

We accelerate the new Africa

# Missionpharma Group ApS

Annual report  
**2017**

Approved at General Meeting  
21/5 - 2018

Chairman:  
Jacob Christensen  
Plesner Advokatpartnerselskab



**MISSIONPHARMA**  
cfaogroup.com

Missionpharma Group ApS  
Vassingerøedvej 9 · 3540 Lyngby · Denmark  
www.missionpharma.com  
CVR No. 29 78 27 92



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## Company details

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### **Missionpharma Group ApS**

Vassingerødvej 9

3540 Lyngø

Denmark

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

CVR no.: 29 78 27 92  
Financial year: 1 January - 31 December  
Established: 4 October 2006  
Registered office: Allerød, Denmark

### **Board of Directors**

Jean-Marc Pierre René Leccia (Chairman)

Denis Georges Fernand Maurice

Eric Pierre Jean Muris

Kim Erik Ginnerup

### **Executive Board**

Kim Erik Ginnerup (CEO)

Poul Lindof (CFO)

### **Auditors**

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup, Denmark





## About Missionpharma

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Missionpharma is a leading supplier of generic pharmaceuticals, medical consumables and hospital equipment to public and private institutions worldwide and the world's largest manufacturer of medical kits. We have offices in Denmark, India, China and Africa and employ more than 160 people. Our head office is based in Denmark, from where our overall business activities are managed.

Missionpharma's purpose statement

***We accelerate the new Africa***

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

This purpose underlines our focus on strengthening healthcare in Africa and thereby contributing to driving Africa forward. It also underlines our dedication to making a positive impact in Africa by providing tailored intelligent healthcare solutions built on deep insight and experience.

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

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

For more information, please visit:

Eurapharma	<a href="http://www.eurapharma.com">www.eurapharma.com</a>
CFAO group	<a href="http://www.cfao.com">www.cfao.com</a>
Toyota Tsusho Corporation	<a href="http://www.toyota-tsusho.com">www.toyota-tsusho.com</a>



## About our business

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

Missionpharma supplies generic pharmaceuticals medical devices, medical kits and hospital equipment to countries outside EU - primarily in Africa and Asia. Customers includes ministries of health, central medical stores and public procurement agencies as well as NGO's, funders and private wholesalers.

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

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

Our increased presence in more African countries allows us to service our existing public customers to a greater extend as well as expanding the focus upon private customers and local NGO's. Local storage, project management, installation and service of hospital equipment is locally available to our customers.

The business model is mainly designed to respond to direct inquiries from the market. The business and overall market position has enabled Missionpharma to operate this market successfully since many years. Through our local presence we shall expand our business to include traditional wholesale functions.

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

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

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



## Performance 2017

### Financials

The financial year ended at 31 December 2017 with a profit of DKK 70,134 thousand.

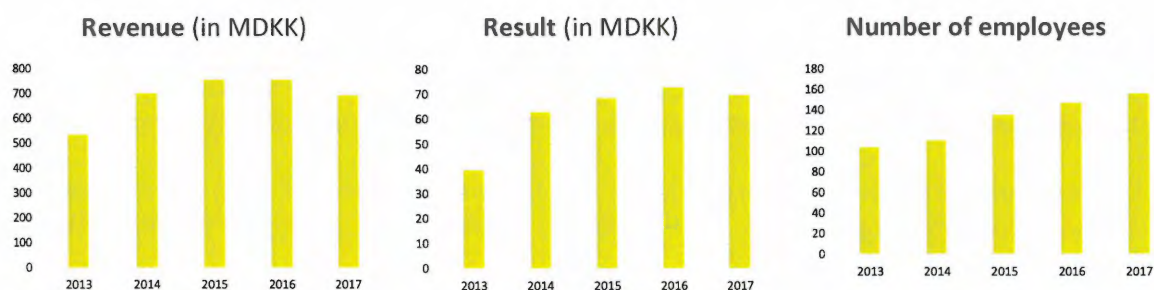
The equity as at 31 December 2017 amounts to DKK 318,729 thousand.

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

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

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

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



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





## Comparison with outlook

### PERFORMANCE 2017

Revenue declined 8% compared to 2016 and the expected growth in revenue did not materialize. The economic environment in certain markets did, as foreseen, aggravate with lower revenue as outcome.

Local presence activities continued with the consolidation of our Zambian setup. New local presence locations have been initiated and shall materialize during coming financial years.

Specific synergy projects were initiated, although only with positive effect on revenue and earnings during the financial year 2018/19.

As expected, the financial result for 2017 ended lower compared to 2016.

### OUTLOOK 2017

Expected growth in revenue, although with uncertainty due to expected further aggravated economic environment in certain African countries.

Strengthening of local presence in Africa.

Synergy projects with parent company Eurapharma SA is expected to contribute positively to revenue and earnings.

The financial result is expected lower compared to 2016.



## Outlook 2018

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

To implement this alignment, a transition period covering the period January 1 to March 31, 2018 (a 3-months period) is introduced.

The 2018 financial year will cover the 3 months, January 1 to March 31 2018 while the 2018/2019 financial year will cover April 1, 2018 – March 31, 2019.

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

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

- Revenue: 152,166 TDKK
- Net result: 2,035 TDKK
- Equity March 31, 2018: 319,597 TDKK

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

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

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

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

The year has the following key focus business areas:

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

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

No major investments are foreseen for 2018/19.

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





## Financial highlights for the Group in DKK

DKK '000	2017	2016	2015	2014	2013
<b>Key figures</b>					
Revenue	692,199	758,087	754,044	703,056	536,409
Gross profit	152,170	160,942	138,947	141,518	115,279
Ordinary operating profit (EBIT)	82,941	97,808	83,210	89,807	65,373
Net financials	5,006	-2,052	648	-1,676	-11,483
<b>Profit for the year</b>	<b>70,134</b>	<b>73,281</b>	<b>68,454</b>	<b>63,331</b>	<b>39,425</b>
Investments for the year	1,417	2,131	3,256	1,558	791
Total assets	479,050	407,146	397,081	429,277	322,315
<b>Total equity</b>	<b>318,729</b>	<b>308,852</b>	<b>289,849</b>	<b>272,006</b>	<b>239,453</b>
<b>Net cash flow for the year</b>	<b>-84,480</b>	<b>-56,433</b>	<b>26,313</b>	<b>47,160</b>	<b>27,611</b>
<b>Financial ratios</b>					
Operating margin (EBIT)	12.0%	12.9%	11.0%	12.8%	12.2%
Return on assets	18.7%	24.3%	20.1%	23.9%	19.6%
Return on equity	22.4%	24.5%	24.4%	24.8%	16.9%
Equity ratio	66.5%	75.9%	73.0%	63.4%	74.3%
Liquidity ratio	2.5	3.6	3.2	2.3	3.3
<b>Average number of full-time employees</b>	<b>157</b>	<b>148</b>	<b>136</b>	<b>111</b>	<b>104</b>



## Financial highlights for the Group in USD and EUR

<b>USD '000</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Average DKK/100 USD rate (P&L)	659.46	675.83	670.49	563.45	561.66
Closing DKK/100 USD rate (balance sheet)	620.77	705.28	683.00	612.14	541.27
<b>Key figures</b>					
Revenue	104,965	112,171	112,462	124,777	95,504
Gross profit	23,075	23,814	20,723	25,116	20,525
Ordinary operating profit (EBIT)	12,577	14,472	12,410	15,939	11,639
Net financials	759	-304	97	-297	-2,044
<b>Profit of the year</b>	<b>10,635</b>	<b>10,843</b>	<b>10,210</b>	<b>11,240</b>	<b>7,019</b>
Investments in the year	215	315	486	277	141
Total assets	77,170	57,728	58,138	70,127	59,548
<b>Total equity</b>	<b>51,344</b>	<b>43,791</b>	<b>42,438</b>	<b>44,435</b>	<b>44,239</b>
<b>Net cash flow for the year</b>	<b>-12,810</b>	<b>-8,350</b>	<b>3,924</b>	<b>8,370</b>	<b>4,916</b>
<b>Financial ratios</b>					
Operating margin (EBIT)	12.0%	12.9%	11.0%	12.8%	12.2%
Return on assets	18.7%	24.3%	20.1%	23.9%	19.6%
Return on equity	22.4%	24.5%	24.4%	24.8%	16.9%
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<b>EUR '000</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Average DKK/100 EUR rate (P&L)	743.86	744.64	745.92	745.49	745.78
Closing DKK/100 EUR rate (balance sheet)	744.49	743.44	746.25	744.36	746.03
<b>Key figures</b>					
Revenue	93,055	101,806	101,089	94,308	71,926
Gross profit	20,457	21,613	18,628	18,983	15,458
Ordinary operating profit (EBIT)	11,150	13,135	11,155	12,047	8,766
Net financials	673	-276	87	-225	-1,540
<b>Profit of the year</b>	<b>9,428</b>	<b>9,841</b>	<b>9,177</b>	<b>8,495</b>	<b>5,286</b>
Investments in the year	190	286	437	209	106
Total assets	64,346	54,765	53,210	57,671	43,204
<b>Total equity</b>	<b>42,812</b>	<b>41,544</b>	<b>38,841</b>	<b>36,542</b>	<b>32,097</b>
<b>Net cash flow for the year</b>	<b>-11,357</b>	<b>-7,579</b>	<b>3,528</b>	<b>6,326</b>	<b>3,702</b>
<b>Financial ratios</b>					
Operating margin (EBIT)	12.0%	12.9%	11.0%	12.8%	12.2%
Return on assets	18.7%	24.3%	20.1%	23.9%	19.6%
Return on equity	22.4%	24.5%	24.4%	24.8%	16.9%
Equity ratio	66.5%	75.9%	73.0%	63.4%	74.3%
Liquidity ratio	2.5	3.6	3.2	2.3	3.3
<b>Average number of full-time employees</b>	<b>157</b>	<b>148</b>	<b>136</b>	<b>111</b>	<b>104</b>





## Our sustainability commitment

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

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

By delivering solutions, we grow the communities we work in – and we grow Missionpharma. We believe that a better tomorrow is possible only if we can create a shared value with all parties with interest in Missionpharma.

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

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

### COMMITMENT 1



**We create local value**

### COMMITMENT 2



**We empower people**

### COMMITMENT 3



**We reduce our environmental footprint**


### COMMITMENT 4




**We stand for integrity**







<p><b>COMMITMENT 1</b></p> <hr/> <div style="text-align: center;">  </div> <p><b>We create local value</b> by helping to advance the communities in which we are present.</p>	<p><b>POLICY</b> Our ambition is to be present locally in the countries where we operate. Local involvement and a commitment to enriching the community and supporting sustainability creates true value. This is how we want to ensure a long-term positive impact in the healthcare sector in our markets. By cooperating with local stakeholders and building capacity, we empower and support the countries in which we are represented. We are constantly expanding our local presence, and intend to become even more engaged in African communities in the years to come.</p> <p><b>CAPACITY BUILDING AS KEY TO GROWTH</b> We share technological processes and knowhow with our affiliates in Africa. We create jobs, educate staff, foster local expertise and create business for local companies. We believe that local capacity building helps create growth and prosperity in the region. That's why we seek to gather our activities and ensure our presence in the areas where our services are actually being used.</p> <p><b>LOCAL ENGAGEMENT</b> We invest in people and facilities to increase local packing and distribution management. We seek to procure quality healthcare products from the local pharmaceutical industry and to share expertise in a manner that is mutually beneficial.</p> <table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;"> <p><b>PROGRESS</b> During 2017 we have increased our commitment in Zambia and a few other African countries allowing us to expand business and service customers from a local platform.</p> </td> <td style="vertical-align: top;"> <p><b>AMBITIONS</b> We shall continue the development within already selected countries including local packaging of medical kits. A few additional selected countries shall be in focus in the coming year.</p> </td> </tr> </table>	<p><b>PROGRESS</b> During 2017 we have increased our commitment in Zambia and a few other African countries allowing us to expand business and service customers from a local platform.</p>	<p><b>AMBITIONS</b> We shall continue the development within already selected countries including local packaging of medical kits. A few additional selected countries shall be in focus in the coming year.</p>
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<p><b>COMMITMENT 2</b></p> <hr/> <div style="text-align: center;">  </div> <p><b>We empower people</b> by fostering an inclusive culture where people can grow and develop.</p>	<p><b>POLICY</b> We strive to inspire people to share our commitment in Africa. Creating a great place to work is a key factor in achieving this. Our priority is to provide a safe and healthy environment for our employees and to foster an inclusive culture where people can grow and develop. We encourage ongoing skill development for everyone who works for us and run extensive training programmes in our locations around the globe. We believe safe and fair working conditions are a human right. To develop the personal and social conditions is crucial to us.</p> <p><b>GREAT PLACE TO WORK</b> We focus on attracting, retaining, and developing capable employees. We do our best to ensure that our global organisation is appropriately organised and consistently complies with local health, safety, and labour laws. By offering employees professional and personal training programmes, we make sure they acquire the right set of skills.</p> <p><b>DIVERSITY IS AN ASSET</b> We fight discrimination and promote social diversity and gender equality. We strive to provide a fulfilling and inclusive environment for every employee.</p> <p><b>HEALTH AND SAFETY</b> We want to take care of and empower our people to improve our health and safety environment. We want to create a great place to work. Through training and initiatives in all our locations we strive towards constant improvements.</p> <table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;"> <p><b>PROGRESS</b> We have empowered and supported local partners to develop their business. We have continued the development of our platform in Zambia. We have repeated our achievement of being one of the best workplaces in Denmark by the Great Place to Work® Institute.</p> </td> <td style="vertical-align: top;"> <p><b>AMBITIONS</b> We shall continue to facilitate local partners with the expansion of local business to mutual benefit. We shall continue to develop Missionpharma as a great place to work across current and new locations.</p> </td> </tr> </table>	<p><b>PROGRESS</b> We have empowered and supported local partners to develop their business. We have continued the development of our platform in Zambia. We have repeated our achievement of being one of the best workplaces in Denmark by the Great Place to Work® Institute.</p>	<p><b>AMBITIONS</b> We shall continue to facilitate local partners with the expansion of local business to mutual benefit. We shall continue to develop Missionpharma as a great place to work across current and new locations.</p>
<p><b>PROGRESS</b> We have empowered and supported local partners to develop their business. We have continued the development of our platform in Zambia. We have repeated our achievement of being one of the best workplaces in Denmark by the Great Place to Work® Institute.</p>	<p><b>AMBITIONS</b> We shall continue to facilitate local partners with the expansion of local business to mutual benefit. We shall continue to develop Missionpharma as a great place to work across current and new locations.</p>		



<p><b>COMMITMENT 3</b></p> <hr/> <div style="text-align: center;">  </div> <p style="text-align: center;"><b>We reduce our environmental footprint</b> by striving to integrate environmental responsibility into all our activities.</p>	<p><b>POLICY</b> We want to reduce our environmental footprint every year. We want to integrate environmental responsibility into all our activities and affiliates and to reduce emissions and carbon footprint throughout the entire supply chain. We shall share and encourage best practices among our customers, suppliers and other partners.</p> <p><b>ENVIRONMENTAL AWARENESS</b> We work hard to reduce our environmental impact. We pay special attention to the consumption of electricity and fuel in all of our locations worldwide, we minimize waste, and we optimise benefits from intercompany synergies. To limit the negative environmental impacts of pharmaceutical manufacturing and ensure constant improvements, we keep manufacturers' social and environmental responsibility top of mind at all times.</p> <p><b>OPTIMIZED TRANSPORTATION</b> Transportation of goods constitute by far the biggest environmental impact within our part of the supply chain. That's why we always plan for the most environmentally effective mode of transportation, given the circumstances. As a project-oriented company, we are often subject to a range of external factors on which we have limited influence. We always seek to influence our customers' and suppliers' transportation preferences towards the method with the lowest possible environmental impact.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p><b>PROGRESS</b> Our logistics platforms, packing systems, and distribution have been reviewed and refined to minimize energy consumption and waste. Best practice implemented at new facilities.</p> </div> <div style="width: 48%;"> <p><b>AMBITIONS</b> To ensure constant improvements in sustainability throughout the supply chain, we will intensify our environmental requirements for our manufacturers, suppliers and partners.</p> </div> </div>
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<p><b>COMMITMENT 4</b></p> <hr/> <div style="text-align: center;">  </div> <p style="text-align: center;"><b>We stand for integrity</b> by aiming for the highest ethical standards in our business practices.</p>	<p><b>POLICY</b> We aim for the highest ethical standards in our business practices. We stand for integrity, respect, and transparency in all aspects of our activities.</p> <p>We believe that corruption and other unethical practices are incompatible with our vision and undermine the support and confidence of our business environment. That's why we implement policies to counteract corruption and unethical behaviour in all possible forms.</p> <p>We believe that conducting business with honesty and transparency boosts competitiveness all while remaining competitive</p> <p><b>CODE OF CONDUCT</b> Our Code of Conduct guides employees and partners to make responsible business decisions and act ethically and according to the highest standards of integrity.</p> <p><b>HUMAN RIGHTS</b> We are committed to protect human rights within own organisations and to the largest possible extend to influence those of our suppliers and other partners. We monitor and mitigate on human rights.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p><b>PROGRESS</b> We are TRACE certified and have completed a comprehensive due diligence process through the globally recognized anti-bribery business organisation, TRACE International.</p> </div> <div style="width: 48%;"> <p><b>AMBITIONS</b> We want to advance our commitment to integrity by continuing the rollout of training and vetting programmes to relevant employees, suppliers and other partners.</p> </div> </div>
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## Our people

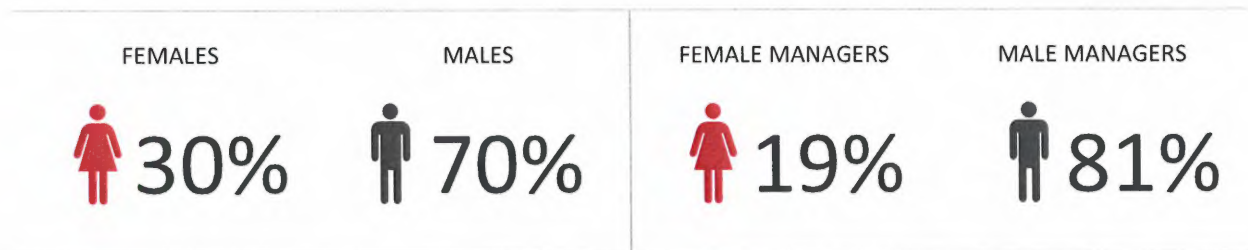
Missionpharma aims, across geographic locations, to employ and maintain a high degree of diversity within the organisation.

We continue to develop our organisation as a great place to work and to empower the personal and professional skills among employees to secure a high performance culture.

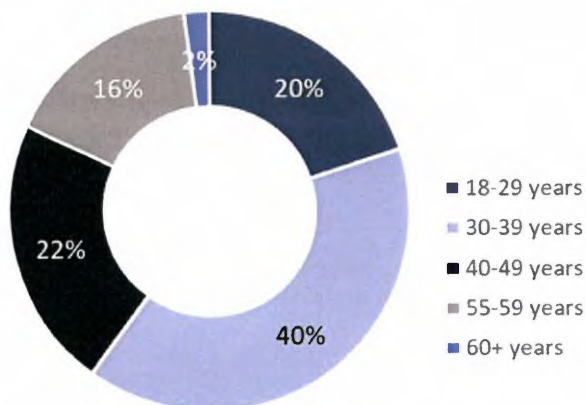
We strive to create a healthy and motivating environment with a high level of engagement and commitment to the Missionpharma purpose.

### Employees

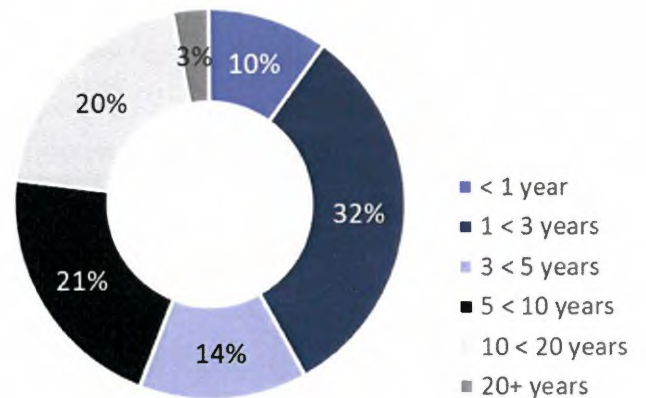
Our 164 employees in the Missionpharma group worldwide at the end of the year:



AGE DISTRIBUTION



SENIORITY







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

Policies for gender equality are entirely established for Missionpharma Group and the subsidiary Missionpharma and do not include any Danish or foreign subsidiary.

The information given below relates to Missionpharma Group and Missionpharma.

### Missionpharma Group

#### BOARD OF DIRECTORS

<b>POLICY</b>	Missionpharma strives to achieve gender equality by maintaining focus on identifying and recommending qualified female candidates for the Boards within the Group, which have an obligation to set a diversity target.				
<b>TARGET</b>	Missionpharma maintains its objective of having one female member of the Boards of Missionpharma ApS and Missionpharma A/S by the end of the financial year ending 31 March 2020.				
<b>PROGRESS</b>	There has been no changes of Board members during 2017 and the compositions remains at 4 male members in both companies. The companies will initiate a search for suitable candidates within the Eurapharma Group.				
<b>STATUS</b>		Missionpharma Group ApS		Missionpharma A/S	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Female members	0%	0%	0%	0%
	Male members	100%	100%	100%	100%

### Missionpharma consolidated regarding other management levels

<b>POLICY</b>	Missionpharma's policy strives towards a higher degree of gender diversity within its management teams, as we believe it benefits our working environment and ability to develop.				
<b>TARGET</b>	Missionpharma maintains its target of further increasing the number of females in managerial positions.				
<b>PROGRESS</b>	During the year, one managerial position has been closed. Another position has been created through internal promotion of a female employee. Consequently, the total number of female managers has increased in line with policy. To achieve the overall objective, we maintain a continuous focus to ensure gender equality during recruitment processes as well as through personal development and talent programs.				
<b>STATUS</b>		<u>2017</u>	<u>2016</u>		
	Female managers	25%	17%		
	Male managers	75%	83%		



## Risk management

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

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

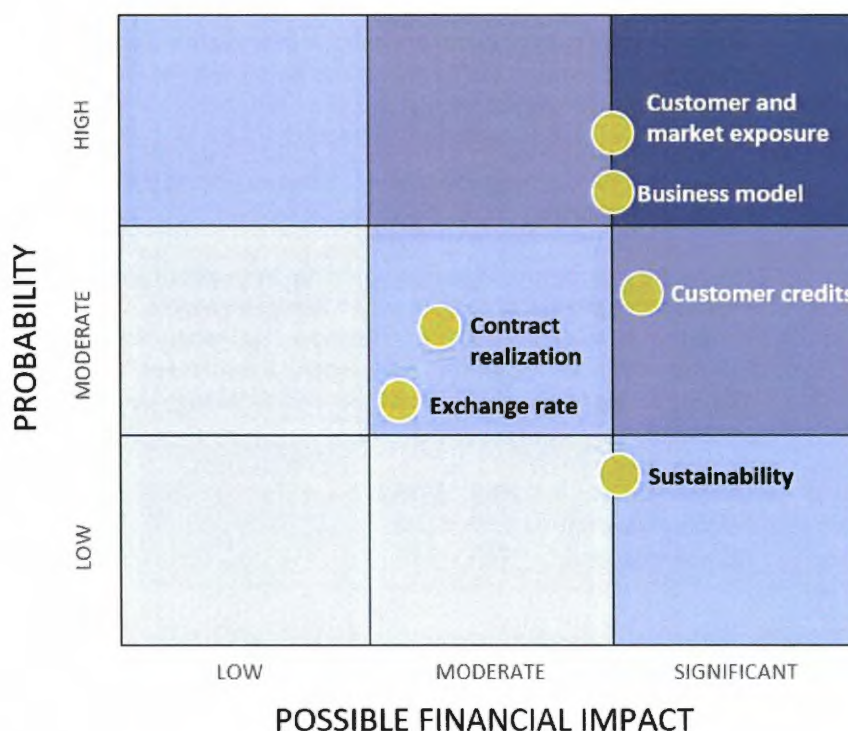
The internal control measures are aimed to secure not only a high level of effectiveness and correctness throughout its business and organization, the protection of resources and assets but also very much to secure compliance and control risk management in accordance with policies.

### Risk assessment - mapping

The risks highlighted in below matrix, and subsequently described, are assessed to be and during 2018 become the key risks which may influence the business in general as well as short term performance and long term strategic objectives.

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

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





**Risk assessment - description**

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

Continues...



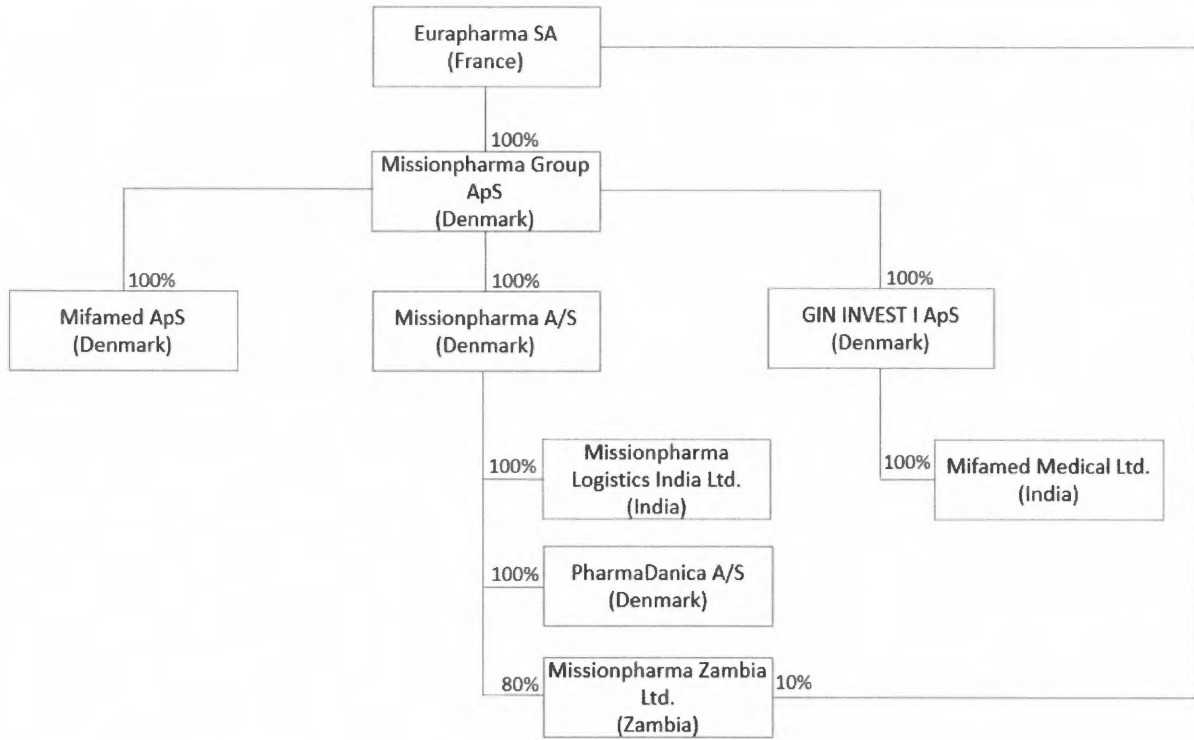


**Risk assessment – description (continued)**

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



## Group chart







## Group locations







# Reports



## Statement by the Executive Board and Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the annual report of Missionpharma Group ApS for the financial year 1 January - 31 December 2017.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2017 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017.

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

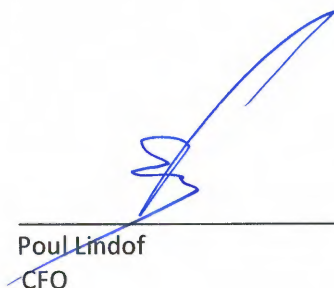
We recommend that the annual report be approved at the annual general meeting for the year.

Lynge, 28 May 2018

### Executive Board

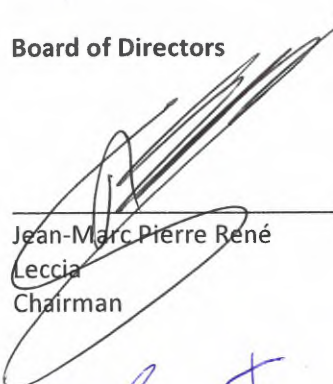


Kim Erik Ginnerup  
CEO

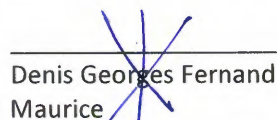


Poul Lindof  
CFO

### Board of Directors



Jean-Marc Pierre René  
Leccia  
Chairman



Denis Georges Fernand  
Maurice



Eric Pierre Jean Muris



Kim Erik Ginnerup

Denis Maurice  
er udtrædt af  
bestyrelsen  
per 31. marts 2018





## Independent Auditor's Report

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To the Shareholders of Missionpharma Group ApS

### Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Missionpharma Group ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Financials Statements Act.

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





## Independent Auditor's Report (continued)

### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



## Independent Auditor's Report (continued)

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 28 May 2018

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR-nr. 33 77 12 31

Rasmus Friis Jørgensen  
State Authorised Public Accountant  
mne28705

Henrik Ødegaard  
State Authorised Public Accountant  
mne31489





# **Group and parent accounts**





## Income statement

DKK'000	Note	Consolidated		Parent company	
		2017	2016	2017	2016
<b>Revenue</b>		692,199	758,087	0	0
Goods for resale and consumables		-384,019	-420,362	0	0
Other external expenses		-156,010	-176,783	-2	-51
<b>Gross profit</b>		152,170	160,942	-2	-51
Staff costs	1	-58,078	-52,267	0	0
Amortization/depreciation and impairment of intangible assets & property, plant and equipment	5,6	-11,151	-10,867	0	0
<b>Ordinary operating profit</b>		82,941	97,808	-2	-51
Income from investments in subsidiaries	7	0	0	70,064	73,239
Other financial income	2	13,579	1,071	0	15
Other financial expenses	3	-8,573	-3,123	-11	-46
<b>Profit before tax</b>		87,947	95,756	70,051	73,157
Tax on profit	4	-17,813	-22,475	3	18
<b>Profit for the year</b>		70,134	73,281	70,054	73,175



## Balance sheet - Assets

DKK'000	Note	Consolidated		Parent company	
		2017	2016	2017	2016
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Intangible assets</b>					
	5				
Goodwill		29,087	35,988	0	0
IT projects in progress		0	5,500		
Software		4,431	0	0	0
		<u>33,518</u>	<u>41,488</u>	<u>0</u>	<u>0</u>
<b>Property, plant and equipment</b>					
	6				
Land and buildings		28,900	30,341	0	0
Other fixtures and fittings, tools and equipment		3,777	4,480	0	0
		<u>32,677</u>	<u>34,821</u>	<u>0</u>	<u>0</u>
<b>Investments</b>					
Investments in subsidiaries	7	0	0	318,642	308,708
Other investments	8	17,565	2,687	0	0
		<u>17,565</u>	<u>2,687</u>	<u>318,642</u>	<u>308,708</u>
<b>Total non-current assets</b>		<u>83,760</u>	<u>78,996</u>	<u>318,642</u>	<u>308,708</u>
<b>Current assets</b>					
<b>Inventories</b>					
Goods for resale		108,969	59,611	0	0
		<u>108,969</u>	<u>59,611</u>	<u>0</u>	<u>0</u>
<b>Receivables</b>					
Trade receivables		222,688	194,669	0	0
Receivables from subsidiaries		0	0	0	1,259
Income tax receivables		6,246	4,872	0	0
Other receivables		19,878	14,849	0	0
Accrued expenses		14,827	4,546	0	0
		<u>263,639</u>	<u>218,936</u>	<u>0</u>	<u>1,259</u>
<b>Cash</b>		<u>22,682</u>	<u>37,073</u>	<u>1,956</u>	<u>1,955</u>
<b>Total current assets</b>		<u>395,290</u>	<u>315,620</u>	<u>1,956</u>	<u>3,213</u>
<b>TOTAL ASSETS</b>		<u>479,050</u>	<u>394,616</u>	<u>320,598</u>	<u>311,922</u>



## Balance sheet – Equity and liabilities

DKK'000	Note	Consolidated		Parent company	
		2017	2016	2017	2016
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital		125	125	125	125
Net revaluation according to the equity method		0	0	116,110	106,176
Retained earnings		262,155	249,924	146,045	143,748
Proposed dividends		56,200	58,600	56,200	58,600
<b>Equity attributable to shareholders in Missionpharma Group ApS</b>					
		<u>318,480</u>	<u>308,649</u>	<u>318,480</u>	<u>308,649</u>
Minority interests		249	203	0	0
<b>Total shareholders' equity</b>		<u>318,729</u>	<u>308,852</u>	<u>318,480</u>	<u>308,649</u>
<b>Provisions</b>					
Deferred tax	9	2,946	3,952	0	0
		<u>2,946</u>	<u>3,952</u>	<u>0</u>	<u>0</u>
<b>Liabilities other than provisions</b>					
<b>Non-current liabilities other than provisions</b>					
Mortgage debt		0	3,222	0	0
		<u>0</u>	<u>3,222</u>	<u>0</u>	<u>0</u>
<b>Current liabilities other than provisions</b>					
Current portion of non-current liabilities other than provisions		0	1,407	0	0
Other credit institutions		70,444	355	0	0
Prepayment received from customers		700	989	0	0
Trade payables		68,267	58,409	0	0
Payables to subsidiaries		0	0	400	622
Corporation tax		0	0	1,658	2,600
Other payables		17,964	17,430	60	51
		<u>157,375</u>	<u>78,590</u>	<u>2,118</u>	<u>3,273</u>
<b>Total liabilities other than provisions</b>		<u>157,375</u>	<u>81,812</u>	<u>2,118</u>	<u>3,273</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>479,050</u>	<u>394,616</u>	<u>320,598</u>	<u>311,922</u>
Proposed profit appropriation					10
Contingent assets and liabilities and other financial obligations					11
Related parties					12
Auditors' fees					13





## Statement of changes in equity

Parent company					
DKK'000	Share capital	Revaluation (equity method)*	Retained earnings	Proposed dividends	Total
Equity at 1 January	125	106,176	143,748	58,600	308,649
Dividends distributed	0	0	0	-58,600	-58,600
Exchange adjustment	0	-1,623	0	0	-1,623
Profit for the year	0	11,557	2,297	56,200	70,054
<b>Equity at 31 December</b>	<b>125</b>	<b>116,110</b>	<b>146,045</b>	<b>56,200</b>	<b>318,480</b>

\* Reserve for net revaluation according to the equity method.

Consolidated						
DKK'000	Share capital	Retained earnings	Proposed dividends	Total	Minority interests	Total equity
Equity at 1 January	125	249,924	58,600	308,649	203	308,852
Dividends distributed	0	0	-58,600	-58,600	0	-58,600
Exchange adjustment	0	-1,623	0	-1,623	-34	-1,657
Profit for the year	0	13,854	56,200	70,054	80	70,134
<b>Equity at 31 December</b>	<b>125</b>	<b>262,155</b>	<b>56,200</b>	<b>318,480</b>	<b>249</b>	<b>318,729</b>

### 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.

### Share capital of the parent company

	2017	2016
Number of shares	125	125
Share capital in DKK	125,000	125,000

No shares have specific rights.



## Cash flow statement

DKK'000	Note	Consolidated	
		2017	2016
Profit for the year		70,134	73,281
Changes of non-cash operating items	14	23,353	36,783
Cash generated from operations (operating activities) before changes in working capital		93,487	110,064
Changes in working capital	15	-82,584	-81,832
Cash generated from operations (operating activities)		10,903	28,232
Financial income received		409	851
Financial expense paid		-8,573	-3,123
Cash flow from operations before tax		2,739	25,960
Corporation tax paid		-20,421	-18,801
<b>Cash flows from operating activities</b>		<b>-17,682</b>	<b>7,159</b>
Additions of property, plant and equipment		-1,417	-2,131
Disposals of property, plant and equipment		6	196
Additions of other investments		-2,158	-5,500
<b>Cash flows from investing activities</b>		<b>-3,569</b>	<b>-7,436</b>
Mortgage debt, installment		-4,629	-1,356
Dividend distributed		-58,600	-54,800
<b>Cash flows from financing activities</b>		<b>-63,229</b>	<b>-56,156</b>
<b>Net cash flows from operating, investing and financing activities</b>		<b>-84,480</b>	<b>-56,433</b>
Cash and cash equivalents at 1 January 2017		36,718	93,151
<b>Cash and cash equivalents at 31 December 2017</b>	16	<b>-47,762</b>	<b>36,718</b>

### Accounting policies

**Cash flows from operating activities** are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

**Cash flows from investing activities** comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

**Cash flows from financing activities** comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

**Cash and cash equivalents** comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.





## Notes to the annual report

### 1 Staff costs

DKK'000	Consolidated	
	2017	2016
<b>Group</b>		
Wages and salaries	52,435	46,892
Pension costs	3,338	2,940
Other social security costs	457	466
Other staff costs	1,848	1,969
	<u>58,078</u>	<u>52,267</u>
Salaries and fees paid to the Executive Board	<u>5,747</u>	<u>5,627</u>
The Board of Directors did not receive any remuneration.		
Average number of employees	<u>157</u>	<u>148</u>

#### Accounting policies

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

DKK'000	Consolidated		Parent company	
	2017	2016	2017	2016
<b>2 Other financial income</b>				
Other interest receivables, exchange gains and similar income	733	1,071	0	15
Revaluation of shares	12,846	0	0	0
	<u>13,579</u>	<u>1,071</u>	<u>0</u>	<u>15</u>
<b>3 Other financial expenses</b>				
Other interest payable, exchange losses and similar expenses	8,573	3,123	11	46
	<u>8,573</u>	<u>3,123</u>	<u>11</u>	<u>46</u>

#### Accounting policies

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

Net financials include interest income and expenses, realized and unrealized capital and exchange gains and losses on securities and foreign currency transactions, amortization of mortgage loans and surcharges and allowances under the advance-payment-of-tax- scheme, etc.

Shares are valued at market price.



#### 4 Tax on the profit for the year

DKK'000	Consolidated		Parent company	
	2017	2016	2017	2016
Current tax for the year	19,860	22,749	-3	-18
Change in provision for deferred tax	-1,017	-268	0	0
Prior year adjustments	-1,030	-6	0	0
	<u>17,813</u>	<u>22,475</u>	<u>-3</u>	<u>-18</u>

##### Accounting policies

**Tax on profit/loss for the year** comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in equity.

The parent company is covered by the Danish rules on compulsory joint taxation of the Missionpharma Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

#### 5 Intangible assets

##### Group

DKK'000	Goodwill	Software	IT
			projects in progress
Cost at 1 January	78,940	0	5,500
Transfer during the year	0	5,500	-5,500
Cost at 31 December	78,940	5,500	0
Impairment losses and depreciation at 1 January	42,952	0	0
Depreciation during the year	6,901	1,069	0
Impairment losses and depreciation at 31 December	49,853	1,069	0
<b>Carrying amount at 31 December</b>	<u>29,087</u>	<u>4,431</u>	<u>0</u>

##### Accounting policies

**Goodwill** is amortized over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortized on a straight-line basis over an amortization period of 10 years.

Goodwill is tested for impairment whenever there is an indication that it might be impaired. The impairment test is performed for the activity or business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or the business to which the goodwill relates.

**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.





## 6 Property, plant and equipment

Group	Consolidated		
	Land and buildings	Other fixtures and fittings, tools and equipment	Total
DKK'000			
Cost at 1 January	38,170	21,244	59,414
Foreign exchange rate adjustment	-267	-788	-1,055
Additions during the year	163	1,254	1,417
Disposals during the year	0	-7,506	-7,506
Cost at 31 December	38,066	14,204	52,270
Revaluation at 1 January	13,378	0	13,378
Revaluation at 31 December	13,378	0	13,378
Impairment losses and depreciation 1 January	21,206	16,764	37,970
Foreign exchange rate adjustment	-119	-555	-674
Depreciation during the year	1,457	1,724	3,181
Depreciation disposal during the year	0	-7,506	-7,506
Impairment losses and depreciation at 31 December	22,544	10,427	32,971
<b>Carrying amount at 31 December</b>	<b>28,900</b>	<b>3,777</b>	<b>32,677</b>
<b>Carrying amount at 31 December without revaluation</b>	<b>15,522</b>	<b>3,777</b>	<b>19,299</b>

### Accounting policies

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

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

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

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

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

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

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

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

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



## 7 Investments in subsidiaries

### Parent

DKK'000	Total
Cost at 1 January	202,532
Cost at 31 December	202,532
<b>Adjustments</b>	
Adjustments at 1 January	106,176
Foreign exchange rate adjustment	-1,623
Adjustment of previous year	93
Share of profit for the year	70,064
Dividend distributed	-58,600
Adjustments at 31 December	116,110
<b>Carrying amount at 31 December</b>	<b>318,642</b>

### Specification of the company's share of the profit or loss for the year

Share of profit for the year	76,965
Amortization of goodwill	-6,901
Adjustments at 31 December	70,064

### Specification of the carrying amount at 31 December

Share of the equity in group entities	289,555
Goodwill	29,087
Carrying amount at 31 December	318,642

Name	Registered office	Ownership
Missionpharma A/S	Allerød, Denmark	100 %
Mifamed ApS	Allerød, Denmark	100 %
GIN INVEST I ApS	Allerød, Denmark	100 %
PharmaDanica A/S	Allerød, Denmark	100 %
Missionpharma Logistics India Ltd.	Kandla, India	100 %
Mifamed Medical Ltd.	Ahmedabad, India	100 %
Missionpharma Zambia Ltd.	Lusaka, Zambia	80 %

#### Accounting policies

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

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

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

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

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





## 8 Other investments

### Group

	2017	2016
Shares in non-group company	17,545	2,667
Time-share apartment	20	20
<b>Deferred tax at 31 December 2017</b>	<b>17,565</b>	<b>2,687</b>

## 9 Deferred tax provisions

### Group

	2017	2016
Provision for deferred tax at 1 January 2017	3,952	4,220
Provisions during the year	-1,006	-268
<b>Deferred tax at 31 December 2017</b>	<b>2,946</b>	<b>3,952</b>

### Accounting policies

**Deferred tax** is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized at the expected value of their utilization; either as a set-off against tax on future income or as a setoff against deferred tax liabilities in the same legal tax entity and jurisdiction.

## 10 Proposed profit appropriation

DKK'000	2017	2016	2017	2016
Proposed dividends	56,200	58,600	56,200	58,600
Reserve for net revaluation under the equity method	0	0	11,557	18,379
Retained earnings	13,854	14,575	2,297	-3,804
Minority interests	80	106	0	0
	<b>70,134</b>	<b>73,281</b>	<b>70,054</b>	<b>73,175</b>



## 11 Contingent assets and liabilities and other financial obligations

### Group

The Group has not assumed any guarantee obligations except for the guarantees issued in connection with operations for a total amount of DKK 34,424 thousand.

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

### Guarantees

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

Rental commitments for land, buildings and equipment amount to DKK 3.4 million.

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

## 12 Related parties

### Group

The Company's immediate Parent Company that prepares Group Annual Report in which the Company is included as a subsidiary is Eurapharma SA, France.

The Group Annual Report can be obtained at the following address:  
Eurapharma SA, 18 rue Troyon, 92316 Sèvres Cedex, France.

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

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

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

## 13 Auditors' fees

### Group

DKK'000

Fee for statutory audit  
Tax assistance  
Fee for non-audit services

	2017	2016
Fee for statutory audit	276	284
Tax assistance	13	10
Fee for non-audit services	40	55
	<b>329</b>	<b>349</b>





DKK'000	Consolidated	
	2017	2016
<b>14 Changes of non-cash operating items, cash flow statement</b>		
Amortization/depreciation	11,151	10,867
Net profit on sale of fixed assets	3	43
Financial income	-13,579	-1,071
Financial expenses	8,573	3,123
Tax for the year	17,813	22,475
Provision and other non-cash operating items, net	-608	1,346
	<b>23,353</b>	<b>36,783</b>
<b>15 Changes in working capital, cash flow statement</b>		
Change in inventories	-49,358	-11,545
Change in trade receivables	-28,019	-66,713
Change in other receivables	-15,310	8,912
Change in trade payables	9,858	4,251
Change in other payables	534	-325
Change in prepayments received from customers	-289	-16,412
	<b>-82,584</b>	<b>-81,832</b>
<b>16 Cash and cash equivalents, cash flow statement</b>		
Cash and cash equivalent at 31 December 2017 consist of:		
Other credit institutions	-70,444	-355
Cash	22,682	37,073
	<b>-47,762</b>	<b>36,718</b>



## Accounting policies

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Accounting policies not already covered in the report.

### General accounting policies

The annual report of Missionpharma Group ApS for 2017 has been prepared in accordance with the provisions applying to reporting class large C enterprises under the Danish Financial Statements Act.

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

#### Reporting currency

The financial statements for 2017 are presented in Danish kroner (DKK).

#### Consolidated financial statements

The consolidated financial statements comprise the parent company, Missionpharma Group ApS, and subsidiaries in which Missionpharma Group ApS directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realized and unrealized gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial income or financial 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.





## General accounting policies (continued)

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognized directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognized directly in equity.

### Derivatives

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

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

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

## Income statement

### Revenue

Income from the sale of goods held for sale and finished goods is recognized in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognized in revenue.

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

### Goods for resale and consumables

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

### 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.

Goods held for sale are measured at cost, comprising purchase price plus delivery costs.

### 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.

### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

### Corporation tax and deferred tax

Current tax payable and receivable are recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Joint taxation contribution payable and receivable is recognized in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

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

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

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

### Financial liabilities

Financial liabilities are recognized on the raising of the loan at the proceeds received net of transactions transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost, using the effective interest rate method.

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	$\frac{\text{Operating profit} \times 100}{\text{Average total assets}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$
Equity ratio	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$