generates power to cover close to 40% of the total electricity needs of our logistics hub in India. This includes extensive air conditioning power consumption to maintain all warehouses under temperature control.

RECYCLING INITIATIVES

We believe that environmental challenges can also be great opportunities to innovate and become more cost- and time-efficient.

Being one of the world's biggest manufacturers of medical kits, we use an extensive amount of cartons to run our kitting operations. All our shipper cartons are FSC certified and made from 100% recyclable and biodegradable material, but we continuously investigate innovative and alternative ways of reducing waste, optimising use of packing material and incorporating recycling initiatives in our warehousing operations.

HIGHLIGHTS 2020/21

- Reduction in CO₂ emissions of 200 tons due to installation of totally 200 kW solar power in India, generating more than 222,000 kWh green energy
- Electricity consumption across locations increased compared to last year due to additional airconditioning needs in warehouses, however, based on more green energy generated from solar panels
- Initiation of recycling initiatives in our warehousing operations
- Installation of Poly Urethane Foam (PUF) panels in our Indian warehouse to maintain a lower temperature at container loading zones
- Direct printing of identification colours on cartons instead of using plastic bands
- Significant reduction in travel activity and transportation requirements within our group due to COVID-19 leading to decrease in CO₂ emissions.

▶▶ IMPACT

Solar power capacity:	200 kW
Green energy generated:	222,000 kWh
Reduction in CO ₂ emissions:	200 tons
Electricity coverage, India:	40% of needs
Expected CO ₂ savings per year going forward:	250 tons

OBJECTIVES 2021/22

- Obtain ISO 14001 environmental certification of Missionpharma A/S by Bureau Veritas
- Define and implement a range of key performance indicators covering selected environmental areas to systematically monitor and improve our overall environmental performance
- Strengthen control of and requirements to manufacturers' environmental responsibilities as a consequence of our ISO 14001 certification and Third Party Code of Conduct
- Increase reuse of cartons in our kitting operations and reduce waste through intelligent reuse and recycling initiatives
- Continued focus on reducing pharmaceutical destruction levels.



ANTI-CORRUPTION

Missionpharma is committed to maintaining trust throughout our operations and to conducting business with integrity and high ethical standards with respect for applicable laws, regulations and internal policies.

ANTI-CORRUPTION AT MISSIONPHARMA

Integrity is one of our core values. At Missionpharma, we are committed to upholding high business standards and promoting good business conduct globally in our interactions with customers, healthcare professionals, public officials, suppliers and other business partners.

We focus on SDG 8, Decent work and economic growth, as we want to promote sustainable growth for our company and our stakeholders, while still maintaining a productive work environment with transparent ethical standards for all.

Missionpharma's compliance policies apply to all employees of the Missionpharma Group as well as our local representatives and partners. The policies align our activities, promote uniform procedures and enable us to live up to our promise of being a trusted business partner.

GROUP COMPLIANCE POLICIES

- Group Global Code of Conduct & Ethics
- Third Party Code of Conduct
- Anti-bribery and Anti-corruption Policy
- Whistleblowing Procedure

All employees, local representatives and, where relevant, third parties receive training in our compliance policies and practices and commit to adhere to them in writing. New employees undergo mandatory training shortly after their employment.

POLICIES AND PROCEDURES

We firmly believe that responsible business conduct adds value to our business and to our employees and partners. Missionpharma is committed to ensuring that the business we conduct globally is fair, transparent and ethical. We aim to conduct ethical business practices and we comply with the laws in the countries we do business with, to the extent possible.

Missionpharma does not tolerate any form of corruption or bribery. To mitigate the risk of unethical behaviour, we have implemented a comprehensive vetting programme, which all business relations must pass through to ensure compliance with Missionpharma standards of integrity. Partners are always screened for critical information on persons and entities and our local representatives go through a rigorous due diligence process and approval procedure.

Guidelines and instructions are implemented in our group policies, which are supported by a whistle-blower system, where employees and external stakeholders can report concerns in a secure and confidential way.

8 DECENT WORK AND ECONOMIC GROWTH



▶▶ IMPACT

6 digital compliance training courses enrolled among Missionpharma employees





ANTI-CORRUPTION

THIRD PARTY CODE OF CONDUCT

To complement our existing compliance policies, Missionpharma has implemented a Code of Conduct, which applies to all third parties, i.e. service providers, suppliers, customers, agents and consultants acting for or on behalf of Missionpharma - or partners supplying or selling any goods or services to us.

HIGHLIGHTS 2020/21

- All key local representatives trained in Missionpharma's compliance and whistle-blowing procedures and policies
- Completion of digital compliance training courses for managers and selected employees via TRACE International
- Release of new Code of Conduct for third parties - greatly aligned with SA8000 requirements
- Renewal of our TRACE certification by completing a comprehensive due diligence process administered by the anti-bribery business organisation, TRACE International
- Vetting of all key local representatives through third party vetting and screening database
- 4 reports received through our whistle-blower system. All cases have been investigated and dealt with according to procedures and have not given rise to corrective actions.

OUR CODE OF CONDUCT ELEMENTS

- Child labor
- Forced or compulsory Labour
- Diversity, discrimination and harassment
- Freedom of Association & Right to Collective Bargaining
- Health and safety
- Environmental considerations
- Business ethics and trade rules

Third parties undertake to apply and promote the principles of our Code of Conduct, which fully supplements our Anti-bribery and Anti-corruption policy and Whistleblowing procedure.

The principles described in the Third Party Code of Conduct are, to a great extent, aligned with the leading social certification program, SA8000, to the extent that they emphasise partners to align their business with the principles of international human rights as described in the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

DIGITAL COMPLIANCE TRAINING

Missionpharma has the responsibility to ensure that all employees globally are aware of our ethics and compliance culture and policies. Therefore, all employees are provided mandatory compliance training to guide them in making the right decisions and to raise awareness when facing questionable situations.

To supplement our existing compliance training programmes, and with the aim to improve current training management, consistency and measurability, we have enrolled digital compliance training - accommodated to the relevance for the individual participant.

The digital training is based on an advanced e-learning platform and executed through TRACE International - a globally recognised anti-bribery business association and leading provider of third party risk management solutions. The training courses are web-based and developed in conjunction with experts within each selected theme.

Training has contributed to strengthening employees' knowledge on key regulations within global compliance, enabling them to better mitigate risk of compliance violations.

OBJECTIVES 2021/22

- Continue implementation of our Third Party Code of Conduct towards relevant stakeholders
- Enroll additional employees and local representatives in digital compliance training programmes
- Increase depth and procedures of our due diligence screening of suppliers and third parties according to Group policies
- Strengthen our compliance organisation with dedicated resources.

STATUTORY STATEMENT

IN ACCORDANCE WITH §99B OF THE DANISH FINANCIAL STATEMENTS ACT

	BOARD OF DIRECTORS	OTHER MANAGEMENT LEVELS																		
POLICY	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.	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 has set a total target of two female members of the Boards by end of March 2022, equal to 40%.	Missionpharma maintains its target of further increasing the number of females in managerial positions.																		
PROGRESS	During the year one female member of the Board has retired and replaced by another female member. Consequently, the target is still being strived for.	To achieve the overall target, we maintain a continuous focus to ensure gender equality during recruitment processes as well as through personal development and talent programs. During the year, one female manager has retired and the position was closed, consequently a drop in female representation among managers.																		
STATUS	<table border="1"> <thead> <tr> <th></th> <th>March 2021</th> <th>March 2020</th> </tr> </thead> <tbody> <tr> <td>Female members</td> <td>20%</td> <td>20%</td> </tr> <tr> <td>Male members</td> <td>80%</td> <td>80%</td> </tr> </tbody> </table>		March 2021	March 2020	Female members	20%	20%	Male members	80%	80%	<table border="1"> <thead> <tr> <th></th> <th>March 2021</th> <th>March 2020</th> </tr> </thead> <tbody> <tr> <td>Female managers</td> <td>29%</td> <td>33%</td> </tr> <tr> <td>Male managers</td> <td>71%</td> <td>67%</td> </tr> </tbody> </table>		March 2021	March 2020	Female managers	29%	33%	Male managers	71%	67%
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Male members	80%	80%																		
	March 2021	March 2020																		
Female managers	29%	33%																		
Male managers	71%	67%																		

RISK MANAGEMENT

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 organisation, the protection of resources and assets but also very much to secure compliance and control risk management in accordance with policies.

RISK ASSESSMENT - MAPPING AND DEVELOPMENT

The risks highlighted in the matrix, and subsequently described, are assessed to be and during 2021/22 to become the key risks which may influence the business in general as well as short term performance and long term strategic objectives. The risks are assessed and the development described as an ongoing evolution of our business and initiatives, independent from any COVID-19 impact. The latter is separately described afterwards.

As a consequence of our successful development within strategic initiatives towards a more diversified business model and the adjusted financial risk profile on customer credits the following adjustment to key risk is considered:

- "Business model" has been lowered in terms of probability but with an unchanged financial impact
- "Contract realization" has been maintained in terms of probability but increased on financial impact

- "Customer and market exposure" has been lowered in terms of probability
- "Customer credits" has been lowered both in terms of probability and financial impact
- "Sustainability" has been lowered in terms of probability but with a slightly higher financial impact

Risk related to "Exchange rates" remains unchanged.

COVID-19

With the continuous and unpredictable issues related to COVID-19, the possibility to predict and mitigate within our key risks remains challenging.

During the financial year 2020/21 we have seen challenges in both sourcing of products as well as disrupted supply chains which continuously could threaten our ability to honor commitments for consistent supply of healthcare products. Our actions towards mitigating actions and contingency plans are intensified during the last year are expected to remain in force throughout the financial year 2021/22.

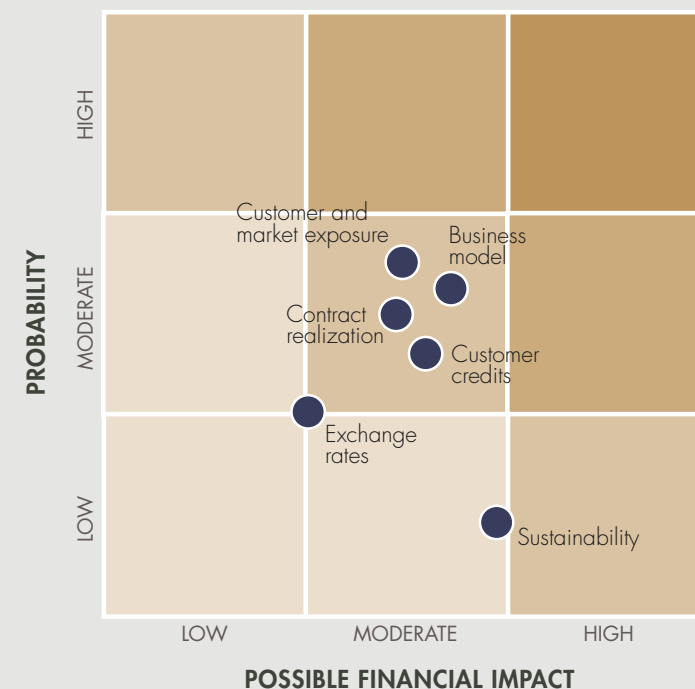
During the financial year 2020/21 we saw little consequence on the funding structure of our customers but the topic remains a high risk for the market in which we operate. An eventual change in such funding structures would negatively affect our risks associated with "Customer and market exposure", "Business model" and "Contract realization".

KEY RISKS 2021/22

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.

The matrix below shows the six key risks that may impact Missionpharma's business in general as well as our short term performance and long term strategic objectives in 2020/21.

Risks are assessed based on a two-dimensional matrix, which estimates the possible financial impact and the probability of that risk materializing.



RISK MANAGEMENT - 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.

See remarks regarding COVID-19 on the previous page.

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.

Continuous focus on strategic initiatives to further diversify the business based upon a deeper customer understanding.

Contract realisation

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.

See remarks regarding COVID-19 on the previous page.

The time lag between tender bid, sales 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 mitigation of 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.

RISK MANAGEMENT - DESCRIPTION

RISK DESCRIPTION	POSSIBLE IMPACT	RISK MITIGATION
<p>Customer and market exposure</p> <p>A significant customer segment is 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>See remarks regarding COVID-19 on the previous page.</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"> • 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. 	<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> <p>Through diversification of customer segments to obtain a higher revenue from customers outside Africa.</p>
<p>Customer credits</p> <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. 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. 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>
<p>Exchange rates</p> <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>

RISK MANAGEMENT - DESCRIPTION

Sustainability

Our aim is to identify and mitigate sustainability risks as early as possible in order to reduce their likelihood and impact. With reference to the risk matrix presented on page 27, Missionpharma considers the risks associated with sustainability to be low in terms of probability but with a moderate financial impact.

The main reason for the low probability is that Missionpharma works actively to identify, prevent and mitigate the adverse impacts and risks associated with our sustainability commitments.

However, breach of business ethics, misbehavior or inadequate performance, represent a risk with a possible moderate/high financial impact. Some can materialize within a short space of time, whereas others could emerge more gradually.

Such circumstances may affect our possibility to respond to customer inquiries or to be awarded future contracts, which may consequently affect our financial performance.

By improving and ensuring high standards, clear processes and training throughout operations, maximum focus is secured on our performance. Internal control, compliance and vetting measures, including our sustainability commitments, all lead to minimization of risks.

The COVID-19 pandemic represents a risk not only on our operations but also on our sustainability commitments, why we continuously focus on mitigating an eventual impact.



HUMAN RIGHTS

KEY RISKS

1. Infringement of human rights in our supply chain
2. Manufacturers' use of child labour

RISK MITIGATION

1. Increase assessment of manufacturers and partners towards obtaining a higher level of control of their protection of human rights
2. Emphasize a zero tolerance against the use of child labour and incorporate assessment of use of child labour as an integrated part of our Good Manufacturing Practice (GMP) audits



LABOUR

KEY RISKS

1. Inability to attract skilled employees coupled with a high employee turnover
2. Lack of diversity in management teams

RISK MITIGATION

1. Keep constant attention towards our goal of remaining an attractive employer. Continue our work with the results and comments received in connection with global engagement surveys
2. Continuously strive towards a more balanced gender composition in our management teams



ENVIRONMENT

KEY RISKS

1. Influence manufacturers' possible environmental impact during pharmaceutical production
2. Inability to influence customers' transportation preferences
3. Inability to meet own CO₂ targets

RISK MITIGATION

1. Continuous risk assessment of consequences of influencing manufacturers' environmental policies
2. Continuously plan for the most environmentally effective mode of transportation in own operations as well as influence customers' transportation preferences in favour of environmentally friendly solutions
3. As our CO₂ targets are also a part of our Communication on Progress (COP) targets, we closely monitor progress and implement corrective actions in due time



ANTI-CORRUPTION

KEY RISKS

1. Breach of our Global Code of Conduct & Ethics
2. Insufficient training of employees, agents and partners in Missionpharma anti-corruption policies with big negative impact

RISK MITIGATION

1. Monitoring potential risks through defined due diligence processes and whistle-blower scheme
2. Implement digital compliance training tools to improve training management, consistency and measurability



MISSIONPHARMA
cfaogroup.com

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 2020 - 31 March 2021.

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 2021 and of the results of the Company's operations for the financial year 1 April 2020 – 31 March 2021.

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, 22 June 2021

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

Patricia Hec

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 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Missionpharma A/S for the financial year 1 April 2020 - 31 March 2021, 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.

INDEPENDENT AUDITOR'S REPORT

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, 22 June 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 77 12 31

Rasmus Friis Jørgensen
State Authorised Public Accountant
mne28705

Henrik Ødegaard
State Authorised Public Accountant
mne31489



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ACCOUNTS

INCOME STATEMENT

DKK'000	Note	2020/21	2019/20
Revenue		731,472	776,981
Goods for resale and consumables		-436,481	-486,434
Other external expenses		-123,065	-209,021
Gross profit		171,926	81,526
Staff costs	1	-50,693	-45,118
Depreciation of property, plant, equipment and IT development costs	2	-1,999	-3,636
Other operating costs		-748	-859
Operating profit		118,486	31,913
Income from investments in subsidiaries	3	2,193	3,801
Financial Income	4	41	0
Financial expenses	5	-14,259	-8,238
Profit before tax		106,461	27,476
Tax on profit/loss	6	-22,854	-5,239
Profit for the year		83,607	22,237

BALANCE SHEET

31 MARCH 2021

DKK'000	Note	2021	2020
ASSETS			
IT development costs	8	0	306
Land and property	9	23,857	23,821
Plant and equipments	9	897	1,114
Ongoing investments	9	0	1,375
Investments in group entities	3	44,719	43,681
Non-current assets		69,473	70,297
Goods for resale		41,690	41,845
Trade receivables		134,087	159,437
Receivables group companies		157,632	67,539
Other receivables	10	12,833	16,307
Accrued expenses		3,561	1,044
Cash and bank		7,936	24,502
Current assets		357,739	310,674
ASSETS		427,212	380,971

DKK'000	Note	2021	2020
LIABILITIES AND SHAREHOLDER'S EQUITY			
Share capital		2,000	2,000
Net revaluation according to the equity method		42,594	41,556
Reserve IT development costs	8	0	238
Reserve for revaluation of the building		4,628	5,045
Retained earnings		205,203	200,870
Proposed dividends	7	78,000	13,500
Total equity		332,425	263,209
Deferred tax	11	3,209	3,442
Non-current liabilities		3,209	3,442
Other credit institutions		76	69
Prepayments received from customers		19,686	36,718
Trade payable		46,818	59,742
Payables to group companies		912	788
Other payables		24,086	17,003
Current liabilities		91,578	114,320
LIABILITIES AND SHAREHOLDER'S EQUITY		427,212	380,971

Proposed profit appropriation	Note 7
Contingent liabilities and other financial obligations	Note 12
Related parties	Note 13

STATEMENT OF CHANGES IN EQUITY

DKK'000	Share capital	Net revaluation equity method	Reserve IT dev. costs	Revaluation reserve property	Retained earnings	Proposed dividends	Total
Equity at 1 April	2,000	41,556	238	5,045	200,870	13,500	263,209
Dividends paid	0	0	0	0	0	-13,500	-13,500
Exchange adjustment	0	-1,155	0	0	0	0	-1,155
Cash flow hedge, net	0	0	0	0	264	0	264
Depreciation IT development costs	0	0	-238	0	238	0	0
Depreciation on revaluation	0	0	0	-417	417	0	0
Profit for the year	0	2,193	0	0	3,414	78,000	83,607
Equity at 31 March	2,000	42,594	0	4,628	205,203	78,000	332,425

§ 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	2020/21	2019/20
Wages and salaries	46,021	39,891
Pension costs	3,655	3,692
Other social security costs	359	427
Other staff costs	658	1,108
	<u>50,693</u>	<u>45,118</u>
Salaries and fees paid to the Executive Board	6,535	6,234
The Board of Directors did not receive any remuneration		
Average number of employees	<u>58</u>	<u>62</u>

2 Depreciation of propeerty, plant, equipment and IT development costs

DKK'000	2020/21	2019/20
Property, plant and equipment	1,694	1,803
IT development costs	305	1,833
	<u>1,999</u>	<u>3,636</u>

See notes 8 and 9 for further specification of assets

§ ACCOUNTING POLICIES

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

NOTES TO THE ANNUAL REPORT

3 Investments in subsidiaries

DKK'000	Group Entities
Cost at 1 April	2,125
Cost at 31 March	2,125
Adjustments at 1 April	41,556
Exchange adjustment	-1,155
Income for the year	2,193
Adjustments at 31 March	42,594
Carrying amount at 31 March	44,719

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

4 Financial income

DKK'000	2020/21	2019/20
Interests receivables, group entities	41	0

5 Financial expenses

DKK'000	2020/21	2019/20
Interests payables, exchange losses and similar expenses	14,259	8,238

§ 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.

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.

NOTES TO THE ANNUAL REPORT

6 Tax on the profit for the year

DKK'000

	2020/21	2019/20
Current tax for the year	23,087	4,929
Change in provision for deferred tax	-233	310
	<u>22,854</u>	<u>5,239</u>

7 Proposed profit appropriation

DKK'000

	2020/21	2019/20
Proposed dividends	78,000	13,500
Reserve for net revaluation to equity method	2,193	3,801
Retained earnings	3,414	4,936
	<u>83,607</u>	<u>22,237</u>

8 Intangible assets

DKK'000

	IT dev. costs
Cost at 1 April	5,500
Cost at 31 March	5,500
Impairment losses and depreciation at 1 April	5,195
Amortization during the year	305
Impairment losses and amortization at 31 March	5,500
Carrying amount at 31 March	<u>0</u>

§ ACCOUNTING POLICIES

Tax on the profit 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).

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.

NOTES TO THE ANNUAL REPORT

9 Property, plant and equipment

DKK'000	Land and property	Plant and equipment	Ongoing Investments	Total
Cost at 1 April	33,966	5,079	1,375	40,420
Transfer	1,375	0	-1,375	0
Additions during the year	0	161	0	161
Disposals during the year	0	-288	0	-288
Cost at 31 March	35,341	4,952	0	40,293
Revaluation at 1 April	13,378	0	0	13,378
Revaluation at 31 March	13,378	0	0	13,378
Depreciation at 1 April	23,523	3,965	0	27,488
Disposals during the year	0	-265	0	-265
Depreciation during the year	1,339	355	0	1,694
Depreciation at 31 March	24,862	4,055	0	28,917
Carrying amount at 31 March	23,857	897	0	24,754
Amount at 31 March without revaluation	10,479	897	0	11,376

10 Other receivables

DKK'000	Within 1 year	Within 1 and 5 years	Total
Other receivables, due	12,833	0	12,833

11 Deferred tax

DKK'000	2020/21	2019/20
Material assets	4,202	4,137
Internal profit	0	-63
Provision etc	-993	-632
	3,209	3,442

§ 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 property 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.

NOTES TO THE ANNUAL REPORT

12 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 35.5 million.

GUARANTEES

The Group companies (Missionpharma A/S, Missionpharma Group ApS, and PharmaDanica A/S) are jointly liable for a total credit and facility line of DKK 191.6 million.

Rental commitments for equipment amount to DKK 0.8 million.

13 Related parties

OTHER RELATED PARTIES THAT THE COMPANY HAS HAD TRANSACTIONS WITH

The Company's immediate Danish Parent Company at 31 March 2021 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 2021 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 2020/21 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.

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.

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.

ACCOUNTING POLICIES

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 and activity 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 in accordance with the FIFO method. Where the net realizable value is lower than cost, inventories are written down to this lower value.

RECEIVABLES

Receivables are measured at amortized cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired.

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)	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Operating profit} \times 100}{\text{Average total assets}}$
Equity ratio	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$





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APPENDICES

APPENDIX 1

Financial highlights USD

USD'000	2020/21	2019/20	2018/19	2018 (3 months)	2017
KEY FIGURES					
Average DKK/100 USD rate (P&L)	639.54	672.68	642.33	607.22	659.46
Closing DKK/100 USD rate (balance sheet)	634.31	681.15	664.46	601.01	620.77
Revenue	114,375	115,505	117,236	25,246	106,674
Gross profit	26,883	12,120	17,033	3,788	20,788
Operating profit (EBIT)	18,527	4,744	9,055	1,548	13,039
Net financials	-2,223	-1,225	-2,402	-1,106	-1,315
Profit of the year	13,073	3,305	6,010	556	11,547
Total assets	67,351	55,931	58,911	70,348	70,640
Equity	52,407	38,641	40,563	47,663	45,752
Investments in the year	25	224	120	72	25
Average number of full-time employees	58	62	62	60	60
FINANCIAL RATIOS					
Operating margin (EBIT)	16.2%	4.1%	7.7%	6.1%	12.2%
Return on assets	29.3%	5.7%	9.5%	0.7%	20.0%
Equity ratio	77.8%	69.1%	68.9%	67.8%	64.8%
Return on equity	28.1%	8.3%	13.9%	1.2%	30.9%
Liquidity ratio	3.9	2.7	2.7	2.7	2.4

APPENDIX 2

Financial highlights EUR

EUR'000	2020/21	2019/20	2018/19	2018 (3 months)	2017
KEY FIGURES					
Average DKK/100 EUR rate (P&L)	744.64	746.73	745.69	744.62	743.86
Closing DKK/100 EUR rate (balance sheet)	743.73	746.74	746.52	745.13	744.49
Revenue	98,232	104,051	100,986	20,588	94,571
Gross profit	23,088	10,918	14,672	3,089	18,429
Operating profit (EBIT)	15,912	4,274	7,800	1,262	11,559
Net financials	-1,909	-1,103	-2,069	-902	-1,166
Profit of the year	11,228	2,980	5,177	454	10,237
Total assets	57,442	51,018	52,435	56,742	58,901
Equity	44,697	35,248	36,104	38,444	38,149
Investments in the year	22	202	104	59	22
Average number of full-time employees	58	62	62	60	60
FINANCIAL RATIOS					
Operating margin (EBIT)	16.2%	4.1%	7.7%	6.1%	12.2%
Return on assets	29.3%	5.7%	9.5%	0.7%	20.0%
Equity ratio	77.8%	69.1%	68.9%	67.8%	64.8%
Return on equity	28.1%	8.3%	13.9%	1.2%	30.9%
Liquidity ratio	3.9	2.7	2.7	2.7	2.4