

# Missionpharma Group ApS

## ANNUAL REPORT

# 2018/19

01.04.2018 - 31.03.2019



Approved at General Meeting: 5/7-2019

Chairman:

Torben Nørskov

Plesner Advokatpartnerselskab

A handwritten signature in blue ink, likely of the Chairman, Torben Nørskov.



**MISSIONPHARMA**  
cfoogroup.com

Missionpharma Group ApS  
Vassingerøedvej 9 · 3540 Lyngø · Denmark  
[www.missionpharma.com](http://www.missionpharma.com)  
CVR No. 29 78 27 92

# CONTENTS

Company details .....	3
About Missionpharma .....	4
About our business .....	5
Performance 2018/19 .....	6
Outlook 2019/20 .....	8
Financial highlights for the Group in DKK .....	9
Financial highlights for the Group in USD and EUR .....	10
Our sustainability commitment .....	11
Our people .....	15
Risk management .....	17
Group chart and Group locations .....	20
<b>Reports .....</b>	<b>21</b>
Statement by the Executive Board and Board of Directors .....	22
Independent Auditor's Report .....	23
<b>Group and Parent Accounts .....</b>	<b>26</b>
Income statement .....	27
Balance sheet – Assets .....	28
Balance sheet – Equity and liabilities .....	29
Statement of changes in equity .....	30
Cash flow statement .....	31
Notes to the annual report .....	32
Accounting policies .....	39
Definition of financial ratios .....	42

## COMPANY DETAILS

### MISSIONPHARMA GROUP APS

Vassingerødvej 9

3540 Lyngø

Denmark

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

CVR no.: 29 78 27 92

Financial year: 1 April - 31 March

Established: 4 October 2006

Registered office: Lyngø, Denmark

### AUDITORS

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup, Denmark

### BOARD OF DIRECTORS

Jean-Marc Pierre René Leccia (Chairman)

Kim Erik Ginnerup

Eric Pierre Jean Muris

Aymeric Erouart

Annie Renée Simonne Dateu

### EXECUTIVE BOARD

Christian Monrad Overgaard (CEO)

Poul Lindof (CFO)



## ABOUT MISSIONPHARMA

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

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

Missionpharma's purpose statement is:

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

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

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

intelligent healthcare solutions built on deep insight and experience.

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

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

For more information, please visit:

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

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

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

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



## ABOUT OUR BUSINESS

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

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

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

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

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

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

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

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

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



GENERIC  
PHARMACEUTICALS



MEDICAL  
CONSUMABLES



HOSPITAL  
EQUIPMENT



MEDICAL  
KITS

# PERFORMANCE 2018/19

(APRIL 2018 – MARCH 2019)

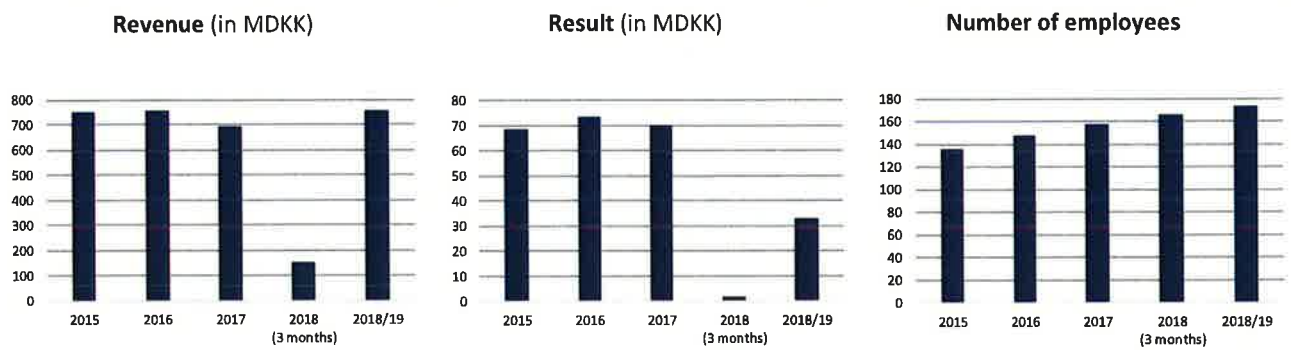
## Financials

The financial year ended at 31 March 2019 with a consolidated profit of DKK 32,916 thousand. The consolidated total equity as at 31 March 2019 amounts to DKK 297,152 thousand.

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

Missionpharma has not made any substantial investments during the financial year. The number of employees has increased in line with expectations.

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



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

## Comparison with outlook

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

## OUTLOOK 2019/20

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

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

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



The year has the following key focus business areas:

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

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

No major investments are foreseen for 2019/20.

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



## FINANCIAL HIGHLIGHTS FOR THE GROUP IN DKK

DKK '000	2018				
	2018/19	(3 months)	2017	2016	2015
<b>Key figures</b>					
Revenue	756,969	152,166	692,199	758,087	754,044
Gross profit	120,583	27,808	152,170	160,942	138,947
Operating profit (EBIT)	50,447	9,372	82,941	97,808	83,210
Net financials	-6,319	-6,022	5,006	-2,052	648
<b>Profit for the year</b>	<b>32,916</b>	<b>2,035</b>	<b>70,134</b>	<b>73,281</b>	<b>68,454</b>
Investments for the year	2,861	2,928	1,417	2,131	3,256
Total assets	424,884	459,858	479,050	407,146	397,081
<b>Total equity</b>	<b>297,152</b>	<b>319,597</b>	<b>318,729</b>	<b>308,852</b>	<b>289,849</b>
<b>Net cash flow for the year</b>	<b>4,331</b>	<b>-5,823</b>	<b>-84,480</b>	<b>-56,433</b>	<b>26,313</b>
<b>Financial ratios</b>					
Operating margin (EBIT)	6.7%	6.2%	12.0%	12.9%	11.0%
Return on assets	11.4%	2.0%	18.7%	24.3%	20.1%
Return on equity	10.7%	0.6%	22.4%	24.5%	24.4%
Equity ratio	69.9%	69.5%	66.5%	75.9%	73.0%
Liquidity ratio	2.8	2.8	2.5	3.6	3.2
<b>Average number of full-time employees</b>	<b>174</b>	<b>166</b>	<b>157</b>	<b>148</b>	<b>136</b>

## FINANCIAL HIGHLIGHTS FOR THE GROUP IN USD AND EUR

USD '000	2018				
	2018/19	(3 months)	2017	2016	2015
Average DKK/100 USD rate (P&L)	642.33	607.22	659.46	675.83	670.49
Closing DKK/100 USD rate (balance sheet)	664.46	601.01	620.77	705.28	683.00
<b>Key figures</b>					
Revenue	117,847	25,059	104,965	112,171	112,462
Gross profit	18,773	4,580	23,075	23,814	20,723
Operating profit (EBIT)	7,854	1,543	12,577	14,472	12,410
Net financials	-981	-992	759	-304	97
<b>Profit of the year</b>	<b>5,124</b>	<b>335</b>	<b>10,635</b>	<b>10,843</b>	<b>10,210</b>
Investments in the year	445	482	215	315	486
Total assets	63,944	76,514	77,170	57,728	58,138
<b>Total equity</b>	<b>44,721</b>	<b>53,177</b>	<b>51,344</b>	<b>43,791</b>	<b>42,438</b>
<b>Net cash flow for the year</b>	<b>674</b>	<b>-959</b>	<b>-12,810</b>	<b>-8,350</b>	<b>3,924</b>
<b>Financial ratios</b>					
Operating margin (EBIT)	6.7%	6.2%	12.0%	12.9%	11.0%
Return on assets	11.4%	2.0%	18.7%	24.3%	20.1%
Return on equity	10.7%	0.6%	22.4%	24.5%	24.4%
Equity ratio	69.9%	69.5%	66.5%	75.9%	73.0%
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<b>Average number of full-time employees</b>	<b>174</b>	<b>166</b>	<b>157</b>	<b>148</b>	<b>136</b>

EUR '000	2018				
	2018/19	(3 months)	2017	2016	2015
Average DKK/100 EUR rate (P&L)	745.69	744.62	743.86	744.64	745.92
Closing DKK/100 EUR rate (balance sheet)	746.52	745.13	744.49	743.44	746.25
<b>Key figures</b>					
Revenue	101,513	20,435	93,055	101,806	101,089
Gross profit	16,171	3,735	20,457	21,613	18,628
Operating profit (EBIT)	6,765	1,259	11,150	13,135	11,155
Net financials	-847	-809	673	-276	87
<b>Profit of the year</b>	<b>4,414</b>	<b>273</b>	<b>9,428</b>	<b>9,841</b>	<b>9,177</b>
Investments in the year	384	393	190	286	437
Total assets	56,915	61,715	64,346	54,765	53,210
<b>Total equity</b>	<b>39,805</b>	<b>42,891</b>	<b>42,812</b>	<b>41,544</b>	<b>38,841</b>
<b>Net cash flow for the year</b>	<b>581</b>	<b>-782</b>	<b>-11,357</b>	<b>-7,579</b>	<b>3,528</b>
<b>Financial ratios</b>					
Operating margin (EBIT)	6.7%	6.2%	12.0%	12.9%	11.0%
Return on assets	11.4%	2.0%	18.7%	24.3%	20.1%
Return on equity	10.7%	0.6%	22.4%	24.5%	24.4%
Equity ratio	69.9%	69.5%	66.5%	75.9%	73.0%
Liquidity ratio	2.8	2.8	2.5	3.6	3.2
<b>Average number of full-time employees</b>	<b>174</b>	<b>166</b>	<b>157</b>	<b>148</b>	<b>136</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 (see description in “About our business” section). Making a difference for these people is the core sustainability goal of our company.

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




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


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


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

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


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

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

<p><b>HUMAN RIGHTS</b> <b>COMMITMENT 1</b></p> <hr/>  <p><b>We create local value</b> by helping to advance the people and communities in which we are present.</p>	<p><b>POLICY</b> The Group has zero tolerance for any human rights abuse, in particular:</p> <ul style="list-style-type: none"> <li>• We must not engage or be involved in any business that is against human dignity</li> <li>• We must not discriminate based on race, colour, gender, religion or national origin</li> <li>• We must not be involved in any child labour, human trafficking or any other kind of forced or involuntary labour</li> <li>• We must not tolerate any form of harassment</li> <li>• We must not deal with any person that engages in or is involved with any human rights abuses</li> </ul> <p>We are committed to protect human rights within own organisations and to the largest possible extend to influence those of our suppliers and other partners. We monitor and mitigate on human rights.</p> <p><b>LOCAL ENGAGEMENT</b> We invest in people and facilities to increase local packing and distribution management. We seek to procure quality healthcare products from the local pharmaceutical industry and to share expertise in a manner that is mutually beneficial.</p> <p><b>CAPACITY BUILDING AS KEY TO GROWTH</b> We share technological processes and knowhow with our affiliates in Africa. We create jobs, educate staff, foster local expertise and create business for local companies. We believe that local capacity building helps create growth and prosperity in the region. That's why we seek to gather our activities and ensure our presence in the areas where our services are actually being used.</p> <table border="1" data-bbox="592 1075 1498 1238"> <tr> <td data-bbox="592 1075 1037 1238"> <p><b>PROGRESS DURING THE YEAR</b> We have continued the competence building among all employees and prepared for a higher level of due diligence within our organisation.</p> </td> <td data-bbox="1037 1075 1498 1238"> <p><b>AMBITIONS</b> We shall continue to grow and consolidate our approach to human rights and creation of local value within our organisation and among suppliers and other partners.</p> </td> </tr> </table>	<p><b>PROGRESS DURING THE YEAR</b> We have continued the competence building among all employees and prepared for a higher level of due diligence within our organisation.</p>	<p><b>AMBITIONS</b> We shall continue to grow and consolidate our approach to human rights and creation of local value within our organisation and among suppliers and other partners.</p>
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<p><b>LABOUR</b> <b>COMMITMENT 2</b></p> <hr/> 	<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>
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<p><b>We empower people</b> by fostering an inclusive culture where people can grow and develop.</p>	<p><b>HEALTH AND SAFETY</b> We want to take care of and empower our people to improve our health and safety environment. We want to create a great place to work. Through training and initiatives in all our locations we strive towards constant improvements.</p> <p><b>PROGRESS DURING THE YEAR</b> We have continued the training and development of employees throughout our organisation. We have continued our yearly survey with employees in Denmark by the Great Place to Work® Institute.</p> <p><b>AMBITIONS</b> We shall continue to focus on the development and health and safety of our employees. We shall continue to develop Missionpharma as a great place to work across current and new locations. We plan a similar survey to Great place to Work to be performed across global organisation in coming year.</p>
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<p><b>ENVIRONMENT</b> <b>COMMITMENT 3</b></p> <hr/>  <p><b>We reduce our environmental footprint</b> by striving to integrate environmental responsibility into all our activities.</p>	<p><b>POLICY</b> We want to reduce our environmental footprint every year. We want to integrate environmental responsibility into all our activities and affiliates and to reduce emissions and carbon footprint throughout the entire supply chain. We shall share and encourage best practices among our customers, suppliers and other partners.</p> <p><b>ENVIRONMENTAL AWARENESS</b> We work hard to reduce our environmental impact. We pay special attention to the consumption of electricity and fuel in all of our locations worldwide, we minimize waste, and we optimise benefits from intercompany synergies. To limit the negative environmental impacts of pharmaceutical manufacturing and ensure constant improvements, we keep manufacturers' social and environmental responsibility top of mind at all times.</p> <p><b>OPTIMIZED TRANSPORTATION</b> Transportation of goods constitute by far the biggest environmental impact within our part of the supply chain. That's why we always plan for the most environmentally effective mode of transportation, given the circumstances. As a project-oriented company, we are often subject to a range of external factors on which we have limited influence. We always seek to influence our customers' and suppliers' transportation preferences towards the method with the lowest possible environmental impact.</p> <p><b>PROGRESS DURING THE YEAR</b> We have continued the optimisation of our logistics platforms, packing systems, and distribution. We have invested in solar energy installations</p> <p><b>AMBITIONS</b> To ensure constant improvements in sustainability throughout the supply chain, we will intensify our environmental requirements to suppliers and partners.</p>
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<p><b>ANTI-CORRUPTION COMMITMENT 4</b></p>	<p><b>POLICY</b> We aim for the highest ethical standards in our business practices. We stand for integrity, respect, and transparency in all aspects of our activities.</p> <p>We believe that corruption and other unethical practices are incompatible with our vision and undermine the support and confidence of our business environment. That's why we implement policies to counteract corruption and unethical behaviour in all possible forms.</p> <p>We believe that conducting business with honesty and transparency boosts competitiveness all while remaining competitive</p> <p><b>CODE OF CONDUCT</b> Our Code of Conduct and anti-bribery &amp; anti-corruption policy guides employees and partners to make responsible business decisions and act ethically and according to the highest standards of integrity.</p>	
	<p><b>We stand for integrity</b> by aiming for the highest ethical standards in our business practices.</p> <p><b>PROGRESS DURING THE YEAR</b> During the year we have introduced new and revised policies and procedures within anti-bribery, anti-corruption and whistleblowing.</p> <p>Training in existing and new policies and procedures has continued and formal compliance organisational structure has been established.</p> <p><b>AMBITIONS</b> We want to advance our commitment to integrity by continuing the rollout of training and vetting programmes to relevant employees, suppliers and other partners.</p>	

## OUR PEOPLE

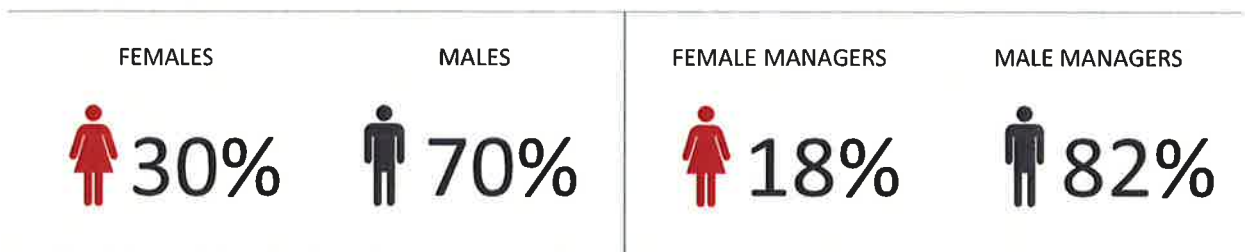
Missionpharma aims, across geographic locations, to employ and maintain a high degree of diversity within the organisation.

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

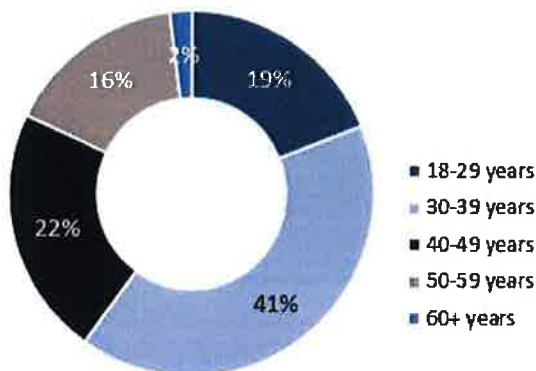
personal and professional skills among employees to secure a high performance culture. We strive to create a healthy and motivating environment with a high level of engagement and commitment to the Missionpharma purpose.

### Employees

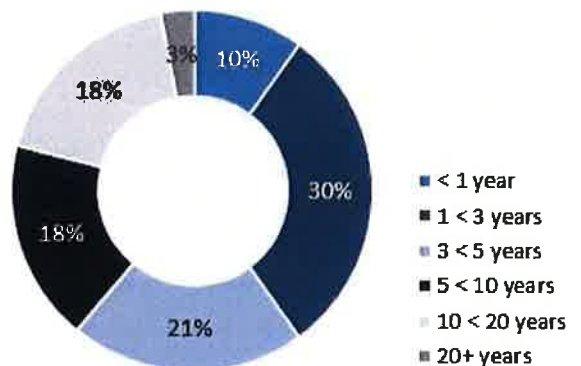
Our 178 employees in the Missionpharma Group worldwide at the end of the March 2019:



AGE DISTRIBUTION



SENIORITY



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

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

The information given below relates to Missionpharma Group and Missionpharma A/S.

### BOARD OF DIRECTORS IN MISSIONPHARMA GROUP

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

### OTHER MANAGEMENT LEVELS IN MISSIONPHARMA A/S

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



# RISK MANAGEMENT

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

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

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

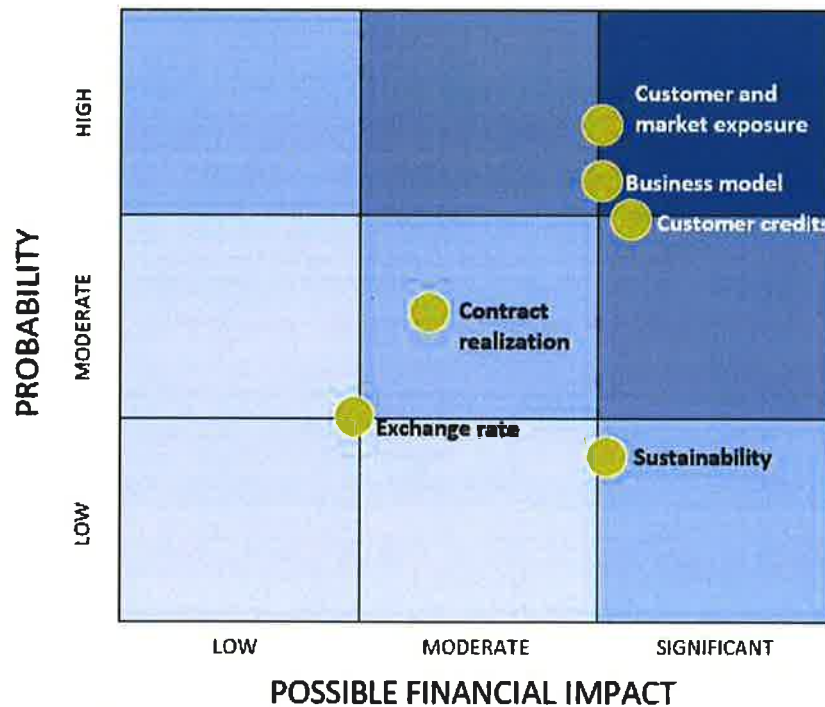
## Risk assessment - mapping

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

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

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

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



## Risk assessment - description

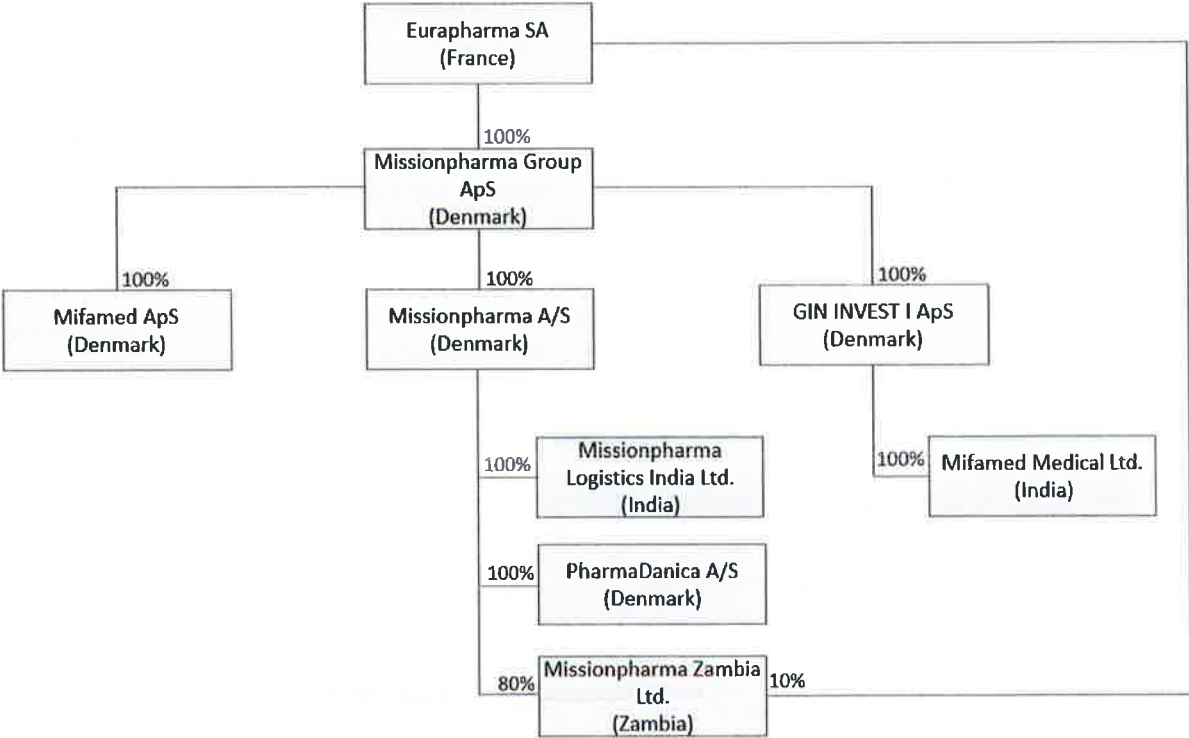
Risk description	Possible impact	Risk mitigation
<b>Business model</b>		
<p>The business model of Missionpharma is exposed to the uncertainty of inquiries from the market and subsequent successful outcome of tenders participated in. The business consists of a combination of smaller and larger tenders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

Continues...

**Risk assessment – description (continued)**

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

# GROUP CHART AND GROUP LOCATIONS





# Reports

## STATEMENT BY THE EXECUTIVE BOARD AND BOARD OF DIRECTORS

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

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

It is our opinion that the 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 March 2019 and of the results of the Group's

and the Company's operations and consolidated cash flows for the financial year 1 April 2018 – 31 March 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the 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, 18 June 2019

### Executive Board



Christian Monrad Overgaard  
CEO




Poul Lindof  
CFO

### Board of Directors



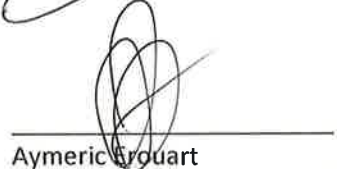
Jean-Marc Pierre René  
Lecea  
Chairman



Kim Erik Ginnerup



Eric Pierre Jean Muris



Aymeric Grouart



Annie Renée Simonne Dateu

## INDEPENDENT AUDITOR'S REPORT

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 March 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 April 2018 - 31 March 2019 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 April 2018 - 31 March 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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 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 Financial 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 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 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 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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

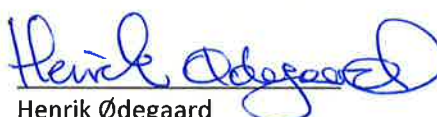


- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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 Group and 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.
  - 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, 18 June 2019  
**PricewaterhouseCoopers**  
 Statsautoriseret Revisionspartnerselskab  
 CVR-nr. 33 77 12 31



Rasmus Friis Jørgensen  
 State Authorised Public Accountant  
 mne28705



Henrik Ødegaard  
 State Authorised Public Accountant  
 mne31489



# **Group and parent accounts**

## INCOME STATEMENT

DKK'000	Note	Consolidated		Parent company	
		2018/19 (12 mths)	2018 (3 mths)	2018/19 (12 mths)	2018 (3 mths)
<b>Revenue</b>		756,969	152,166	0	0
Goods for resale and consumables		-461,637	-85,627	0	0
Other external expenses		-174,749	-38,731	-60	-1
<b>Gross profit</b>		120,583	27,808	-60	-1
Staff costs	1	-58,042	-15,534	0	0
Amortization/depreciation and impairment of intangible assets & property, plant and equipment	5,6	-12,094	-2,902	0	0
<b>Operating profit</b>		50,447	9,372	-60	-1
Income from investments in subsidiaries	7	0	0	32,976	1,963
Financial income	2	3,679	1,462	0	0
Financial expenses	3	-9,998	-7,484	-30	-3
<b>Profit before tax</b>		44,128	3,350	32,886	1,959
Tax on profit	4	-11,212	-1,315	20	1
<b>Profit for the year</b>		32,916	2,035	32,906	1,960

## BALANCE SHEET – ASSETS

31 MARCH

DKK'000	Note	Consolidated		Parent company	
		2019	2018	2019	2018
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Intangible assets</b>					
	5				
Goodwill		21,082	27,486	0	0
Software		2,139	3,972	0	0
		<u>23,221</u>	<u>31,458</u>	<u>0</u>	<u>0</u>
<b>Property, plant and equipment</b>					
	6				
Land and buildings		27,074	28,427	0	0
Other fixtures and fittings, tools and equipment		6,222	6,188	0	0
		<u>33,296</u>	<u>34,615</u>	<u>0</u>	<u>0</u>
<b>Investments</b>					
Investments in subsidiaries	7	0	0	297,092	319,429
Other investments	8	20,894	17,565	0	0
		<u>20,894</u>	<u>17,565</u>	<u>297,092</u>	<u>319,429</u>
<b>Total non-current assets</b>		<u>77,411</u>	<u>83,638</u>	<u>297,092</u>	<u>319,429</u>
<b>Current assets</b>					
<b>Inventories</b>					
Goods for resale		43,202	109,930	0	0
		<u>43,202</u>	<u>109,930</u>	<u>0</u>	<u>0</u>
<b>Receivables</b>					
Trade receivables		224,833	199,108	0	0
Income tax receivables		13,640	15,574	5,077	8,186
Other receivables	9	42,740	27,854	0	0
Accrued expenses		1,868	8,986	0	0
		<u>283,081</u>	<u>251,522</u>	<u>5,077</u>	<u>8,186</u>
<b>Cash</b>		<u>21,190</u>	<u>16,859</u>	<u>4,795</u>	<u>1,953</u>
<b>Total current assets</b>		<u>347,473</u>	<u>378,311</u>	<u>9,872</u>	<u>10,139</u>
<b>TOTAL ASSETS</b>		<u>424,884</u>	<u>461,949</u>	<u>306,964</u>	<u>329,568</u>

## BALANCE SHEET – EQUITY AND LIABILITIES

31 MARCH

DKK'000	Note	Consolidated		Parent company	
		2019	2018	2019	2018
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital		125	125	125	125
Net revaluation according to the equity method		0	0	94,560	116,897
Retained earnings		270,432	262,939	175,872	146,042
Proposed dividends		26,300	56,200	26,300	56,200
<b>Equity attributable to shareholders in Missionpharma Group ApS</b>					
		296,857	319,264	296,857	319,264
Minority interests		295	333	0	0
<b>Total shareholders' equity</b>		<b>297,152</b>	<b>319,597</b>	<b>296,857</b>	<b>319,264</b>
<b>Provisions</b>					
Deferred tax	10	2,873	3,892	0	0
		2,873	3,892	0	0
<b>Current liabilities other than provisions</b>					
Other credit institutions		52,643	58,125	0	0
Prepayment received from customers		20,928	19,882	0	0
Trade payables		31,559	40,153	0	0
Payables to subsidiaries		0	0	10,046	10,243
Income tax payable		919	0	0	0
Other payables		18,810	20,300	61	61
		124,859	138,460	10,107	10,304
<b>Total liabilities other than provisions</b>		<b>124,859</b>	<b>138,460</b>	<b>10,107</b>	<b>10,304</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>424,884</b>	<b>461,949</b>	<b>306,964</b>	<b>329,568</b>

Proposed profit appropriation	11
Contingent assets and liabilities and other financial obligations	12
Related parties	13
Auditors' fees	14

## STATEMENT OF CHANGES IN EQUITY

Parent company					
DKK'000	Share capital	Revaluation (equity method)*	Retained earnings	Proposed dividends	Total
Equity at 1 April	125	116,897	146,042	56,200	319,264
Dividends distributed	0	0	0	-56,200	-56,200
Exchange adjustment	0	887	0	0	887
Profit for the year	0	-23,224	29,830	26,300	32,906
<b>Equity at 31 March</b>	<b>125</b>	<b>94,560</b>	<b>175,872</b>	<b>26,300</b>	<b>296,857</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 April	125	262,939	56,200	319,264	333	319,597
Dividends distributed	0	0	-56,200	-56,200	0	-56,200
Exchange adjustment	0	887	0	887	-48	839
Profit for the year	0	6,606	26,300	32,906	10	32,916
<b>Equity at 31 March</b>	<b>125</b>	<b>270,432</b>	<b>26,300</b>	<b>296,857</b>	<b>295</b>	<b>297,152</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**

	2019	2018
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	
		2018/19 (12 mths)	2018 (3 mths)
Profit for the year		32,916	2,035
Changes of non-cash operating items	15	33,879	9,658
Cash flow from operations before changes in working capital		66,795	11,693
Changes in working capital	16	19,941	13,888
Cash generated from operations (operating activities)		86,736	25,581
Financial income received		346	1,462
Financial expense paid		-9,457	-7,484
Cash flow from operations before tax		77,625	19,559
Corporation tax paid		-8,752	-10,135
<b>Cash flow from operating activities</b>		<b>68,873</b>	<b>9,424</b>
Additions of property, plant and equipment		-2,861	-2,928
Disposals of property, plant and equipment		2	0
<b>Cash flow from investing activities</b>		<b>-2,859</b>	<b>-2,928</b>
Change other credit institutions		-5,482	-12,319
Dividend distributed		-56,200	0
<b>Cash flow from financing activities</b>		<b>-61,682</b>	<b>-12,319</b>
<b>Net cash flow from operating, investing and financing activities</b>		<b>4,331</b>	<b>-5,823</b>
Cash and cash equivalents at 1 April		16,859	22,682
<b>Cash and cash equivalents at 31 March</b>		<b>21,190</b>	<b>16,859</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	
	2018/19 (12 mths)	2018 (3 mths)
<b>Group</b>		
Wages and salaries	52,174	14,225
Pension costs	3,653	845
Other social security costs	519	124
Other staff costs	1,696	340
	<b>58,042</b>	<b>15,534</b>
Salaries and fees paid to the Executive Board	6,645	1,161
The Board of Directors did not receive any remuneration.		
Average number of employees	174	166

#### Accounting policies

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

DKK'000	Consolidated		Parent company	
	2018/19 (12 mths)	2018 (3 mths)	2018/19 (12 mths)	2018 (3 mths)
<b>2 Other financial income</b>				
Other interest receivables, exchange gains and similar income	350	1,462	0	0
Revaluation of other investments	3,329	0	0	0
	<b>3,679</b>	<b>1,462</b>	<b>0</b>	<b>0</b>
<b>3 Other financial expenses</b>				
Other interest payable, exchange losses and similar expenses	9,998	7,484	30	3
	<b>9,998</b>	<b>7,484</b>	<b>30</b>	<b>3</b>

#### 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

	Consolidated		Parent company	
	2018/19 (12 mths)	2018 (3 mths)	2018/19 (12 mths)	2018 (3 mths)
DKK'000				
Current tax for the year	12,531	382	-20	-1
Change in provision for deferred tax	-1,019	933	0	0
Prior year adjustments	-300	0	0	0
	<u>11,212</u>	<u>1,315</u>	<u>-20</u>	<u>-1</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
Cost at 1 April	<u>78,940</u>	<u>5,500</u>
Cost at 31 March	<u>78,940</u>	<u>5,500</u>
Impairment losses and amortization at 1 April	51,454	1,528
Amortization during the year	<u>6,404</u>	<u>1,833</u>
Impairment losses and amortization at 31 March	<u>57,858</u>	<u>3,361</u>
<b>Carrying amount at 31 March</b>	<u><u>21,082</u></u>	<u><u>2,139</u></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 April	37,855	16,776	54,631
Foreign exchange rate adjustment	164	-316	-152
Additions during the year	18	2,843	2,861
Disposals during the year	0	-7	-7
Cost at 31 March	38,037	19,296	57,333
Revaluation at 1 April	13,378	0	13,378
Revaluation at 31 March	13,378	0	13,378
Impairment losses and depreciation 1 April	22,806	10,588	33,394
Foreign exchange rate adjustment	79	88	167
Depreciation during the year	1,456	2,401	3,857
Depreciation disposal during the year	0	-3	-3
Impairment losses and depreciation at 31 March	24,341	13,074	37,415
<b>Carrying amount at 31 March</b>	<b>27,074</b>	<b>6,222</b>	<b>33,296</b>
<b>Carrying amount at 31 March without revaluation</b>	<b>13,696</b>	<b>6,222</b>	<b>19,918</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	<u>Total</u>
Cost at 1 April	<u>202,532</u>
Cost at 31 March	<u>202,532</u>
<b>Adjustments</b>	
Adjustments at 1 April	116,897
Foreign exchange rate adjustment	887
Share of profit for the year	32,976
Dividend distributed	<u>-56,200</u>
Adjustments at 31 March	<u>94,560</u>
<b>Carrying amount at 31 March</b>	<u><u>297,092</u></u>

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

Share of profit for the year	39,380
Amortization of goodwill	<u>-6,404</u>
Adjustments at 31 March	<u><u>32,976</u></u>

**Specification of the carrying amount at 31 March**

Share of the equity in group entities	276,010
Goodwill	<u>21,082</u>
Carrying amount at 31 March	<u><u>297,092</u></u>

<b>Name</b>	<b>Registered office</b>	<b>Ownership</b>
Missionpharma A/S	Lynge, Denmark	100 %
Mifamed ApS	Lynge, Denmark	100 %
GIN INVEST I ApS	Lynge, Denmark	100 %
PharmaDanica A/S	Lynge, 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**

	2019	2018
Shares in non-group company	20,874	17,545
Time-share apartment	20	20
	<u>20,894</u>	<u>17,565</u>

**9 Other receivables****Group**

	Within 1 year	Within 1 and 5 years	Total
Other receivables, due	<u>40,632</u>	<u>2,108</u>	<u>42,740</u>

**10 Deferred tax provisions****Group**

	2019	2018
Provision for deferred tax at 1 January	3,892	2,946
Provisions during the year	-1,019	946
<b>Deferred tax at 31 March</b>	<u>2,873</u>	<u>3,892</u>

**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.

**11 Proposed profit appropriation**

	Consolidated		Parent company	
	2018/19 (12 mths)	2018 (3 mths)	2018/19 (12 mths)	2018 (3 mths)
DKK'000				
Proposed dividends	26,300	0	26,300	0
Reserve for net revaluation under the equity method	0	0	-23,224	1,963
Retained earnings	6,606	1,960	29,830	-3
Minority interests	10	75	0	0
	<b>32,916</b>	<b>2,035</b>	<b>32,906</b>	<b>1,960</b>

**12 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 42,883 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 and buildings amount to DKK 3.3 million.

**13 Related parties****Group**

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

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

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

**14 Auditors' fees**  
**Group**

	Consolidated	
	2018/19 (12 mths)	2018 (3 mths)
DKK'000		
Fee for statutory audit	254	155
Tax assistance	10	5
Fee for non-audit services	1	16
	<u>265</u>	<u>176</u>

**15 Changes of non-cash operating items, cash flow statement**

Amortization/depreciation	12,094	2,902
Net loss on sale of fixed assets	-2	0
Financial income	-3,679	-1,462
Financial expenses	9,998	7,484
Tax for the year	11,212	1,315
Provision and other non-cash operating items, net	4,256	-581
	<u>33,879</u>	<u>9,658</u>

**16 Changes in working capital, cash flow statement**

Change in inventories	62,472	-961
Change in trade receivables	-25,725	23,580
Change in other receivables	-7,768	-2,135
Change in trade payables	-8,594	-28,114
Change in other payables	-1,490	2,336
Change in prepayments received from customers	1,046	19,182
	<u>19,941</u>	<u>13,888</u>

## ACCOUNTING POLICIES

Accounting policies not already covered in the report.

### General accounting policies

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

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

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

### Reporting currency

The financial statements 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.

## General accounting policies (continued)

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

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.

**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**

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".

**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 payables**

Other liabilities are measured at 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	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Equity ratio	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$