



MISSIONPHARMA
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On a mission
for better health

Missionpharma Group ApS

Annual report 2022/23



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

Approved at General Meeting 26/6-2023
Chairman: Torben Nørskov,
Accura Advokatpartnerselskab

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ABOUT THIS REPORT

This annual report for Missionpharma Group ApS covers the financial year 1 April 2022 - 31 March 2023 and contains a Management Review, Reports and Accounts.

The Management Review, in particular, includes financial and non-financial highlights of the year, our business in general and very importantly, also the impact and actions of our Environmental, Social, and Governance priorities.

The report contains the consolidated accounts of Missionpharma Group ApS and the accounts of the parent company.



SUSTAINABILITY REPORT

As a participant of the UN Global Compact, Missionpharma is committed to contributing to the Ten Principles for human rights, labour, environment and anti-corruption and the relevant UN Sustainable Development Goals.

Our sustainability report summarises our sustainability priorities and results in 2022-23. View the report at www.missionpharma.com.

Company details

COMPANY

Missionpharma Group ApS
Vassingerødvej 9
3540 Lyngø
Denmark
www.missionpharma.com
CVR no.: 29 78 27 92
Financial year: 1 April - 31 March
Established: 4 October 2006
Reg. office: Lyngø, Denmark

BOARD OF DIRECTORS

Jean-Marc Pierre René Leccia (Chairman)
Kim Erik Ginnerup
Eric Pierre Jean Muris
Ilona Maureen Fischer

EXECUTIVE BOARD

Christian Monrad Overgaard (CEO)
Alexandre Pierre Jean Vialatte (CFO)

AUDITORS

Mazars
Statsautoriseret Revisionspartnerselskab
Midtermolen 1, 2. tv
2100 København Ø
Denmark



Business highlights



942

MILLION DKK

Missionpharma generated a historical revenue record in financial year 2022/23, mainly driven by the realisation of new commercial initiatives and strong USD currency.

>30%

CAPACITY INCREASE IN OUR INDIAN WAREHOUSES

To support our business growth and accommodate increasing storage needs, we have built a new GDP certified and locally FDA approved warehouse at our Indian plot in Kandla Special Economic Zone. The new warehouse offers additional 2,500 pallet positions and features high levels and automated racking systems to optimise the warehouse height of 12.5 meters.

With this extra capacity we have increased our storage capacity in India to a total of 11,000 m² and 9,000 pallet positions. Adding 4,500 m² warehousing facilities in Denmark, and with the support of our external partners, we are able to offer our customers a fully integrated and comprehensive global logistics setup.



7.8

CUSTOMER SATISFACTION RATING

Despite the fact that some activities were still impacted by COVID-19 in financial year 2022/23, we have managed to continuously improve our customer service and have reached a strong average customer satisfaction level of 7.8 against last year's 7.3 on a scale from 1-9.

This rating substantiates our continued focus on understanding customer needs and accommodating our activities around those needs by organising ourselves through a customer segment-based approach.

Financial highlights in DKK

1 APRIL 2022 - 31 MARCH 2023

Financial highlights DKK

DKK'000	2022/23	2021/22	2020/21	2019/20	2018/19
KEY FIGURES					
Revenue	924.320	682.481	726.927	780.353	756.969
Gross profit	229.341	133.504	182.236	99.252	120.583
Operating profit (EBIT)	159.600	69.020	115.464	31.897	50.447
Net financials	-5.201	268	-13.549	-7.390	-6.319
Profit for the year	119.258	52.305	78.068	16.983	32.916
Total assets	550.154	442.228	454.882	407.596	424.884
Equity	351.072	323.250	348.431	285.057	297.152
Investments in the year	6.015	1.188	806	2.464	2.861
Number of full-time employees	150	142	144	169	174
Net cash flow for the year	-5.391	-6.776	-17.118	33.137	4.331
FINANCIAL RATIOS					
Operating margin (EBIT)	17,3%	10,1%	15,8%	4,1%	6,7%
Return on assets	31,8%	15,4%	26,7%	7,6%	11,4%
Equity ratio	63,8%	73,1%	76,6%	69,9%	69,9%
Return on equity	34,1%	15,6%	24,6%	5,8%	10,7%
Liquidity ratio	2,5	3,4	3,9	2,8	2,8

COMMENTS TO FINANCIAL HIGHLIGHTS

The financial performance of Missionpharma Group ApS during the financial year 2022/23 has been historically high, as a result of a strong commercial performance combined with exceptional collections of long-time due trade receivables of 58.6 million DKK, that lead to significant provision reversals (see note 16).

2022/23 revenue reached a record high for Missionpharma, as we continue to develop our activities by diversifying our client portfolio that we serve through an efficient customer-segmented organisation. The favourable USD currency, in addition to the effect of inflation on commodities prices, also substantially supported the good sales trend.

Missionpharma continues the high dividend payout ratio with a proposed 150 million DKK for the financial year 2022/23.

ESG highlights



ISO 14001

CERTIFICATION OF
MISSIONPHARMA LOGISTICS INDIA

Adding to our list of accreditations Missionpharma Logistics India was awarded the international environmental certification ISO 14001 certification in this financial year.

The environmental certification of our Indian operations is an extension of the certification obtained in Lyngse last financial year and demonstrates our continued commitment to acting environmentally responsible in all touch points.

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LIFE-SAVING OPERATIONS IN AFRICA THROUGH MERCY SHIPS PARTNERSHIP

One of our social initiatives, which we are particularly proud of this year, is a new long-term partnership with the humanitarian organisation, Mercy Ships. Mercy Ships operates two hospital ships that deliver free surgical operations to the poorest people in Africa - a purpose very much in line with our mission for better health.

Missionpharma's donation to Mercy Ships in this financial year is equivalent to 32 life-changing operations.



94%

GLOBAL EMPLOYEE SATISFACTION

In financial year 2022/23 we chose to fully harmonise our employee satisfaction survey and include all our global employees in the Great Place to Work® survey platform.

With 100% of all employees answering to the survey, 94% answered positively to the key benchmark question "Taking everything into account, I would say this is a great place to work"

Statement from our CEO

The year 2022/23 became a historical year, thanks to the continued development of our operational performance, combined with old trade receivable collections materialising substantial provision reversals.



The financial year 2022/23 has been another year of a strong progress for Missionpharma. We have surpassed new milestones, developed innovative business fields, invested in people and talents, initiated operational projects to support our journey, and continued to secure strong achievement in serving our clients.

In an environment characterised by geopolitical volatility, economic uncertainty and high inflation, our financial performance ended with the highest revenue and net result ever since we commenced business back in 1975. This growth performance has been achieved together with a reduction in working capital requirement and thereby resulted in a strong cash-flow generation.

In this fast-moving environment, I am impressed by the Missionpharma team's dedication to the company's mission to provide access to safe healthcare for everyone. This defining purpose is supported by a strong company culture and brings a very real competitive advantage. On behalf of the Board, I would like to thank Missionpharma employees for this outstanding year.

2022/23 realised significant collection achievements of old-time due trade receivables and thereby reducing our working capital requirement. This reward follows our clear strategy change years back to only offer selective credit exposure.

As Missionpharma remains extremely focused on assessing potential risks of future business opportunities, we enter this new financial year with a solid order pipeline across our customer segments, indicating the robustness of our portfolio approach.

Looking into the future, I am confident that our ambitious plans for growth underpinned by investments and determination will enable us to scale up the impact of our work. At the same time, our agility and commitment to secure availability and urgent deliveries of medical supplies will make us a valued partner to stakeholders and society at large.

Christian Overgaard
CEO, Missionpharma Group

OUR PURPOSE

On a mission for better health

We believe that access to safe and affordable healthcare is a human right. Since 1975 we have contributed to improving global health by supplying quality medicines and medical devices to people all over the world.

Missionpharma is driven by our purpose of improving global access to safe and affordable healthcare. Since 1975 we have delivered healthcare products that positively impact the lives of millions of people around the world.

With a dedicated team of 150 employees in five locations on three continents, we work closely to empower people and create long-term positive change. Our people are the very core of our organisation, and they are the real reason why our strong culture stands after almost five decades in the global healthcare industry.



We strongly believe that our purpose drives our performance and that we are better equipped to positively impact society by making sure that our employees can identify with our purpose every day.

Underlying our purpose are our long-held values, which we continue to commit to and ensure continued relevance of in the context of a changing world.

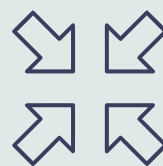
We look forward to making our commitments come to life together with our employees and partners.

OUR VALUES



We care

We care about people. We take responsibility and treat each other and the world around us with respect.



We deliver impact

We are dedicated to making a difference. We work relentlessly to deliver solutions with impact.



We are one

We succeed by working together as one – a diverse team of specialists. We are the sum of our collective expertise.

Facts & figures



VALUE PROPOSITIONS

We provide access

We work to provide access to healthcare for everyone. Whoever you are, wherever you are, you have the right to safe treatment. For nearly five decades we have reached people all around the globe with our products — through public and private institutions, international development aid organisations and the United Nations. We are experts in providing access to healthcare everywhere.

We make complexity easy

We develop simple solutions to complex challenges. We understand our customers' needs and organise efficient solutions that make an impact. We take pride in managing the entire supply chain - from sourcing and procurement of the right product at the right price, through comprehensive quality assurance and kit packing to delivery at the final destination.

We stand for transparency and reliability

We know that vulnerable communities rely on our supplies and services. That's why we pay meticulous attention to ensuring safety, transparency and reliability in our supply chain. We do what we say and say what we do. We are proud participants of the UN Global Compact and we are grateful to be trusted by customers, authorities, and partners.

We create positive change together

We have long standing working relationships with customers and partners. By working closely as a team, we empower people and create long-term impact. In our view, every project is a chance to grow the communities we work in. Together, we are on a mission for better health.

About us

Missionpharma is a global supplier of generic pharmaceuticals, medical devices, hospital equipment, and medical kits to public and private institutions, international development organisations, and UN entities.

Being a private company with a global reach and a long history of delivering healthcare products, we are committed to positively impacting the lives of millions of people around the world.

For nearly five decades, we have supported people with our products and our services. As one of the world's largest pharmaceutical wholesalers, we work to provide access to safe and affordable healthcare for everyone.

In addition to 60 employees at our Danish headquarters in Lyngø, we employ 90 people in our offices in India, China, and Zambia, and we have a comprehensive network of local representatives in over 30 countries worldwide.



We offer a fully integrated logistics setup that includes GDP-certified pharmaceutical warehousing and complete kit packing facilities in India and Denmark. Products are primarily sourced and procured from manufacturers based in Europe and Asia and supplied to customers outside the EU; mostly in Africa and Asia.

WE CREATE POSITIVE CHANGE TOGETHER

We fundamentally believe that access to safe and affordable treatment should be a human right. In a constantly changing world, we possess the agility to work with both long-term procurement programmes and emergency deliveries of medical supplies.

By delivering solutions with a long-term positive impact, we grow the communities we work in – and we grow Missionpharma. We focus on continuously improving our services and at the same time developing new business areas through focused strategic initiatives. We are motivated by creating value to all our stakeholders, but our core focus is to provide safe medicines to vulnerable communities all over the world. Together, we are on a mission for better health.

WE MAKE COMPLEXITY EASY

We develop simple solutions to complex challenges. We understand our customers' needs and organise efficient solutions that make an impact. We take pride in managing the entire supply chain, from sourcing and procurement of the right product at the right price, through comprehensive quality assurance and kit packing, to delivery at the final destination.

OUR PRODUCTS



Generic pharmaceuticals



Medical devices



Hospital equipment



Medical kits

MEMBER OF CFAO HEALTHCARE

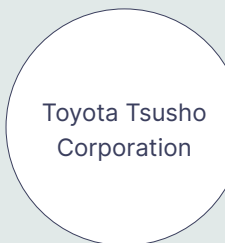
Missionpharma is a proud member of CFAO Healthcare – the healthcare division of CFAO Group; a multinational distributor of brands, particularly within mobility, healthcare, consumer goods and infrastructure, and ultimately owned by Japanese Toyota Tsusho Corporation (TTC).

CFAO Healthcare is one of the leading distributors of branded-originator pharmaceuticals to the private market in Africa. Our partnership empowers us to further develop and strengthen our operations and improve our ability to contribute to better health on a global scale.

▶▶ Read more about us at www.missionpharma.com

Our Group structure

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



EMPLOYEES: 65,000
ANNUAL TURNOVER: EUR 53 billion
OPERATIONAL REACH: More than 1,000 group companies in 120 countries around the world

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



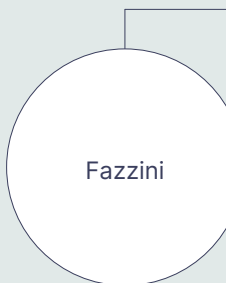
EMPLOYEES: 21,000
ANNUAL TURNOVER: EUR 7.9 billion
OPERATIONAL REACH: 158 operating offices in 39 countries in Africa and 9 French overseas territories

CFAO Healthcare is the healthcare division of CFAO Group and a leading distributor of branded-originator pharmaceuticals to the private market in primarily Africa.



EMPLOYEES: 3,600
ANNUAL TURNOVER: EUR 1.9 billion
OPERATIONAL REACH: 40 operating subsidiaries in 28 countries in Africa and 7 French overseas territories

Fazzini is an international leading supplier of hospital furniture and medical equipment, producing and distributing medical and electro-medical devices all over the world.



EMPLOYEES: 30
ANNUAL TURNOVER: EUR 28 million
OPERATIONAL REACH: Distribution of hospital equipment in over 80 countries worldwide



EMPLOYEES: 150
ANNUAL TURNOVER: EUR 125 million
OPERATIONAL REACH: Subsidiaries in India, China and Zambia and local representatives in 30 countries

For further information, please visit:

- Missionpharma: missionpharma.com
- CFAO Healthcare: cfaogroup.com/en/healthcare-en/
- CFAO Group: cfaogroup.com
- TTC: toyota-tsusho.com
- Fazzini: fazzini.it

View a complete group chart on Missionpharma's website at missionpharma.com/about/#global-organisation

About our business

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

BUSINESS MODEL

Our business model, our strategic focus, our organisation and the values upon which we perform our business form a solid foundation for living our purpose, achieving our long-term targets and creating shared value for all our stakeholders. At the same time, our business activities are targeted towards creating a platform for sustainable growth.

With operations and supply chains extending around the world, we need to understand the conditions in locations far from our headquarters. Missionpharma specialises in developing products and projects in collaboration with customers and local partners. Our solutions are based on knowledge, experience, commitment and hard work. They are always developed with respect for and in close dialogue with our partners.

BUSINESS APPROACH

Our proven ability to handle complex supply projects ensures reliable delivery to the final destination, even to the most remote clinics or health posts. Handling product sourcing with multiple manufacturers and performing sufficient quality assurance and quality control can be substantial tasks. Missionpharma specialises in managing the entire range of activities involved in a project. We always seek to offer simple solutions to complex challenges - with respect for the people and the societies we engage with.

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

CREATING SHARED VALUE

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

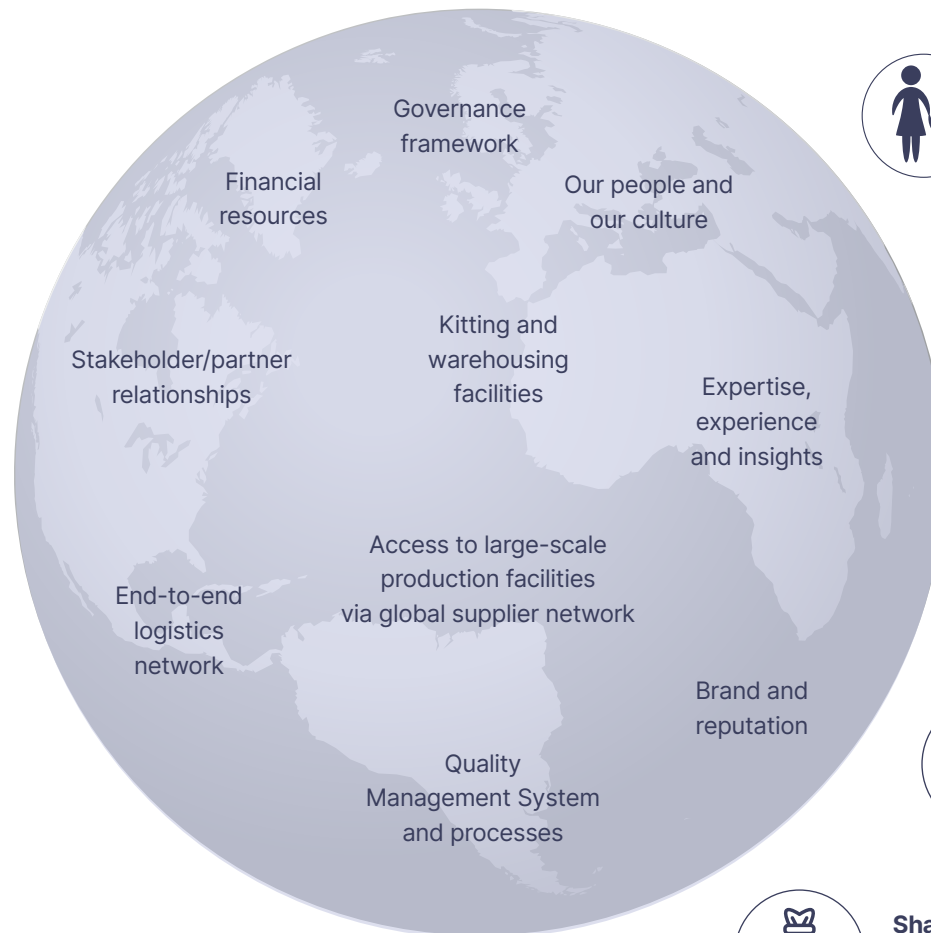
- Customers and patients in our markets by securing availability of essential healthcare products at affordable prices with consistent high quality
- Addressing societal challenges by actively contributing to the UN Global Compact's Ten Principles for human rights, labour, environment, and anti-corruption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



Our business model

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

OUR RESOURCES

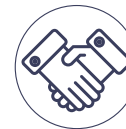


VALUE CREATED



Patients

We believe that access to safe treatment is a human right. Every year, we supply life-saving medicine to more than 100 million people worldwide.



Partners and stakeholders

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



Our people

Our employees are among our most important asset. With 17 different nationalities represented globally, we foster an inclusive and diverse culture, where people can grow and develop.



Society

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



Shareholders

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



IDEALLY LOCATED

Our logistics setup in India, Missionpharma Logistics, is strategically located in Kandla Special Economic Zone near the western coast of India.

This location directly contributes to optimising our in-bound logistics as well as reducing CO₂ emissions connected to our transportation activities, as we are geographically much closer to our manufacturers and our customers.

The proximity to the global trade and logistics hub in Dubai, offering unrivalled infrastructure and world-class logistics facilities, is also an advantage which many of our customers appreciate.

Warehouse expansion in India

Demonstrating extended agility to secure immediate availability of life-saving medical supplies is an increasingly important part of the services we offer our customers.

The ability to hold stock of pharmaceutical products and kits, and effectively manage the same, is increasingly important for international institutions, such as the UN, which are managing the supply chain and programmes around global crisis situations. To respond to the requests and expectations from our customers and partners on emergency deliveries, we have taken the strategic decision to extend our services and offer products from stock.

In order to support our business growth and accommodate the increasing capacity and storage needs in India, we have built a new GDP certified and local FDA approved warehouse at our plot in Kandla Special Economic Zone (KASEZ).

The new warehouse provides additional storage capacity of 2,500 pallet positions with semi-automated radio shuttle racking systems for space optimization of warehouse height of 12.5 meters.

The new warehouse not only increases our storage capacity, but also enhances our total kit packing speed and efficiency,

as it features large space for kit palletization and material handling. The entire warehouse is temperature controlled and powered by green solar energy.

TOTAL WAREHOUSE CAPACITY IN INDIA

Storage capacity:	11,000 m ²
Pallet positions:	9,000
Racking systems:	Radio shuttle and traditional racks
Approvals:	ISO 9001, ISO 14001, GDP, Indian FDA

Performance 2022/23

APRIL 2022 - MARCH 2023

FINANCIALS

The financial year ended 31st March 2023 with a profit of DKK 119,258 thousand. The equity as of 31st March 2023 amounts to DKK 351,072 thousand.

2022/23 was in many ways a historical year. This is mainly due to the high level of activity supported by our segment-driven commercial initiatives, and also due to the USD currency historical positive development.

Despite our growing operation and worldwide significant inflation, we managed to rationalize our cost structure while improving our productivity, concluding this financial year with an exceptional operational performance for Missionpharma.

A year which has become even more profitable, as old trade receivables collection achievements drove substantial provisions reversals.

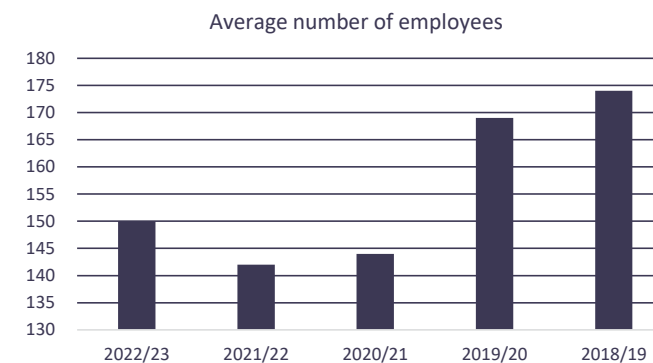
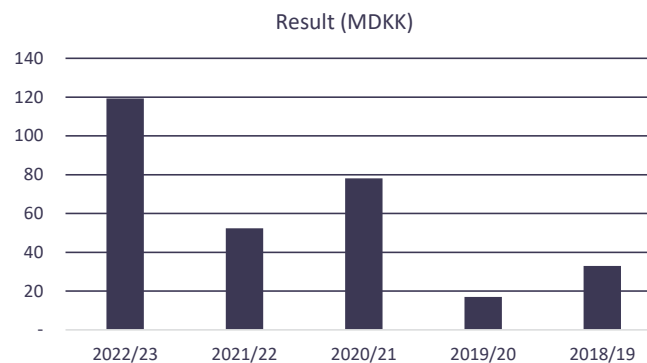
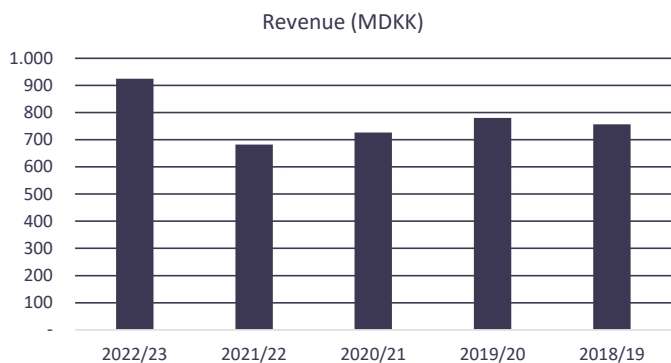
Prolonging the efforts from previous years, we continued to minimise risk on credits granted, and managed efficiently our inventory exposure.

Missionpharma did not expose itself to any substantial risk during the year in this respect and managed to partly recover old debts.

Finally, the year ended with an historical result much above expectations.

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

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



Performance 2022/23

COMPARISON WITH OUTLOOK

OUTLOOK 2022/23	PERFORMANCE 2022/23
Expectation of a revenue growing when compared to previous financial year.	Revenue for the year ended much above expectations, positively impacted by USD invoicing currency rates and continuous development of long-term commercial initiatives.
Expectation of a net result at a higher level compared with previous financial year.	Our strong segment business orientation and risk focus, combined with trade receivables provision reversals resulted in a financial performance exceeding expectation.
Expectation of a lower level of savings in administrative expenses compared previous financial year.	The focus on administrative expenses savings continued, and was achieved as expected, despite the challenge of a growing inflation.
Manage uncertainties related to COVID-19 through the mitigation of any business impact through the supply chain.	The operational challenges related to COVID-19, developed positively over the year, as the world gradually returned to a pre-pandemic situation.
To continue the focus on minimising risks in operations.	Missionpharma succeeded in executing our plan for continuous reduction of our financial risk towards customers in key markets. Maintained high focus on compliance.
To develop the customer base and scope of activity with both existing customers as well as new strategic customers	Despite the overall achievement in growing our total revenue significantly, customer segments faced contrasted development, some benefitting from a strong development and some others being directly impacted by some severe budget re-allocations.
To continue the implementation of synergy projects with group companies.	A strengthened collaboration with Fazzini, our sister company based in Italy, positioned Missionpharma in a competitive position on major Hospital Equipment tenders.
To continue to improve our sustainability objectives in accordance with our group CO ₂ emissions reduction target.	Our commitment in reducing CO ₂ emissions was achieved, e.g. thanks to our additional investment in a 100 kW solar production capacity in our Indian affiliate.
To develop our standards for quality by implementing an electronic Quality Management System.	Missionpharma implemented as planned an eQMS solution, thereby re-enforcing our global quality system with a full digital and resource-efficient solution.

Outlook 2023/24

APRIL 2023 - MARCH 2024

The portfolio of contracts, pending quotations and inquiries combined with the operational and strategic activities leads to an expected growth in revenue for 2023/24 compared to financial year 2022/23.

The level of net result for the financial year 2023/24 is expected to be lower compared to last financial year, but only due to the 2022/23 exceptional performance in provision reversal. Missionpharma's operational performance is, however, expected to be steady when compared to 2022/23.

This is mainly foreseen due to the positive revenue development, being compensated by inflation related procurement price increases that shall lower margins on certain commercial project executions. Finally, we expect an increase in administrative expenses due to inflation.

Consequently, Missionpharma shall focus on the following business areas:

- To further continue to develop our customer base with the development of new added value offers
- To secure and mitigate the potential effects of inflation and increased financing costs on project execution
- To develop our standards for quality and compliance even further and in accordance with the CFAO Group methodology

- To maintain our high standards in executing ethical and sustainable business
- To continue the further improvement of our digital setup

Missionpharma is assessing a possible ERP transition expected to start in the financial year 2023/24. No other substantial investment is foreseen for 2023/24.

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



Our sustainability framework

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

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

INFLUENCING GLOBAL HEALTH

As a global business with activities in numerous countries worldwide, we not only have an opportunity – but also an obligation – to address, influence, support and change global healthcare issues.

Our leading market position and many activities around the world allow us to impact many people's lives, whether they are patients, partners, customers or employees. Positively impacting access to quality healthcare worldwide – directly or indirectly – is the core goal of our company. It's why we do what we do.

According to the WHO, about one-third of people across the world lack access to essential healthcare and estimated 1 in 10 medical products in low- and middle-income countries is substandard or falsified.

Since 1975 Missionpharma has worked to provide access to safe treatment for everyone through dedicated focus on quality, safety and reliability of our products and services, while still acting responsibly in all parts of our business and relations.

WE CREATE SHARED VALUE

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

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

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

COMMITMENT TO CONTINUED SUPPORT

Sustainability is not new to us. It has been almost five years since we became a participant of the UN Global Compact but even long before our active engagement, acting responsibly while continuously focusing on creating a positive impact on society has been an integrated part of our work and deeply rooted in our company culture.

We will continue to support and make progress on the Ten Principles and further to contribute to the Sustainable Development Goals (SDGs) by taking them into account when planning and reporting on our work.



Our sustainability commitments

Corporate responsibility is deeply rooted in our culture and in the way we work. Missionpharma has defined four sustainability commitments which guide us in acting responsibly in all parts of our business and in our relations with our surroundings.

CORPORATE RESPONSIBILITY

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

The backbone of our sustainability work is shaped by the Ten Principles of the UN Global Compact within human rights, labour, environment and anti-corruption. Missionpharma has defined four sustainability commitments – in line with the four focus areas of the UN Global Compact – which we adhere to and seek to continuously develop and integrate further into our global organisation.

Our commitment to enable better health in a challenged world through partnership and focused efforts remains strong. Together, we want to work towards a more responsible supply chain and we want to make sure that our collaborations add value to local economies.

UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The UN Sustainable Development Goals represent a framework of international priority areas as part of the 2030 Sustainable Development agenda.

The 17 Sustainable Development Goals (SDGs) include 169 targets and are the world's plan to build a better world for people and our planet by 2030.

Businesses are not required to work with all 17 goals, but to address the goals that make sense in their business area, as this is where they can make a real difference.

OUR FOUR SUSTAINABILITY COMMITMENTS

HUMAN RIGHTS



We improve global health

by making safe healthcare affordable.

LABOUR



We empower people

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

ENVIRONMENT



We reduce our environmental footprint

by striving to integrate environmental responsibility into all our activities.

ANTI-CORRUPTION



We stand for integrity

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

Sustainable Development Goals (SDGs)

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

SDG FOCUS

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

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



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



SDG 3: GOOD HEALTH AND WELL-BEING

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

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

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

OUR CONTRIBUTION TO GOAL 3

Our activities reach further than supplying healthcare products; we organise dedicated initiatives to improve maternal and child health and reduce the maternal mortality ratio, we supply products to combat HIV, TB and malaria epidemics, we provide products to prevent and treat non-communicable diseases (NCDs), we offer solutions to address family planning issues and we improve access to universal health coverage through providing access to quality medicine and vaccines. See how we contribute to SDG 3 and our selected sub-targets on the next page.



SDG 8: DECENT WORK AND ECONOMIC GROWTH

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

OUR CONTRIBUTION TO GOAL 8

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



SDG 13: CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

OUR CONTRIBUTION TO GOAL 13

With climate changes being among the world's biggest challenges we have an obligation to continuously improve our environmental performance and to define concrete goals to reduce our environmental footprint every year. We also aim to monitor and influence the environmental performance of our partners around the world.

Our contribution to SDG 3

Missionpharma significantly contributes to SDG 3 and the relevant sub-targets through focused efforts to improve access to safe and affordable healthcare globally. We are proud to contribute to supplying quality medicine that improve health conditions for people on a global scale.

3 GOOD HEALTH AND WELL-BEING



DELIVERY OF IMPLANT KITS TO ETHIOPIA

Women in Ethiopia have limited access to contraception, especially in the rural areas of the country. Already in their teenage years, 20% of all girls give birth to their first child. Giving birth at such young age can pose a serious threat to the health of both mother and child, why effective birth control is highly needed in the country.

In accordance with our Maternal and Child Health strategy, and in cooperation with the Ethiopian government, Missionpharma has provided continuous supplies of contraceptive implant kits to the country since 2020. In addition to containing essential products to conduct a safe procedure, the kit includes the contraceptive implant, Etonogestrel, which is a highly effective, convenient and rapidly reversible long-acting method of contraception providing three years' efficacy.

Missionpharma directly supports sub-targets 3.1, 3.2 and 3.7. by providing safe and effective contraception to more than two million women in Ethiopia.



By the end of 2023, around 5% of all Ethiopian women above 15 years of age are covered against unwanted pregnancy through supplies from Missionpharma.



The maternal mortality in Togo has been reduced by almost 25% since the Caesarean kit was introduced in the country back in 2011.

REDUCING MATERNAL MORTALITY IN TOGO

Missionpharma has contributed to the reduction of maternal mortality in Togo by almost 25% since we started supplying Caesarean kits to the country back in 2011.

Missionpharma's Caesarean kit contains all products needed to perform a C-section. Constant and immediate product availability provides a considerable reduction of the surgery preparation time, which is the most critical elements in an emergency situation. Before introduction of the kit in Togo, it took an average of 2½ hours from the decision about performing a C-section was made until all products were ready in the operating theatre. With the Caesarean kit in place, waiting time has been reduced to just 30 minutes.

Thousands of lives have been saved since we started delivering Caesarean kits in Togo, which directly responds to sub-targets 3.1 and 3.2 on maternal and child health.



Human rights

We want to improve access to safe and affordable healthcare worldwide, while consistently focusing on ensuring that products are provided to patients under responsible and sustainable conditions and with respect for human rights throughout the supply chain.

APPROACH TO HUMAN RIGHTS

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

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

HUMAN RIGHTS POLICY

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

The International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights (1948), serve as guidelines for our approach to universal human rights and corporate social responsibility.

HUMAN RIGHTS PRINCIPLES

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

We do not accept any kind of forced or compulsory labour, we work actively to abolish child labour and we aim to assure that no breach of local and global regulations takes place in our operations or with our partners, to the extent possible. We value diversity high and we do not discriminate based on race, colour, gender, religion or sexual orientation.

HUMAN RIGHTS VIOLATIONS:

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

GLOBAL CODE OF CONDUCT AND ETHICS



Acting with integrity is essential to ensure the sustainable growth of our activities and to create a long-term competitive advantage for Missionpharma and for our parent companies. All members of the Toyota Tsusho Corporation (TTC) Group are guided by the Global Code of Conduct and Ethics (COCE), which fundamentally covers the following 10 principles:

1. We are committed to creating a safe and healthy work environment.
2. We will comply with all applicable laws and regulations; including anti-corruption, anti-trust and competition law, and trade laws and regulations.
3. We are committed to accurate financial reporting.
4. We are accountable for compliance with all company rules.
5. We will act with integrity, honesty and transparency, and protect and develop trust among all stakeholders.
6. We will contribute to the sustainable development of society.
7. We will promote and pursue environmentally friendly corporate activities.
8. We will add value through continuous improvement.
9. We will respect human rights.
10. We will embrace diversity and inclusion within our company and society.

Human rights

Commitment

We improve global health by making safe healthcare affordable.

Ambition

We want to improve access to safe and affordable healthcare worldwide, while consistently focusing on ensuring that products are provided to patients under responsible and sustainable conditions and with respect for human rights throughout the supply chain.

UN SDGs



3.1, 3.2, 3.3
3.4, 3.7, 3.8



Main progress 2022/23

- Awarded as No. 1 exporter of healthcare products in Kandla Special Economic Zone.
- Sponsor partnership with the international humanitarian organisation, Mercy Ships.
- CSR donations to our local communities in India.

Main targets 2023/24

- Increase our contribution to SDG 3, and in particular to sub-targets 3.1, 3.2 and 3.7 on maternal, child and reproductive health.
- No observations of infringement of human rights in our own organisation or with our suppliers.

MISSIONPHARMA CHARITY RUN

In September 2022 all Missionpharma’s Danish employees gathered for the event “Missionpharma charity run” to support children with cancer. For every kilometre completed, Missionpharma donated DKK 125 to the Danish Childhood Cancer Foundation (Børnecancerfonden).

Greatly motivated by the good purpose, we managed to run a total of 290 km, resulting in a total amount of DKK 36,250, which all employees worked hard to secure.



The Danish Childhood Cancer Foundation directly supports childhood cancer research and provides psychological, rehabilitation and social support to the children and their families. The foundation depends fully on donations.

Thanks to targeted research, 6 out of 7 children survive cancer today. However, the work continues to realise the vision that no children should ever die from cancer.



AWARD FOR EXCELLENCE IN EXPORT

Missionpharma Logistics India has again been recognised for its performance in exports. For the 13th time, and the 9th year consecutively, we have won the award as the No. 1 exporter by the Kandla Special Economic Zone (KASEZ) authorities in Gujarat, India, in the category ‘Drugs, Pharmaceuticals and Allied Products’.

This is a tangible testimony of the huge difference we make to the lives on millions of people around the world. We are definitely on the right track on our mission for better health.



HUMAN RIGHTS ASSESSMENT WITH OUR SUPPLIERS

As a fully integrated part of our GMP audit programme, we assess and document manufacturers’ potential use of child labour and forced labour during every single audit – being physical or virtual – in addition to assessment of specific human rights areas and ethical practices.

This process has helped us to assess and evaluate our suppliers’ respect of human rights before entering into a new supply relationship.

Hospital ships that transform lives

In 2023 Missionpharma partnered up with the international humanitarian organisation, Mercy Ships, which operates two hospital ships that deliver free surgical operations to the poorest people in Africa.



THE WORK OF MERCY SHIPS

More than 17 million people die every year from lack of safe surgical care, and in low-income countries, 9 out of 10 people lack access to essential surgical care.

Mercy Ships has focused their attention on treating conditions and diseases that are life threatening or significantly impairing living ability or quality of life to patients in the poorest countries in Africa - in addition to medical capacity building through education of local healthcare providers. Services are offered free of charge to those in need with no distinction of race, gender or religion.

FLOATING HOSPITALS OPERATED BY VOLUNTEERS

Mercy Ships operates two large non-governmental hospital ships, the Africa Mercy and the Global Mercy. The ships bring necessary medical care, surgeries and capacity building to Africa and offer in total 12 operating theatres and nearly 300 patient beds.



Daouda, age 13, before and after surgery of a massive and painful tumour, which started growing in his upper jaw at the age of 4.

Each year, more than 3,000 volunteer professionals from over 60 countries serve on board. Professionals such as surgeons, dentists, nurses, health trainers, cooks, and engineers dedicate their time and skills to accelerate access to safe surgical, obstetric and anaesthetic care. The medical department represents 50% of the crew on board.



Justine, 11 years old from Cameroon, received surgery to straighten her bowed legs at the Africa Mercy. Five months after the surgery, she was able to walk again - taller and filled with renewed confidence.



ABOUT MERCY SHIPS

Mercy Ships is an international humanitarian organisation, which operates hospital ships that deliver free surgeries and other healthcare services to those with little access to safe medical care.

Mercy Ships has focused entirely on partnering with African nations for the past three decades. Working with in-country partners, Mercy Ships also provides training to local healthcare professionals and supports the construction of in-country medical infrastructure to leave a lasting impact. Mercy Ships was founded in 1978 and has offices in 16 countries globally as well as an Africa Service Center in Dakar, Senegal.

OUR SPONSOR PARTNERSHIP WITH MERCY SHIPS

The vision of contributing to improving global health, with a particular orientation towards Africa, has always been a part of Missionpharma's DNA. Our African focus is further substantiated by being a part of the CFAO Group, which has wholesale operations and local branches all over Africa.

Therefore, it was not a difficult decision for us to choose to partner up with Mercy Ships, and we are truly proud to contribute to making an impact through this amazing humanitarian initiative.

Missionpharma's donation to Mercy Ships is equivalent to 32 life-changing operations on board the ships.



Labour

Attracting, retaining and developing our workforce remains a priority. We seek to accomplish this by ensuring purposeful work in a healthy and engaging work environment offering opportunities for personal and professional development.

APPROACH TO LABOUR

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

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

LABOUR POLICY

We protect labour rights and provide a safe and healthy working environment for our employees. Staying healthy and safe at work is a fundamental right and we offer our employees a sound physical and mental work environment in addition to healthcare support and benefits.

We do not accept any form of forced, compulsory and child labour in any of our affiliates. We promote social diversity, we fight discrimination and we strive to provide an inclusive environment with equal opportunities for every employee.

We always seek a fair balance between men and women among our employees, as we believe it benefits our working environment and ability to develop.

We embrace diversity and have zero tolerance for any forms of discrimination and harassment. We consider diversity in nationalities, cultures, religion, gender, sexual orientation and backgrounds as a strength allowing us to achieve our vision and tailor our services to the needs and requirements of our customers and partners.

SICK ABSENCE

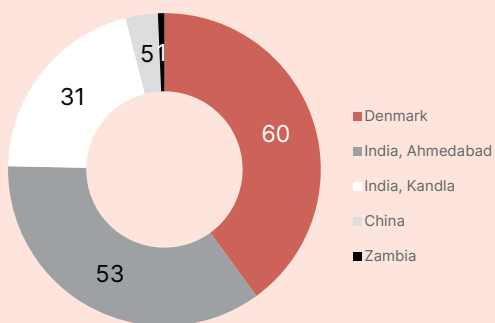
Sick absence rate among Missionpharma's Danish employees continues to be significantly lower than the average of 3.5% in 2021* among Danish companies.

2022/23	2021/22	2020/21	2019/20
1.6%	1.2%	1.0%	2.2%

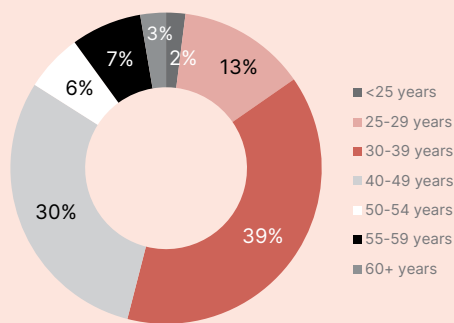
**Latest statistics from DA (Confederation of Danish Employers)*

WORKFORCE DEMOGRAPHICS BY 31 MARCH 2023 (GROUP FIGURES)

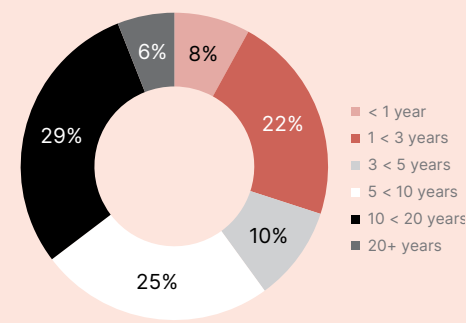
EMPLOYEE DISTRIBUTION



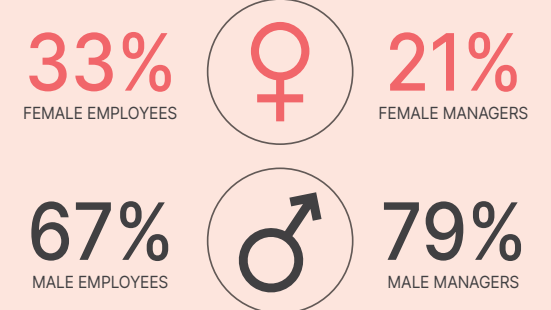
AGE DISTRIBUTION



SENIORITY



GENDER COMPOSITION



Labour

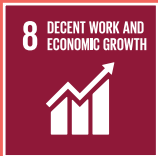
Commitment

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

Ambition

We want to attract, retain and develop our people by ensuring purposeful work in a healthy and engaging work environment offering opportunities for personal and professional development.

UN SDGs



Main progress 2022/23

- Employment of global Chief Human Resource Officer joining our Executive Team.
- Global harmonisation of employee satisfaction survey.
- 94% of all employees globally think that Missionpharma is a great place to work.

Main targets 2023/24

- Increase the organisational coherence through global process harmonisation and activation of Insights Discovery® personality profiling.
- Maintain a global employee satisfaction score of minimum 94% with Missionpharma as a great place to work.
- Increase focus on strategic training needs.

GLOBAL HR FOCUS

The employment of a global Chief Human Resource Officer in Missionpharma's headquarters in Lyngø was one of this year's labour targets. The fulfilment of the target emphasises our commitment to create a purposeful work for our employees by focusing on maintaining and developing a work environment, where all employees can contribute to their fullest.

Missionpharma has always aspired to create an engaging environment and to become a workplace where everybody across locations continuously experiences opportunities to develop personally and professionally. By investing resources in professionalising, developing and streamlining our HR processes, we believe that we can better secure success in the business growth that lie ahead.

Our people are at the very core of our organisation and to ensure that our work successfully impacts millions of lives across the world, we aim to bring Missionpharma's capabilities to the next level through a focused HR approach.

GLOBAL EMPLOYEE SATISFACTION SURVEY

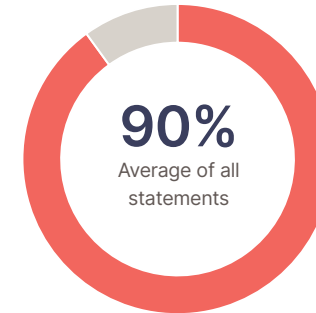
We have used the Great Place to Work® survey platform among our Danish employees since 2010, while using a more limited version in our other locations. This year we have extended the survey to include all locations in order to obtain unified feedback and thereby be better equipped to compare results and take actions globally.

Not only did we obtain a 100% response rate to the survey, we also achieved a global Trust Index Score® (average positive score of all 60 statements in the survey) of 90% on a global scale, which is a remarkably high score that reflects a general high satisfaction level among our employees.

99%

of our employees feel good about the ways in which Missionpharma contributes to the community.

TRUST INDEX SCORE



KEY BENCHMARK QUESTION



"As global Chief Human Resource Officer in Missionpharma my ambition is to secure our employees a purposeful work, fair treatment, a sense of belonging for all, and good development opportunities.

I believe that this is best achieved through ensuring accountability at all levels in our organisation, supported by a value-based approach that retains and further anchors our long-held company values and supports our business results.

By introducing a range of HR initiatives that support, develop and harmonise our leadership capabilities across locations, we continuously substantiate our organisational coherence and thereby our ability to attract and retain the right people to support us on our mission to secure access to safe and affordable healthcare for people all over the world".

Helle Bak Sanden
Chief Human Resource Officer
Employed since 1/4-2022



Environment

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

ENVIRONMENTAL APPROACH

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

Our environmental efforts focus on implementing initiatives, where we as a global organisation can make the biggest positive impact on the environment. Being an important supplier to healthcare programmes worldwide, transportation of goods constitutes by far the biggest environmental impact within our part of the supply chain.

OPTIMISING TRANSPORTATION ROUTES

Our logistics setup in India, Missionpharma Logistics India, is strategically located in Kandla Special Economic Zone near the western coast of India.

The location directly contributes to minimising CO₂ emissions, as transportation distances to our customers in typically Africa and Asia are minimised when packing and shipping products from India as opposed to Europe. As the location is also close to our manufacturers mainly situated in Asia, our inbound logistics is optimised as well.

ENVIRONMENTAL AMBITIONS

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

394,000 kWh

green energy generated in financial year 2022/23 via 300 kW* solar power installations in India.

**Additional 100 kW installed by March 2023*

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

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

Our partners' ability to obtain ISO 14001 certification is an increasingly important Key Performance Indicator for us and is consistently evaluated prior to entering into any relationship.

ENVIRONMENTAL POLICY

Missionpharma is committed to fulfilling all applicable compliance obligations, minimising our environmental impact, and continuously improving our environmental performance.

We strive to minimise our environmental impact from a product life cycle perspective, considering the impact of our manufacturers, our carriers and freight forwarders, and our own premises and customers, balanced with our other business goals.

We will establish, maintain and develop key performance indicators for significant environmental aspects to systematically monitor and improve our overall environmental impact.



The memorable "plant a tree" tradition for Missionpharma employees and partners visiting Missionpharma in India. In addition to creating memories, the ceremony highly contributes to enhancing our green and sustainable surroundings.

Environment

Commitment

We reduce our environmental footprint by striving to integrate environmental responsibility into all our activities.

Ambition

We want to minimise the impact of our business operations on the environment and to continuously work to improve our environmental performance - not only today, but also well into the future.

UN SDGs



Main progress 2022/23

- ISO 14001 certification of Missionpharma Logistics India by Bureau Veritas.
- Installation of additional 100 kW solar power in India, reaching a total capacity of 400 kW.
- 52% of key suppliers and 80% of contracted International Freight Forwarders are ISO 14001 certified compared with targets of 40% and 75%, respectively.

Main targets 2023/24

- Electricity savings of 20% in Lyngø, primarily as a result of replacement of all lights with LED.
- Establish complete CO₂ consumption baseline for focused reduction efforts.

ISO 9001 AND 14001 CERTIFICATIONS OF MISSIONPHARMA LOGISTICS INDIA

Adding to our list of accreditations and in line with the Danish headquarters, Missionpharma Logistics India was awarded ISO 9001 and ISO 14001 certification by Bureau Veritas in financial year 2022/23.

The certifications clearly demonstrate that our continued commitment to the highest quality standards and a consistent service to all our customers, combined with acting environmentally responsibly in all touch points, is extended to our Indian operations.

ISO 14001 is an international environmental management standard which guides us towards measuring and improving our environmental performance on a global scale.

Our ISO 14001 certifications in both Denmark and India are fully aligned with our commitment to SDG 13, Climate action, through defined environmental obligations and established key performance indicators to systematically monitor and improve our environmental performance in all locations.



Employee involvement and empowerment across all locations are imperative when aiming for anchoring our environmental commitments across the organisation.

OUR ACCREDITATIONS

Missionpharma A/S

- ISO 9001 certified by Bureau Veritas
- ISO 13485 certified by Bureau Veritas
- ISO 14001 certified by Bureau Veritas
- Good Distribution Practice (GDP) certified by the Danish Medicines Agency (DKMA).

Missionpharma Logistics (India) Pvt. Ltd.

- ISO 9001 certified by Bureau Veritas
- ISO 14001 certified by Bureau Veritas
- Indian FDA licenses for storage, packing and export of pharmaceutical products
- Good Distribution Practice (GDP) certified by Bureau Veritas according to WHO Technical Report Series No. 1025, Annexure 07

In addition, we:

- Comply with WHO Model Quality Assurance System for Procurement Agencies (MQAS)
- Have obtained international accreditations and approvals and collaborate with several UN agencies and international organisations and donors
- Are regularly inspected by Ministries of Health from client countries

SOLAR POWER AS MAIN ENERGY SOURCE

Our warehouse operations in India account for almost 70% of the total energy consumption in the Missionpharma Group. As solar energy is available in abundance in India, we have systematically installed solar panels on our warehouse roofs to generate green electricity for our warehouse operations.

Our solar power installations generate enough energy to cover a large part of our electricity needs in Kandla and serve as a primary contributor to reducing our environmental footprint.

EXPANDING SOLAR CAPACITY

In March 2023, we completed the 4th phase of our solar power installations by expanding our capacity with another 100 kW, thereby reaching a total capacity of 400 kW.

In this financial year, our 300 kW installation has generated 394,000 kWh green energy, which is a 30% increase compared to last year.



Since 2018 we have systematically been installing solar panels on our warehouse roofs in Missionpharma Logistics India. With the present capacity of 400 kW, we expect solar energy to cover close to 60% of the total energy needs to run our Indian warehouse operations in next financial year.

In 2022/23 the energy generated by solar panels covers more than 50% of the total electricity needs for our warehouse operations, including the air conditioning power consumption to maintain all warehouses under temperature control.

KEY FIGURES 2022/23

Solar power capacity*:	300 kW
Green energy generated:	394,000 kWh
CO ₂ savings:	273 tons*
Electricity coverage: of total warehousing, packaging and air conditioning needs in Kandla	>50%

**400 kW by March 2023*

**CO₂ conversion ratio is adjusted to reflect consistency with Group ratios.*

EXPECTATIONS TO NEXT YEAR

With the recent capacity increase to 400 kW solar power, we expect to save 336 tons CO₂ emission and generate around 485,000 kWh green energy in next financial year.

This is enough to cover almost 60% of the total electricity needs in our Indian warehouses.



GROUP POLICY ON CO₂ TARGETS

Last year, our parent company, CFAO Group, defined a target of achieving 50% reduction in group CO₂ emission levels in 2030 by integrating extensive carbon reduction efforts into its business strategies.



Specifically, the Group aims at reducing current own greenhouse gases, investing in value-chained projects with positive impact in Africa and offsetting remaining CO₂ emission beyond usual business scope.

GROUP EMISSION TARGET:

50% reduction in CO₂ emissions in 2030

Measuring, reporting and setting targets for carbon emission levels apply for all companies in the CFAO Group. In addition to setting ambitions for CO₂ reduction and compensation efforts, the action plan includes investments in low carbon initiatives and technologies in close collaboration and dialogue with business partners, staff and local communities.

As a member of the CFAO Group, Missionpharma is committed to measuring, reporting and improving on the wide range of environmental parameters defined at group level. All measurements fit well into our own environmental targets set up in connection with our ISO 14001 certification.



Anti-corruption

Upholding a high level of business ethics minimises any potential risks to our business, people and society. We act with integrity and in compliance with Group policies as well as international and local standards for responsible business conduct.

APPROACH TO COMPLIANCE

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

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

Our compliance framework includes a number of compliance policies supported by sub-policies and procedures related to, among others, gifts, hospitality, donations, sponsorship and patronage - all in accordance with our Group Global Code of Conduct & Ethics.

Missionpharma's compliance policies apply to all employees of the Missionpharma Group as well as our local representatives and partners.

Employees, local representatives and third parties receive training in our compliance policies and practices and commit to adhere to them in writing according to defined procedures. New employees undergo mandatory training shortly after their employment.

POLICIES AND PROCEDURES

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

Missionpharma does not tolerate any form of corruption or bribery. To mitigate the risk of unethical behaviour, we have implemented a comprehensive vetting programme which includes all business relations, to ensure compliance with Missionpharma standards of integrity. Processes include screening of critical information on persons and entities in addition to due diligence questionnaires and document review. Our local representatives go through a rigorous due diligence process and approval procedure.

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

In the beginning of next financial year Missionpharma implements a range of new Group compliance policies to strengthen our fight against corruption and influence peddling.



Anti-corruption

Commitment

We aim for the highest ethical standards in our business practices by always acting with integrity in everything we do.

Ambition

We want to uphold high business standards and promote good business conduct in all our interactions with employees, customers, healthcare professionals, public officials, suppliers and other business partners globally.

UN SDGs



Main progress 2022/23

- 100% of target group completed individual TRACE training in assigned compliance courses.
- Intensified engagement of local compliance correspondents through scheduled compliance review meetings.

Main targets 2023/24

- Implementation of new compliance policies and whistleblowing procedure in line with Group directives.
- Streamlining third party vetting screening procedures.

NEW GROUP COMPLIANCE POLICIES ON THEIR WAY

We share the vision of the CFAO Group to support the development of the African continent and its citizens through offering sustainable solutions based on our ability to provide suitable and affordable products and services for the benefit of society - all supported by values of integrity, respect and transparency within the group and vis-à-vis our partners.

Acting with integrity is essential to ensure the sustainable growth of our activities and to create a long-term impact in the communities where we operate. Being a part of the CFAO Group Missionpharma is subject to all compliance policies and tools published by the CFAO Group.

In the beginning of next financial year 2023/24 Missionpharma will be implementing a range of new Group compliance policies, which will strengthen the prevention of corruption risks and promote ethics in our professional relationships.

Preparatory work has already started up, and we are looking forward to fully implementing the policies in the next financial year.

COMPLIANCE POLICIES 2022/23

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



NEW COMPLIANCE POLICIES FROM 2023/24 AND ONWARDS

- TTC Global Code of Conduct & Ethics
- CFAO Anti-Corruption Code of Conduct
- MP Business Ethics Policy
- CFAO Whistleblowing Procedure and Reporting tool



"Acting with integrity is essential to ensure the sustainable growth of our activities and to create a long-term competitive advantage for our Group.

Our new Anti-Corruption Code of Conduct defines the ethical principles that must be respected within the Group in terms of fighting corruption and influence peddling.

The principles contained in the Code of Conduct apply to all partners, particularly customers and suppliers in the context of their interactions with the Group".

Richard Bielle

Chairman and Chief Executive Officer, CFAO Group

DEVELOPING OUR GLOBAL COMPLIANCE ORGANISATION

During the past financial year, we have further developed our global compliance organisation by including local Compliance Correspondents in our Indian and Chinese affiliates.

Our Compliance Correspondents are local representatives, appointed to support the Compliance Committee in its functions, and especially to implement compliance policies and procedures. They also embody local compliance expertise, now made available to employees in the concerned affiliates.

In addition, the Compliance Correspondents secure a powerful channel of communication and information sharing between all group employees and Missionpharma's Compliance Committee, with whom the Compliance Correspondents conduct quarterly status meeting to ensure continuous action coordination and information sharing.

SCALING UP ON THIRD PARTY VETTING

With the aim of protecting third parties and Missionpharma against legal, human, economic and financial consequences of inadequate vigilance, we have established comprehensive vetting procedures, which structure guidelines for entering into business relationships with suppliers, customers, consultants, and partners.

In addition to performing vetting of all business relationships, procedures also cover major projects and/or contracts concluded with governmental organisations. The extent of vetting procedures is applied based on individual risk mapping. Non-compliance with defined criteria will result in exclusion from initiating the business relationship.

According to Group policies, and to further support our vetting activities, we adapted the advanced media screening solution, MemberCheck, in this financial year.

In addition to a comprehensive third party approval programme, vetting includes media screening performed through the advanced media screening solution, MemberCheck, which was adapted in this financial year according to Group policies. MemberCheck provides real time adverse media monitoring of any risk associated with a third party and offers a range of services to:

- Ensure compliance and minimise risks
- Stay compliant with identification verification
- Manage risks with PEP (Potentially Exposed Persons) and sanctions checks
- Know Your Customer (KYC) checks

Details of any negative news coverage in the media concerning the relevant partner helps us identify potential associated risks with that particular relation.

COMPLIANCE TRAINING

As a company with a strong corporate responsibility and high ethical standards, we want to ensure that all our employees globally are aware of our ethics and compliance culture and policies. Therefore, everybody is provided mandatory compliance training to guide them in making the right decisions and to raise awareness when facing questionable situations.

COMPLIANCE TRAINING COURSES:

- Global anti-bribery compliance challenge
- Anti-money laundering
- Economic sanctions
- Conflicts of interest
- Sexual harassment & prevention
- Shipping & Logistics

To supplement our internal compliance training programme, and with the aim to optimise training management, consistency and measurability, the entire CFAO Group uses the digital compliance training tool, TRACE, as its main training platform. All training is based on an advanced e-learning platform and courses are developed with experts within each selected theme.




In the coming financial year we are planning to extend the scope to also include third parties acting on behalf of Missionpharma in our compliance training programme.

In financial year 2022/23 Missionpharma's auditors conducted 39 supplier audits. No observations of infringement of human rights were reported.





Summary of progress and targets

The table below presents the highlights of our commitments, progress and targets in the context of the UN Sustainable Development Goals in financial year 2022/23.

AREA	HUMAN RIGHTS	LABOUR
<p>UN SDGs</p> <div style="display: flex; gap: 10px;">   </div> <p>3.1, 3.2, 3.3 3.4, 3.7, 3.8</p>		
<p>Commitment</p>	<p>We improve global health by making safe healthcare affordable.</p>	<p>To empower people by fostering an inclusive and diverse culture where people can grow and develop.</p>
<p>Progress 2022/23</p>	<ul style="list-style-type: none"> • Significant contribution to SDG 3, and in particular to sub-targets 3.1, 3.2 and 3.7 to support maternal, child and reproductive health. • Awarded as No. 1 exporter of healthcare products in Kandla Special Economic Zone. • Established sponsor partnership with the international humanitarian organisation, Mercy Ships, specifically focusing on African countries. • CSR donations to our local communities in India. • Cash donation to the Danish Childhood Cancer Foundation (Børnecancerfonden). • Execution of 39 GMP audits versus similar level of 46 last year. • Pharmaceutical destruction levels remained constant despite discontinuation of soon-to-expire drug donation activities remained constant at 9.5 tons despite a 30% higher revenue this year. 	<ul style="list-style-type: none"> • Employment of global Chief Human Resource Officer joining our Executive Team. • Global harmonisation of employee satisfaction survey. • 94% of all employees globally think that Missionpharma is a great place to work compared with 93% last year. • 100% response rate to this year's global employee satisfaction survey. • % of female managers globally has slightly increased to 21% against 19% last year. • 100% of global managers trained in leadership behaviours. • Insights Discovery® personality profiling and feedback for all employees globally. • Post-COVID teambuilding events in and across all locations. • Job levelling concept introduced in India to support clear growth path and development.
<p>Targets 2023/24</p>	<ul style="list-style-type: none"> • Further increase our contribution to SDG 3 and in particular to sub-targets 3.1, 3.2 and 3.7 on maternal, child and reproductive health. • No observations of infringement of human rights in our own organisation or with our suppliers. • Through our 2022/23 sponsorship to Mercy Ships to directly contribute to 32 life-saving operations in Africa. • New CSR investments in our local communities in India. 	<ul style="list-style-type: none"> • Increase the organisational coherence through global process harmonisation and activation of Insights Discovery® personality profiling. • Maintain a global employee satisfaction score of minimum 94% with Missionpharma as a great place to work. • Increase focus on strategic training needs. • Higher degree of gender diversity in our recruitments. • Employment of HR resource in India.

Summary of progress and targets

AREA	ENVIRONMENT	ANTI-CORRUPTION
UN SDG		
Commitment	<p>We reduce our environmental footprint by striving to integrate environmental responsibility into all our activities.</p>	<p>We aim for the highest ethical standards in our business practices by always acting with integrity in everything we do.</p>
Progress 2022/23	<ul style="list-style-type: none"> • ISO 14001 and 9001 certification of Missionpharma Logistics India by Bureau Veritas. • Installation of additional 100 kW solar power in India, reaching a total capacity of 400 kW. • 52% of key suppliers and 80% of contracted International Freight Forwarders are ISO 14001 certified against targets of 40% and 75%, respectively. • 394,000 kWh green energy generated from our 300 kW solar power installations resulting in reduced CO₂ emissions of 273 tons. • New warehouse in India is established with focus on integration of a large range of environmentally friendly solutions. • Additional rainwater conservation tanks installed with a total capacity of 200,000 liters installed in Missionpharma Logistics India. • 65% of Missionpharma's total electricity consumption across all locations is based on green energy sources. • Electricity consumption across our locations kept at the same level as last year, however, with an increased share of green energy (from 50% to 65%). • Windows replaced in Lynge warehouse for improved isolation. • Light sources in warehouse and offices in Lynge replaced with LED light. • Office temperature in Lynge lowered to limit energy consumption in line with Group policies. 	<ul style="list-style-type: none"> • 100% of target group completed individual training in assigned digital compliance courses (full or refresher courses) via TRACE training platform as per defined training schedule. • Intensified engagement of local compliance correspondents through scheduled compliance review meetings. • No observations of infringement of human rights were reported in our own organisation or with our suppliers. • Increased depth, extent and efficiency of due diligence screening of business partners through improved third party screening system in accordance with Group policies. • No reports received through our whistleblower scheme.
Targets 2023/24	<ul style="list-style-type: none"> • Establish complete CO₂ consumption baseline for focused reduction efforts. • Electricity savings of 20% in Lynge, primarily as a result of replacement of all lights with LED. • Utilisation of 400 kW solar power to cover 60% of total electricity needs for our warehousing and packing operations in India. • Develop more green transport solutions and bring more awareness into total "CO₂ cost" per shipment. 	<ul style="list-style-type: none"> • Full implementation of and training in new compliance policies and whistleblowing procedure in line with Group directives. • Streamlining third party vetting screening procedures. • Continue roll out of digital compliance training programmes (full or refresher courses) according to defined training schedule, incl. enrolment of agents and selected third parties.

Statutory statement

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

	BOARD OF DIRECTORS	OTHER MANAGEMENT LEVELS																		
POLICY	Missionpharma strives to achieve the gender equality by maintaining focus on identifying and recommending qualified female candidates for the Boards within the Group, which have an obligation to set a diversity target.	Missionpharma's policy strives towards a higher degree of gender diversity within its management teams, as we believe it benefits our working environment and ability to develop.																		
TARGET	Missionpharma has set a total target of two female members of the Boards by end of March 2023, equal to 40%.	Missionpharma maintains its target of further increasing the number of females in managerial positions.																		
PROGRESS	One male board member has resigned during the year, consequently increasing the percentage of female representation in the board.	To achieve the overall target, we maintain a continuous focus on ensuring gender equality during recruitment processes as well as through personal development and talent programs. During the year, the total number of female managers increased.																		
STATUS	<table border="1"> <thead> <tr> <th></th> <th>March 2022</th> <th>March 2023</th> </tr> </thead> <tbody> <tr> <td>Female members</td> <td>20%</td> <td>25%</td> </tr> <tr> <td>Male members</td> <td>80%</td> <td>75%</td> </tr> </tbody> </table>		March 2022	March 2023	Female members	20%	25%	Male members	80%	75%	<table border="1"> <thead> <tr> <th></th> <th>March 2022</th> <th>March 2023</th> </tr> </thead> <tbody> <tr> <td>Female managers</td> <td>19%</td> <td>21%</td> </tr> <tr> <td>Male managers</td> <td>81%</td> <td>79%</td> </tr> </tbody> </table>		March 2022	March 2023	Female managers	19%	21%	Male managers	81%	79%
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Female managers	19%	21%																		
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Data ethics

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

Missionpharma complies with both Danish and EU law on data and privacy protection. We recognise that the fast pace of technological development, along with evolving risks and benefits from large scale data use, require thoughtful and responsible decision-making, where existing laws and regulations do not necessarily provide clear ethical guidance.

To cope with these challenges Missionpharma has developed a policy on data ethics based on six principles for how to handle data in an ethical way. The rules describe how we use and process both personal data and non-identifiable (e.g. anonymized, aggregated, non-personal) data. The policy complements the rules and policies for handling of personal and other data, referred to in the employment contract, which all employees sign in connection with the employment.

Missionpharma will periodically review and revise the principles to reflect evolving technologies, the regulatory landscape, stakeholder expectations, and understanding of the risks and benefits to individuals and society of data use.

THE SIX PRINCIPLES

We take measures to ensure that any data shared and used – whether personal or business data – is protected through robust security features and reliable IT applications and providers. On top of this, we have defined six principles on data ethics and responsible handling of personal data:

1. Respect for the privacy of own employees, individuals applying for employment, as well as individuals external to Missionpharma is a fundamental principle.

2. Missionpharma perceives data ethics considerations as more far-reaching than compliance with specific legislation, such as GDPR.
3. Missionpharma prioritises openness and transparency in the ongoing challenges that handling both personal data and non-identifiable data entails. The aim is that companies, organisations, and authorities can learn from each other's experiences.
4. All employees sign a declaration of confidentiality in connection with their employment with Missionpharma. Any personal data, proprietary knowledge, trade secrets etc., are always kept at a minimum, securely stored, kept accurate, retained for no longer than necessary, and is only used for a specific and legitimate purpose.
5. Missionpharma only discloses the data on individuals to authorities if there is an obligation to do so according to legislation and a court or authority decision.
6. Machine learning, artificial intelligence, analysis, impact measurements and the use of algorithms will become part of Missionpharma's strategic endeavours to provide access to safe and affordable healthcare, and to promote openness and transparency about Missionpharma's activities and social impact.

USE OF COMPUTER PROGRAMS, ARTIFICIAL INTELLIGENCE AND ALGORITHMS

- Missionpharma uses computer programmes, artificial intelligence and algorithms in analysis and evaluations aimed solely at supporting Missionpharma's work to provide access to safe and affordable healthcare and to be transparent about Missionpharma's societal impact and the effects of Missionpharma's activities.
- Artificial intelligence and similar technologies are widely used in society. Missionpharma will use these technologies, as well as new technologies, new data sources and new research methods to improve Missionpharma's own decision-making processes, to make evaluations of strategic focus areas, and to analyse the societal effects of Missionpharma's activities.
- Missionpharma assures that actual decisions made under the auspices of Missionpharma are always carried out by an informed individual with the needed procurement.
- At any time, the Danish authorities will be able to access and check applied algorithms upon request to verify that these are not programmed to deliver discriminatory or biased results.

Risk management

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

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

RISK ASSESSMENT - MAPPING AND DEVELOPMENT

The risks highlighted in the matrix, and subsequently described, are assessed to be 2023/24 key risks, which may influence the business in general as well as short-term performance and long-term strategic objectives.

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

- "Business model" remains unchanged.
- "Contract realisation" has increased in terms of financial impact but maintained in terms of probability.
- "Customer and market exposure" remains unchanged.
- "Customer credits" remains unchanged.
- "Sustainability" remains unchanged.

- Risks related to "Exchange rates" increased in terms of probability and financial impact.
- "Inventory" risk remains unchanged.
- "Cyber risk" has been added with moderate financial impact and low probability.

LEARNINGS FROM COVID-19

During the pandemics we have seen challenges in both sourcing of products as well as disrupted supply chains, which continuously could threaten our ability to honour commitments for consistent supply of healthcare products.

Our actions towards mitigating actions and contingency plans are intensified during the last year and are expected to remain in force throughout the financial year 2023/24.

During the financial year 2022/23 we saw little consequences of procurement price increase in the execution of some of our long-term commitment contracts.

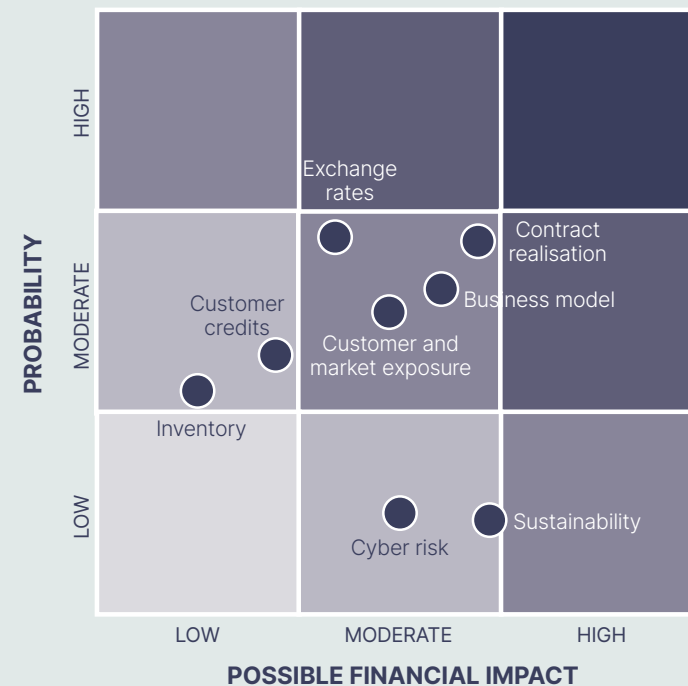
A continued inflation would affect our risks associated with "Contract realisation".

KEY RISKS 2023/24

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

The matrix below shows the seven key risks that may impact Missionpharma's business in general as well as our short-term performance and long-term strategic objectives in 2023/24.

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



Risk management - description

RISK DESCRIPTION	POSSIBLE IMPACT	RISK MITIGATION
<p>Business model</p> <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>Continuous focus on strategic initiatives to further diversify the business based upon a deeper customer understanding.</p>
<p>Contract realisation</p> <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, sales contract and purchase transactions for contract realization is substantial. As cost elements only are renegotiated at time of final orders, the time lag represents a risk in predicting financial outcome in comparison to expectations for contracts. We are impacted by this year's inflation, why we increase the probability for contract realisation.</p> <p>Eventual commitment prior to conclusive contract constitutes a separate risk. Each risk represents a possible short- and medium-term impact on financial performance. A risk that automatically increased as the inflation continues to grow.</p>	<p>The mitigation of risk is concentrated around the intelligence in building and pricing bids. As raw materials in the price of products offered represents the most significant element out of the total costing, particular focus on expected future price setting is made.</p>
<p>Inventory</p> <p>In line with our contractual terms, Missionpharma procures and holds stock that is not subject to a firm buying commitment from customers.</p>	<p>The inventory is partially composed of expiry products and may impact earnings as a result of slow-moving that would lead to product destruction.</p>	<p>Missionpharma defined an inventory exposure policy, aiming to secure that inventory is built up according to sale perspectives. Product re-saleability is assessed on a regular basis to define and implement structured liquidation action plans.</p> <p>A comprehensive inventory provision methodology has been implemented to secure that financial risk would be reflected and hence mitigated.</p>

Risk management - description

RISK DESCRIPTION	POSSIBLE IMPACT	RISK MITIGATION
Customer and market exposure		
<p>A significant customer segment is public entities located within the main markets of Missionpharma, being African countries. A larger number of these customers and markets are subject to volatile economic and political conditions under both national as well as international influence.</p>	<p>The ability to predict short and long-term financial performance on revenue, earning and cash flow is affected by:</p> <ul style="list-style-type: none"> • Possible changes in customers overall environment which impacts purchase pattern, value and timing of inquiries. • Predicted or unpredicted changes in assumptions for contract realization. • Delays and defaults in customer payments. 	<p>Throughout both bidding and contract realization periods, maximum focus is maintained upon changes that possibly could represent a risk. Possible means of intervention are carefully considered.</p> <p>No appropriate insurance possibilities are available. Internal processes secure proper and transparent risk exposures. Probability of customer and market exposure has decreased, as we continue to diversify across other segments than the Public segment.</p>
Customer credits		
<p>In line with contractual terms Missionpharma grants credits to customers.</p>	<p>Defaulted payments from customers have a short-term impact on cash flow and possibly earnings through increased provision for losses. Defaulted payments have a medium- and long-term impact on revenue, earnings and cash flow as participation in new tenders is limited with such customers in default.</p>	<p>Missionpharma's credit policy prescribes a comprehensive evaluation of any credit granted. Credit policies are implemented to guide and control when credit is granted to a customer. Ongoing monitoring and dunning procedures play an important part of daily operations.</p> <p>No appropriate insurance possibilities are available.</p>
Exchange rates		
<p>With a globalised 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). Therefore, Missionpharma is mainly exposed to a USD decrease versus 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>Considering the historically high level of USD currency, the likelihood of a USD decreasing trend could negatively impact Missionpharma, hence supporting our risk probability.</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>
Cyber risk		
<p>Missionpharma's business information, communication systems and information systems are exposed to viruses, sabotage or cyber-attacks.</p>	<p>Cyber-attacks may cause a loss of confidentiality, integrity and availability of information, as well as lead to an incapacity for Missionpharma to operate its daily business.</p>	<p>Missionpharma has over the past years implemented strong solutions to cover safe data backup and recovery capacity. We are implementing regular internal cyber security audits and following up on action points.</p>

Risk management - description

Sustainability

Our aim is to identify and mitigate sustainability risks as early as possible in order to reduce their likelihood and impact. With reference to the risk matrix presented on page 37, Missionpharma considers the risks associated with sustainability to be low in terms of probability but with a moderate financial impact.

The main reason for the low probability is that Missionpharma works actively to identify, prevent and mitigate the adverse impacts and risks associated with our sustainability commitments. However, breach of business ethics, misbehaviour or inadequate performance, represent a risk with a possible moderate/high financial impact. Some can materialise within short time, whereas others could emerge more gradually.

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

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



HUMAN RIGHTS

KEY RISKS

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

RISK MITIGATION

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



LABOUR

KEY RISKS

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

RISK MITIGATION

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



ENVIRONMENT

KEY RISKS

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

RISK MITIGATION

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



ANTI-CORRUPTION

KEY RISKS

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

RISK MITIGATION

1. Monitoring potential risks through defined due diligence processes and whistleblower scheme.
2. Further implement digital compliance training tools to improve training management, consistency and measurability.



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 2022 - 31 March 2023.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2023 and of the results of the Company's operations for the financial year 1 April 2022 – 31 March 2023.

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

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

Lynge, 26 June 2023

Executive Board

Christian Monrad Overgaard
CEO

Alexandre Pierre Jean Vialatte
CFO

Board of Directors

Jean-Marc Pierre René Leccia
Chairman

Kim Erik Ginnerup

Eric Pierre Jean Muris

Ilona Maureen Fischer

Independent auditor's report

To the shareholders of Missionpharma Group ApS

OPINION

We have audited the consolidated financial statements and the parent company financial statements of Missionpharma Group ApS for the financial year 1 April 2022 – 31 March 2023, which comprise an 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, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the company's financial position at 31 March 2023 and of the results of the group and the parent company's operations for the financial year 1 April 2022 – 31 March 2023 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and parent company financial statements" section of our report.

We are independent of the group in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in

Denmark, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

MANAGEMENT'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

Our objective is to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 misstatements of the consolidated financial statements and parent company 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 of 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.

Independent auditor's report

- Obtain and 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 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 consolidated financial statements and parent company 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 to our auditor's report to the related disclosures in the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
 - Obtain sufficient and appropriate evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising, and conducting the audit of the group. We alone are 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.

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and,

in doing so, consider whether management's review is materially inconsistent 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, we conclude, that management's review is in accordance with the consolidated financial statements and 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 of the management's review.

Copenhagen, 26 June 2023

MAZARS

Statsautoriseret Revisionspartnerselskab
CVR no. 31 06 17 41

Karsten Vedel
State-authorized public accountant
MNE no. mne47841



MISSIONPHARMA
cfaogroup.com

Accounts

Income statement

DKK'000	Note	CONSOLIDATED		PARENT COMPANY	
		2022/23	2021/22	2022/23	2021/22
Revenue		924,320	682,481	0	0
Goods for resale and consumables		-571,596	-384,918	0	0
Other external expenses		-123,383	-164,059	-110	-51
Gross profit		229,341	133,504	-110	-51
Staff costs	1	-65,444	-55,640	0	0
Depreciation of property, plant, equipment and IT development costs	2	-4,297	-8,844	0	0
Operating profit		159,600	69,020	-110	-51
Income from investments in subsidiaries	3	0	0	118,203	52,509
Financial Income	4	3,934	1,499	10	1
Financial expenses	5	-9,135	-1,231	-1	-34
Profit before tax		154,399	69,288	118,102	52,425
Tax on profit	6	-35,141	-16,983	37	-113
Profit for the year	7	119,258	52,305	118,139	52,312

Balance sheet - Assets

31 MARCH

DKK'000	Note	CONSOLIDATED		PARENT COMPANY	
		2023	2022	2023	2022
ASSETS					
Goodwill	8	0	1,868	0	0
Land and property	9	24,902	24,290	0	0
Plant and equipment	9	4,816	2,398	0	0
Ongoing investment	9	438	0	0	0
Investments in subsidiaries	3	0	0	345,284	321,233
Other investments	10	18,418	19,549	0	0
Non-current assets		48,574	48,105	345,284	321,233
Goods for resale		111,485	98,947	0	0
Trade receivables		62,232	55,272	0	0
Receivables group companies		212,391	162,299	0	0
Prepayments		73,606	25,919	0	0
Other receivables	11	4,561	10,246	0	0
Tax receivables		12,263	11,007	12,193	7,816
Cash and bank		25,042	30,433	5	0
Current assets		501,580	394,123	12,198	7,816
TOTAL ASSETS		550,154	442,228	357,482	329,049

Balance sheet - Liabilities and shareholder's equity

31 MARCH

DKK'000	Note	CONSOLIDATED		PARENT COMPANY	
		2023	2022	2023	2022
LIABILITIES AND SHAREHOLDER'S EQUITY					
Share capital		125	125	125	125
Reserve for exchange adjustments		-2,337	-944	-909	442
Net revaluation (equity method)		0	0	146,734	118,531
Retained earnings		201,935	233,753	53,772	113,836
Proposed dividends		150,000	90,000	150,000	90,000
Equity attributable to shareholders in Missionpharma Group ApS		349,723	322,934	349,722	322,934
Minority interests		1,349	316	0	0
TOTAL EQUITY		351,072	323,250	349,722	322,934
Deferred tax	12	22	1,349	0	0
Non-current liabilities		22	1,349	0	0
Prepayments received from customers		104,282	33,921	0	0
Trade payables		56,613	55,982	75	0
Payables to group companies		0	0	7,651	6,064
Other payables		38,165	27,726	34	51
Current liabilities		199,060	117,629	7,760	6,115
TOTAL LIABILITIES		199,082	118,978	7,760	6,115
LIABILITIES AND SHAREHOLDER'S EQUITY		550,154	442,228	357,482	329,049
Auditors' fees					Note 15
Contingent assets and liabilities and other financial obligations					Note 17
Related parties					Note 18

Statement of changes in equity

PARENT COMPANY

DKK'000	Share capital	Reserve for exchange adjustments	Net re-valuation equity method	Retained earnings	Proposed dividends	Total
Equity at 1 April	125	442	118.531	113.836	90.000	322.934
Dividends paid/received	0	0	0	0	-90.000	-90.000
Exchange adjustment	0	-1.351	0	0	0	-1.351
Profit for the year	0	0	28.203	-60.064	150.000	118.139
Equity at 31 March	125	-909	146.734	53.772	150.000	349.722

CONSOLIDATED

DKK'000	Share capital	Reserve for exchange adjustments	Retained earnings	Proposed dividends	Minority interests	Total
Equity at 1 April	125	-944	233.753	90.000	316	323.250
Dividends paid/received	0	0	0	-90.000	0	-90.000
Exchange adjustment	0	-1.393	0	0	-43	-1.436
Profit for the year	0	0	-31.818	150.000	1.076	119.258
Equity at 31 March	125	-2.337	201.935	150.000	1.349	351.072

§ ACCOUNTING POLICIES

Proposed dividends are recognised 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.

NOTE

Share capital is divided into 125 shares each DKK 1,000. No shares have separate privileges.

Cash flow statement

DKK'000	Note	CONSOLIDATED	
		2022/23	2021/22
Profit for the year		119,258	52,305
Changes of non-cash operating items	13	44,718	25,908
Cash flow from operations before changes in working capital		163,976	78,213
Changes in working capital	14	19,931	89,834
Cash generated from operations (operating activities)		183,907	168,047
Financial income received		2,572	1,119
Financial expense paid		-8,079	-716
Cash flow from operations before tax		178,400	168,450
Corporation tax paid		-37,724	-28,985
Cash flow from operating activities		140,676	139,465
Additions of property, plant and equipment	9	-6,015	-1,188
Disposals of property, plant and equipment		40	15
Cash flow from investing activities		-5,975	-1,173
Change other credit institutions		0	-76
Deposit with group companies		-50,092	-66,992
Dividend distributed		-90,000	-78,000
Cash flow from financing activities		-140,092	-145,068
Net cash flow from operating, investing and financing activities		-5,391	-6,776
Cash and cash equivalents at 1 April		30,433	37,209
Cash and cash equivalents at 31 March		25,042	30,433

§ 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

Wages and salaries
Pension costs
Other social security costs
Other staff costs

Salaries and fees paid to the Executive Board
The Board of Directors did not receive any remuneration

Number of employees

CONSOLIDATED

	2022/23	2021/22
	58,984	50,182
	4,010	3,698
	442	430
	2,008	1,330
	65,444	55,640
	7,471	7,740
	150	142

2 Depreciation of property, plant, equipment, goodwill, and IT development costs

DKK'000

Property, plant and equipment
Goodwill and IT development costs

Carrying amount at 31 March

CONSOLIDATED

	2022/23	2021/22
	2,429	2,439
	1,868	6,405
	4,297	8,844

See notes 8 and 9 for further specification of assets

§ ACCOUNTING POLICIES

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

Notes to the annual report

3 Investments in subsidiaries

DKK'000

Cost at 1 April

Disposal by merge with MP Group

Cost at 31 March

Adjustments at 1 April

Adjustment by merge with MP Group

Foreign exchange rate adjustment

Share of equity transactions

Share of profit for the year

Dividend distributed

Adjustments at 31 March

Carrying amount at 31 March

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

Share of profit for the year

Amortization of goodwill

Adjustments at 31 March

Specification of the carrying amount at 31 March

Share of the equity in group entities

Goodwill

Carrying amount at 31 March

PARENT COMPANY

	2022/23	2021/22
Cost at 1 April	202,260	202,260
Disposal by merge with MP Group	0	0
Cost at 31 March	202,260	202,260
Adjustments at 1 April	118,973	144,022
Adjustment by merge with MP Group	0	0
Foreign exchange rate adjustment	-1,351	442
Share of equity transactions	0	0
Share of profit for the year	118,203	52,509
Dividend distributed	-90,000	-78,000
Adjustments at 31 March	145,825	118,973
Carrying amount at 31 March	348,085	321,233
Specification of the company's share of the profit or loss for the year		
Share of profit for the year	120,071	58,914
Amortization of goodwill	-1,868	-6,405
Adjustments at 31 March	118,203	52,509
Specification of the carrying amount at 31 March		
Share of the equity in group entities	348,085	319,365
Goodwill	0	1,868
Carrying amount at 31 March	348,085	321,233

Name	Registered office	Ownership
Missionpharma A/S	Lynge, Denmark	100 %
GIN INVEST I ApS	Lynge, Denmark	100 %
PharmaDanica A/S	Lynge, Denmark	100 %
Missionpharma Logistics India Pvt. 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 recognised 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 unrealised 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.

Notes to the annual report

4 Financial income

DKK'000

Other interest receivables, exchange gains and similar income
Interest receivables, group entities
Revaluation of other investments

	CONSOLIDATED		PARENT COMPANY	
	2022/23	2021/22	2022/23	2021/22
	2,216	913	10	1
	1,718	206	0	0
	0	380	0	0
	3,934	1,499	10	1

5 Financial expenses

DKK'000

Other interest payable, exchange losses and similar expenses
Revaluation of other investments

	CONSOLIDATED		PARENT COMPANY	
	2022/23	2021/22	2022/23	2021/22
	8.003	1.231	1	34
	1.132	0	0	0
	9.135	1.231	1	34

6 Tax on the profit for the year

DKK'000

Current tax for the year
Change in provision for deferred tax
Prior year adjustments

	CONSOLIDATED		PARENT COMPANY	
	2022/23	2021/22	2022/23	2021/22
	36,386	18,382	-22	-13
	-1,327	-1,525	0	0
	82	126	-15	126
	35,141	16,983	-37	113

§ 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.

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.

Notes to the annual report

7 Proposed profit appropriation

DKK'000	CONSOLIDATED		PARENT COMPANY	
	2022/23	2021/22	2022/23	2021/22
Proposed dividends	150,000	90,000	150,000	90,000
Reserve for net revaluation equity method	0	0	28,203	-25,491
Retained earnings	-31,818	-37,688	-60,064	-12,197
Minority interests	1,076	-7	0	0
	119,258	52,305	118,139	52,312

8 Intangible assets

DKK'000	CONSOLIDATED		
	Goodwill	IT dev. costs	Total
Cost at 1 April	78.940	5.500	84.440
Cost at 31 March	78.940	5.500	84.440
Impairment losses and depreciation at 1 April	77.072	5.500	82.572
Amortization during the year	1.868	0	1.868
Impairment losses and amortization at 31 March	78.940	5.500	84.440
Carrying amount at 31 March	0	0	0

§ 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.

Notes to the annual report

9 Property, plant and equipment

CONSOLIDATED

DKK'000	Land and property	Plant and equipment	Ongoing Invest-ments	Total
Cost at 1 April	39.527	14.337	0	53.864
Foreign exchange rate adjustment	-241	-651	0	-892
Additions during the year	2.083	3.494	438	6.015
Disposals during the year	0	-240	0	-240
Cost at 31 March	41.369	16.940	438	58.747
Revaluation at 1 April	13.378	0	0	13.378
Revaluation at 31 March	13.378	0	0	13.378
Impairment losses and depreciation at 1 April	28.615	11.939	0	40.554
Foreign exchange rate adjustment	-581	-193	0	-774
Disposals during the year	0	-240	0	-240
Depreciation during the year	1.811	618	0	2.429
Impairment losses and depreciation at 31 March	29.845	12.124	0	41.969
Carrying amount at 31 March	24.902	4.816	438	30.156
Amount at 31 March without revaluation	11.524	4.816	438	16.778

§ ACCOUNTING POLICIES

Property, plant and equipment include land and property as well as plant and equipment. Property, plant and equipment are measured at cost price, less accumulated depreciation, and write-downs.

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

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

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

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

Property:	25 years
IT equipment:	3-5 years
Plant and equipment:	5 years

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

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

Notes to the annual report

10 Other investments

DKK'000

Shares in non-group company

CONSOLIDATED	
2022/23	2021/22
18,418	19,549

11 Other receivables

DKK'000

Other receivables, due, within 1 year

Other receivables, due, within 1 year and 5 years

CONSOLIDATED	
2022/23	2021/22
4,561	10,246
0	0
4,561	10,246

12 Deferred tax provisions

DKK'000

Provision for deferred tax at 1 April

Provisions during the year

CONSOLIDATED	
2022/23	2021/22
1,349	2,874
-1,327	-1,525
22	1,349

§ 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.

Notes to the annual report

13 Changes of non-cash operating items, cash flow statement

DKK'000

Amortization/depreciation
Net gain on sale of fixed assets
Financial income
Financial expenses
Tax for the year
Provision and other non-cash operating items, net

CONSOLIDATED	
2022/23	2021/22
4,297	8,844
-39	-15
-3,934	-1,499
9,135	1,231
35,141	16,983
118	364
44,718	25,908

14 Changes in working capital, cash flow statement

DKK'000

Change in goods of resale
Change in trade receivables
Change in prepayments
Change in other receivables
Change in trade payables
Change in other payables
Change in prepayments received from customers

CONSOLIDATED	
2022/23	2021/22
-12,538	-1,026
-6,960	93,204
-47,407	-14,077
5,405	-2,954
631	-1,575
10,439	2,028
70,361	14,234
19,931	89,834

15 Auditors' fees

DKK'000

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

CONSOLIDATED	
2022/23	2021/22
377	264
10	10
0	1
387	275



Notes to the annual report

16 Reversal of prior year provisions

OTHER EXTERNAL EXPENSES

Other external expenses include reversal of prior year provisions amounting to DKK 58.6 million.

17 Contingent 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 88.3 million.

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 and PharmaDanica A/S) are jointly liable for a total credit and facility line of DKK 201.6 million.

Rental commitments for land and buildings amount to DKK 10.1 million.

18 Related parties

The Company's ultimate Parent Company at 31 March 2023 that prepares Group Annual Report in which the Company is included as a subsidiary is Toyota Tsusho Corporation, Japan. The Group Annual Report can be obtained at the following address:

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



Accounting policies

Accounting policies not already covered in the report.

GENERAL ACCOUNTING POLICIES

The annual report of Missionpharma Group ApS for the year 2022/23 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 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.

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.

Accounting policies

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 and activity breakdown of revenue is not disclosed for competitive reasons.

GOODS FOR RESALE AND CONSUMABLES

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

OTHER EXTERNAL EXPENSES

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

BALANCE SHEET

INVENTORIES

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

RECEIVABLES

Receivables are measured at amortized cost.

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

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





Appendices

Appendix 1

Financial highlights USD

USD'000	2022/23	2021/22	2020/21	2019/20	2018/19
KEY FIGURES					
Average DKK/100 USD rate (P&L)	715.73	640.74	639.54	672.68	642.33
Closing DKK/100 USD rate (balance sheet)	684.92	670.02	634.31	681.15	664.46
Revenue	129,144	106,515	113,664	116,006	117,847
Gross profit	32,043	20,836	28,495	14,746	18,773
Operating profit (EBIT)	22,299	10,772	18,054	4,733	7,854
Net financials	-727	42	-2,119	-1,099	-984
Profit of the year	16,662	8,163	12,207	2,517	5,124
Total assets	80,324	66,002	71,713	59,839	63,944
Equity	51,257	48,245	54,931	41,849	44,721
Investments in the year	840	185	126	366	445
Number of full-time employees	150	142	144	169	174
Net cash flow for the year	-753	-1,058	-2,677	4,865	674
FINANCIAL RATIO					
Operating margin (EBIT)	17.3%	10.1%	15.8%	4.1%	6.7%
Return on assets	31.8%	15.4%	26.7%	7.6%	11.4%
Equity ratio	63.8%	73.1%	76.6%	69.9%	69.9%
Return on equity	34.1%	15.6%	24.6%	5.8%	10.7%
Liquidity ratio	2.5	3.4	3.9	2.8	2.8

Appendix 2

Financial highlights EUR

EUR'000	2022/23	2021/22	2020/21	2019/20	2018/19
KEY FIGURES					
Average DKK/100 EUR rate (P&L)	744,01	743,76	744,64	746,73	745,69
Closing DKK/100 EUR rate (balance sheet)	744,85	743,79	743,73	746,74	746,52
Revenue	124.235	91.761	97.621	104.502	101.513
Gross profit	30.825	17.950	24.473	13.284	16.171
Operating profit (EBIT)	21.451	9.280	15.506	4.264	6.765
Net financials	-699	36	-1.820	-990	-847
Profit of the year	16.029	7.033	10.484	2.267	4.414
Total assets	73.861	59.456	61.162	54.583	56.915
Equity	47.133	43.460	46.849	38.173	39.805
Investments in the year	808	160	108	330	384
Number of full-time employees	150	142	144	169	174
Net cash flow for the year	-725	-911	-2.299	4.437	581
FINANCIAL RATIO					
Operating margin (EBIT)	17,3%	10,1%	15,8%	4,1%	6,7%
Return on assets	31,8%	15,4%	26,7%	7,6%	11,4%
Equity ratio	63,8%	73,1%	76,6%	69,9%	69,9%
Return on equity	34,1%	15,6%	24,6%	5,8%	10,7%
Liquidity ratio	2,5	3,4	3,9	2,8	2,8