

Missionpharma Group ApS

ANNUAL REPORT 2019/20



MISSIONPHARMA
cfaogroup.com

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

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ABOUT THIS REPORT

This annual report from Missionpharma Group ApS covers the financial year 1 April 2019 - 31 March 2020 and contains a Management Review, Reports and Accounts.

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

This report include the consolidated accounts of the Missionpharma Group ApS and the accounts of the parent company.



COMMUNICATION ON PROGRESS (COP) REPORT

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

View our COP report at www.missionpharma.com

COMPANY DETAILS

COMPANY

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

BOARD OF DIRECTORS

Jean-Marc Pierre René Leccia (Chairman)
 Kim Erik Ginnerup
 Eric Pierre Jean Muris
 Aymeric Erouart
 Annie Renée Simone Dateu

EXECUTIVE BOARD

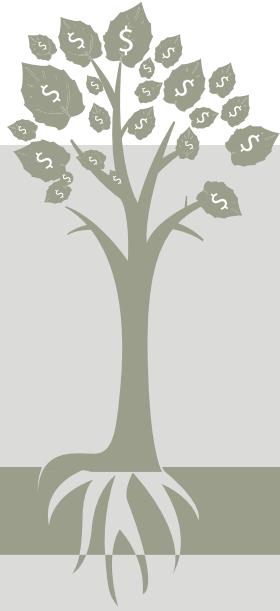
Christian Monrad Overgaard (CEO)
 Poul Lindof (CFO)

AUDITORS

PricewaterhouseCoopers
 Statsautoriseret Revisionspartnerselskab
 Strandvejen 44
 2900 Hellerup, Denmark



BUSINESS HIGHLIGHTS



780

MILLION DKK

**Revenue for
fiscal year 2019/20**

Missionpharma achieved its second best revenue ever in this financial year. A diversified customer focus during the recent years has enabled our success.

NO. 1

SUPPLIER OF GENERIC DMPA

**Leading supplier of generic Depot
Medroxyprogesterone Acetate (DMPA)**

Medroxyprogesterone is a hormonal injectable medication providing effective birth control.

Missionpharma has reached a position as the biggest supplier of the generic DMPA to donor-funded programmes worldwide - a result of a long-term focused strategic approach to product and supplier development.



A POSITIVE DEVELOPMENT

A successful focus on more diversified customer segments and particular project developments was initiated in earlier years and continued this year. Already this financial year we saw the positive impact of such initiatives by reaching a 780 million DKK revenue.

We shall continue to secure an even more diversified business allowing Missionpharma to maintain and develop its market position while reducing payment risk.



FINANCIAL HIGHLIGHTS IN DKK

1 APRIL 2019 - 31 MARCH 2020

DKK'000	2019/20	2018/19	2018 (3 months)	2017	2016
Key figures					
Revenue	780,353	756,969	152,166	692,199	758,087
Gross profit	99,252	120,583	27,808	152,170	160,942
Operating profit (EBIT)	31,897	50,447	9,372	82,941	97,808
Net financials	-7,390	-6,319	-6,022	5,006	-2,052
Profit for the year	16,983	32,916	2,035	70,134	73,281
Investments in the year	2,464	2,861	2,928	1,417	2,131
Total assets	407,596	424,884	459,858	479,050	407,146
Equity	285,057	297,152	319,597	318,729	308,852
Average number of full-time employees	169	174	166	157	148
Net cash flow for the year	33,243	4,331	-5,823	-84,480	-56,433
Financial ratios					
Operating margin (EBIT)	4.1%	6.7%	6.2%	12.0%	12.9%
Return on assets	7.6%	11.4%	2.0%	18.7%	24.3%
Equity ratio	69.9%	69.9%	69.5%	66.5%	75.9%
Return on equity	5.8%	10.7%	0.6%	22.4%	24.5%
Liquidity ratio	2.8	2.8	2.8	2.5	3.6

COMMENTS TO FINANCIAL HIGHLIGHTS

The financial performance of Missionpharma Group ApS during this financial year has very much been two-edged.

On one side, we experienced a positive development in most activities and achieved a very satisfactory operational result of the activities during the year.

However, on the other side, we recognized a worsening in payment performance by certain customers, leading to a substantial provision for loss on receivables from previous years' sales. Furthermore, a decision to reorganize activities in our subsidiary in Zambia resulted in significant losses including write-offs.

All in all leading to a dissatisfactory result for the financial year.

SUSTAINABILITY HIGHLIGHTS



150 TONS
REDUCTION IN CO₂ EMISSIONS

Our investment in a 100 kW solar panel system in Missionpharma Logistics in India has resulted in a reduction in CO₂ emissions of 150 tons and has generated more than 220,000 kWh green energy in FY 2019/20.

36%

DECREASE IN DESTRUCTION OF EXPIRED PHARMACEUTICALS

Expired or damaged medicines constitute the majority of hazardous waste generated by Missionpharma. Strict inventory management procedures limit quantities sent for destruction. In 2019/20 our level of destroyed pharmaceuticals decreased by 36%.



>90%
ANNUAL PERSONAL DEVELOPMENT TALKS COVERAGE

This year we have expanded our annual personal development talks to include employees in all locations reaching a coverage of more than 90% of all employees globally.

STATEMENT FROM THE CEO

The year 2019/20 was an operationally solid year for Missionpharma, however, major challenges in our export markets called for corrective actions and strategic adjustments, which have affected our financial results.

The operational results of Missionpharma Group during this financial year has been satisfying with a positive development in a number of strategic activities and operational projects. However, the historic debt of certain customers caused a substantial provision for loss on receivables from previous years.

A major re-organization of our subsidiary activities in Zambia further negatively impacted our results due to inventory write-offs. All in all, this led to a dissatisfactory result for the year.

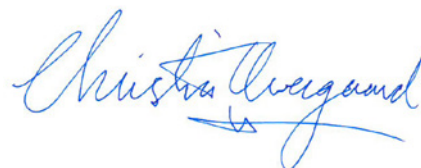
Our diversified customer portfolio has driven a new clear internal segment organization to reflect different customer needs and foster even stronger teamwork. We now believe the main negative historic problems have been addressed and feel confident that the transformation to a more balanced and healthy customer platform is well on track.

COVID-19 is affecting the entire world and will certainly impact our operation to some extent which is difficult to predict at this time. We have already seen extensive disruptions in the supply chain and hope the worst is behind us. This may have a negative effect on our ability to fulfill previous delivery commitments. However, under these unusually challenging circumstances

Missionpharma so far has been able to act very agile and managed to find solutions to satisfy our customers – albeit in many cases at higher costs than planned. Our large logistics centre, Missionpharma Logistics in India, has again proven a strong asset in our global supply chain.

Missionpharma works passionately to advance global healthcare and we run our business with integrity and respect for the communities in which we operate. Sustainability is an integrated part of our operations, and our ambition is to continuously improve and influence business operations across our value chain, making them more environmentally friendly and socially responsible.

Finally, I would like to thank all of Missionpharma's employees, customers and partners for their dedication, hard work and important achievements during the year. Together we will strive to deliver intelligent solutions and to reach even more people with our products and services in the year to come.



CHRISTIAN OVERGAARD
CEO, Missionpharma Group



WE SUPPORT



ABOUT MISSIONPHARMA



WE ARE

A leading supplier of healthcare products to national health programmes, international institutions and donor-funded global projects.



LONG HISTORY

Missionpharma's activities commenced in 1975 and the company has been a part of Eurapharma and the CFAO Group since 2012.



SUSTAINABILITY

Our activities are targeted towards creating a platform for sustainable growth - with respect for human rights, labour, environment and anti-corruption.



PRODUCTS

Our products include generic pharmaceuticals, medical consumables, hospital equipment and medical kits as well as a wide range of healthcare services.



GLOBAL PRESENCE

Missionpharma employs in total 150 people in Denmark, India, China and Zambia. In addition, we have local representatives in over 30 countries worldwide.



OUR VISION

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

ABOUT MISSIONPHARMA

Missionpharma is a leading supplier of generic pharmaceuticals, medical consumables, hospital equipment and medical kits to national health programmes, international institutions and donor-funded projects globally.

We have offices in Denmark, India, China and Zambia and employ over 150 people. Our head office is based in Denmark, from where our overall business activities are managed. In addition, we have a comprehensive network of local representatives in over 30 countries worldwide.

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

We are a part of Eurapharma, which is owned by the CFAO Group – a multinational distributor of brands, particularly within technology, healthcare and consumer goods – and ultimately owned by Toyota Tsusho

Corporation (TTC) in Japan. This integration enables us to further establish and develop our wholesale operations and to extend our operational reach.

We fundamentally believe that access to the highest attainable standard of safe and affordable health products and services should be a human right. By delivering solutions with a long-term positive impact, we grow the communities we work in – and we grow Missionpharma.

We focus on continuously improving our market position and at the same time developing new business areas through focused strategic initiatives.

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

For further information please visit:

Missionpharma: www.missionpharma.com

Eurapharma: www.eurapharma.com

CFAO Group: www.cfao.com

TTC: www.toyota-tsusho.com

40,000

CBM OF HEALTHCARE PRODUCTS
DELIVERED TO CLIENTS ANNUALLY

GDP

CERTIFIED WAREHOUSES IN
DENMARK AND INDIA

300,000

MEDICAL KITS
MANUFACTURED EVERY YEAR



OUR PRODUCTS

Our range of products comprises all essential medicines and medical supplies, including a full range of hospital equipment and matching services. Our expertise also covers development, assembly and packing of medical kits on demand.



GENERIC PHARMACEUTICALS



A complete range of generic pharmaceuticals in all dosage forms, as per the World Health Organization (WHO) Model Lists of Essential Medicines.



MEDICAL CONSUMABLES



Cost-effective consumables, ranging from syringes and needles to gloves, cotton wool and surgical instruments.



MEDICAL KITS



A variety of standard kits and the ability to develop customised kits – all in strict accordance with customer requirements.



HOSPITAL EQUIPMENT



A large portfolio of hospital equipment, including technical support and after-sales services.

ABOUT OUR BUSINESS

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

BUSINESS MODEL

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

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

BUSINESS APPROACH

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

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

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

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



OUR GROUP

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

TOYOTA TSUSHO
CORPORATION

Employees: 59,000
Annual turnover: EUR 60 billion
Operational reach:
1,000 group companies in 120 countries
around the world

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

CFAO

Employees: 22,000
Annual turnover: EUR 5.5 billion
Operational reach:
145 operating offices in 36 countries in
Africa and 9 overseas territories

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

EURAPHARMA

Employees: 3,100
Annual turnover: EUR 1.5 billion
Operational reach:
40 operating subsidiaries in 23 countries
in Africa and 7 French overseas territories

MISSIONPHARMA

PERFORMANCE 2019/20

APRIL 2019 - MARCH 2020

FINANCIALS

The Financial year ended at 31 March 2020 with a profit of DKK 16,983 thousand. The equity as at 31 March 2020 amounts to DKK 285,057 thousand.

The financial year became challenging for Missionpharma. The driver for these challenges has been a continuous negative development in the economy in historical important markets, which resulted in defaulting payments on receivables and simultaneously stop of further deliveries. The defaulting payments resulted in substantial provisions for loss on receivables established in earlier financial years, a tendency continued from previous financial year. With

the provisions made this financial year it is our belief that no further provisions shall be required.

For the same reasons of economic challenging markets, we furthermore recognized the need for a significant scale down in the activities in our subsidiary in Zambia. This has resulted in substantial losses incurred during this financial year. No further losses are foreseen in relation to these activities.

A very positive development in activities in other countries and customer segments somewhat compensated for the markets with negative development.

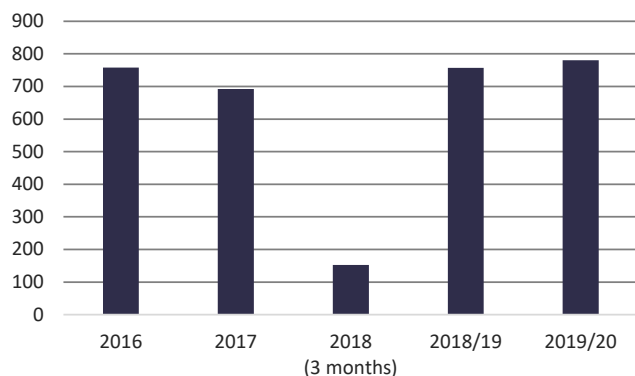
A positive realization of such projects combined with a reduced cost base resulted in a very satisfactory result of the activities of the year from an operational viewpoint.

All in all the year although ended with a not satisfactory result and below expectations.

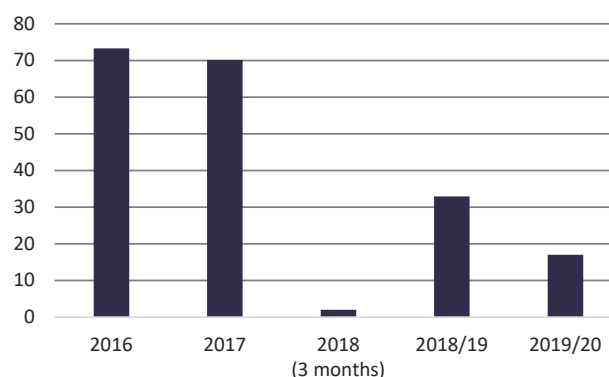
Missionpharma has not made any substantial investments during the financial year.

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

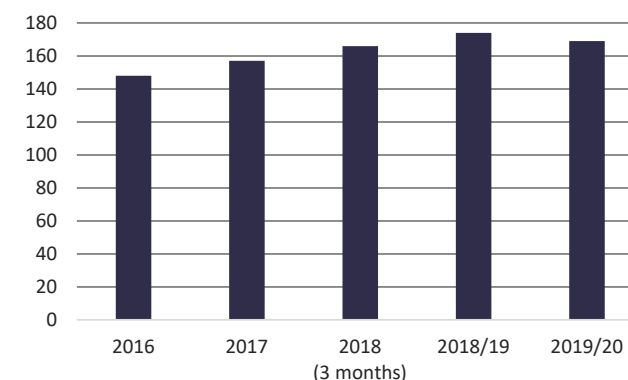
Revenue (MDKK)



Result (MDKK)



Number of employees



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

PERFORMANCE 2019/20

COMPARISON WITH OUTLOOK

OUTLOOK 2019/20	PERFORMANCE 2019/20
Expectation of a marginal growth in revenue compared to financial year 2018/19.	In line with expectations, the revenue increased marginally by 3%.
The net result is expected at a higher level than in financial year 2018/19.	As a consequence of substantial provision for loss on customer receivables and cost in connection with the re-organization of activities in Zambian subsidiary the net result came out lower than expected and lower than financial year 2018/19.
To continue the positive development within new customer segments.	The positive development in revenue to a diversified portfolio of customer segments has continued.
To manage the risks in key markets with economic challenges.	The situation in specific markets worsened during the year and led to increased provisions for loss on receivables.
To continue to monitor existing and investigate in new local presence possibilities in Africa.	During the year the strategic development of additional local presence were closed down and the existing activities in Zambia were re-organized to a minimum level. All as a consequence of the economic development in markets of interest.
To continue the implementation of synergy projects with the group companies.	The development in synergy projects within the Group continued, although at a lower speed than foreseen.

OUTLOOK 2020/21

APRIL 2020 - MARCH 2021

At the entrance to the financial year 2020/21 we have a portfolio of orders at a satisfactory level and slightly higher than at the entrance to the previous financial year. All in all leading to an expected revenue at a level very much similar to the financial year 2019/20.

In terms of earnings we expect to continue the positive development in earnings from operations and with a simultaneous expectation of no additional losses on receivables the net result is expected at a higher level compared to financial year 2019/20.

Having set these targets, it is with a substantial uncertainty and with less than usual visibility that we enter the financial year 2020/21 due to the recent development of the COVID-19 pandemic. A situation which over the last few months has resulted in substantial uncertainty on project profitability vs. our expectations and a lack of visibility in terms of becoming successful in ongoing quotations, that could allow us to reach revenue targets.

We although strive towards mitigating these uncertainties and achieving our targets set.

In addition to the management of the extraordinary situation related to COVID-19, the year has the following key focus business areas:

- To continue the positive development within new customer segments
- To continue the implementation of synergy projects with the group companies
- To continue to reduce the financial risk in our key markets
- To continue improving global teamwork across locations in Denmark, India and China as one of our cultural trademarks
- To maintain the highest standards in our quality and compliance orientation and processes

No major investments are foreseen for 2020/21.

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

Please refer to page 23 for review of risks associated with COVID-19.



SUSTAINABILITY COMMITMENTS

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

OUR SUSTAINABILITY FRAMEWORK

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

Our leading market position and many activities in countries around the world allow us to make an impact on many people’s lives, whether they are patients, partners, customers or employees. Making a difference for our stakeholders is the core goal of our company. It’s why we do what we do.

We know that contributing to better healthcare is no simple task. It takes in-depth understanding of the needs of customers and patients, the local business environment and the entire healthcare systems in our markets.

WE CREATE SHARED VALUE

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

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

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

WE SUPPORT



Missionpharma is committed to raising the bar for responsibility and sustainability by continuously strengthening our work with the Ten Principles of the UN Global Compact within human rights, labor, environment and anti-corruption.

OUR SUSTAINABILITY COMMITMENTS

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



HUMAN RIGHTS

COMMITMENT 1

We improve global health

by making safe healthcare affordable



LABOUR

COMMITMENT 2

We empower people

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



ENVIRONMENT

COMMITMENT 3

We reduce our environmental footprint

by striving to integrate environmental responsibility into all our activities.



ANTI-CORRUPTION

COMMITMENT 4

We stand for integrity

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

SUSTAINABLE DEVELOPMENT GOALS

Missionpharma is committed to contributing to the Sustainable Development Goals (SDGs) as they inspire our strategies and targets and constitute important elements towards strengthening our corporate sustainability.

GOOD HEALTH AND WELL-BEING

Missionpharma has been a member 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.

We have just begun the process of selecting the SDGs to which we can contribute the most. Looking across the SDGs and underlying targets, Missionpharma touches, directly or indirectly, many of the goals.

Goal 3, Good health and well-being, is by far the goal, where Missionpharma has the ability to significantly

contribute to large-scale positive transformations, as this target directly relates to our focused efforts to improve access to safe healthcare globally. In addition to Goal 3, we contribute particularly to Goal 8, Decent work and economic growth and Goal 13, Climate action.

In the coming years, we will focus even more on defining where we can best contribute to the SDGs and establish initiatives required to achieve them.

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



SDG 3: GOOD HEALTH AND WELL-BEING

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

Missionpharma primarily contribute to Goal 3 and in particular to the following sub-targets:

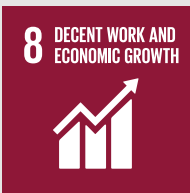


- 3.1: Reduce the global maternal mortality ratio
- 3.2: End preventable deaths of newborns and children
- 3.3: End the epidemics of AIDS, tuberculosis, malaria
- 3.4: Reduce premature mortality from non-communicable diseases
- 3.7: Ensure access to sexual and reproductive healthcare services
- 3.8: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

MISSIONPHARMA'S CONTRIBUTION TO GOAL 3

Our activities reach further than making generics available; we organize dedicated initiatives to improve maternal and child health, we supply product 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.

We provide these quality-assured healthcare products to international organisations, NGOs and Ministries of Health, especially in Africa



SDG 8: DECENT WORK AND ECONOMIC GROWTH

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

MISSIONPHARMA'S CONTRIBUTION TO GOAL 8

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



SDG 13: CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

MISSIONPHARMA'S CONTRIBUTION TO GOAL 13

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



HUMAN RIGHTS

We believe that access to safe and affordable medicine is a human right. Therefore, our most significant contribution to society is to ensure that our products reach those who need them.

HUMAN RIGHTS AT MISSIONPHARMA

In many countries medical supplies from Missionpharma constitute the backbone of local healthcare solutions. Therefore, we work towards continuously refining our fundamental purpose: To ensure timely delivery of quality-assured medicine and medical devices to those who need it. This is also why Goal 3, Good health and well-being, is the SDG we mostly contribute to.

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. We are guided by national laws and internationally proclaimed human rights.

HUMAN RIGHTS POLICY

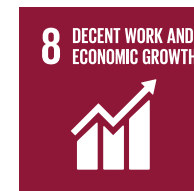
Missionpharma has a zero tolerance against infringement of human rights and particularly the use of child labour. We, and our partners, must at least meet the minimum requirement of national legislation in the area of labour law. We do not accept forced labour and we work to assure that no breach of local and global regulations takes place in any of our operations or with our partners, to the extent possible.

Our Group has set up a Global Code of Conduct & Ethics, which all employees are trained in and adhere to:

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

PROGRESS

In FY 2019/20, we complemented our established Good Manufacturing Practice (GMP) audit programme by incorporating assessment of selected human rights impacts with our manufacturers, such as child labour, human trafficking and ethical practices. The WHO Technical Report Series No. 986 and ILO Declaration on Fundamental Principles and Rights at Work serve as guidelines for our approach to the use of child labour. This allows us to improve our manufacturer selection and assessment processes by identifying potential issues early and accurately. Suspected malpractices are reported and escalated to Missionpharma's Compliance Committee for further evaluation and decision on accurate measures.



RESULTS IN 2019/20

- Continued contribution to SDG Goal 3 by supplying more than 40,000 cbm of healthcare products
- No incidents involving breach of international conventions or Group Code of Conduct & Ethics were reported in FY 2019/20
- Incorporation of assessment of selected human rights impacts as a part of our manufacturer audit programme
- 46 GMP audits of manufacturers performed*

**Our audit schedule was impacted in Q1-2020 due to COVID-19 pandemics, which led to cancellation of 9 confirmed audits*

AMBITIONS

- We want to uphold high ethical standards throughout our value chain by being accountable and transparent, respecting human rights and maintaining sound governance
- We will continuously monitor our potential human rights risks through our due diligence processes and whistleblower scheme, and we aim at further increasing assessment of manufacturers and partners towards obtaining a higher level of control of their protection of human rights
- We will continue our extensive contribution to Goal 3 by focusing on increasing access to safe and affordable healthcare worldwide

LABOUR

Our most important asset is our employees. We aspire to provide an inspiring and performance-oriented work environment in which our people have equal opportunities and thrive both personally and professionally.

LABOUR AT MISSIONPHARMA

We believe that an engaged workforce delivers better results. We want to offer challenging and purposeful work with opportunities for personal and professional development. We do so by providing a safe and healthy work environment and by fostering an inclusive culture where people can grow and develop.

We believe that a workforce with diverse backgrounds, thinking and personalities combined with the right capabilities enables better performance and thereby drives better results. As an illustration of our embracement of diversity, we employ 14 different nationalities globally by the end of this FY.

LABOUR POLICY

We protect labor rights and provide a safe working environment for our employees. We work actively to eliminate all forms of forced, compulsory and child labour in our supply chain and in any of our affiliates. We promote social diversity, we fight discrimination and we strive to provide a fulfilling and inclusive environment for every employee. We always seek a fair balance between men and women among our staff, as we believe it benefits our working environment and ability to develop.

PROGRESS

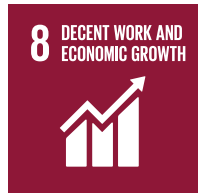
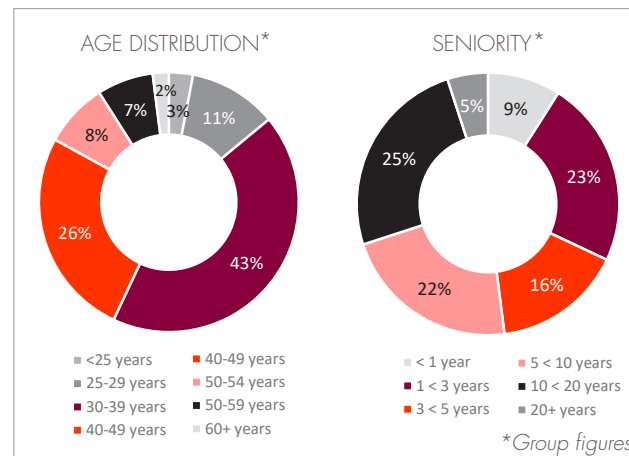
In 2019/20, we conducted our first ever global engagement survey to measure employee work satisfaction across locations. Further to completing the traditional comprehensive Great Place to Work® survey among our

Danish employees, we introduced a reduced version of the same in all locations abroad.

We experienced a high response rate and a satisfactory level of positive responses to the question about overall satisfaction with Missionpharma as a workplace.

This year we have expanded the annual personal development talks to include employees in all locations reaching a coverage of more than 90% of all employees globally.

Supporting our strategy of working smarter, we have arranged workshops on how to improve meeting efficiency and management. We also engage with our employees through various regional initiatives that enable employee development, increase employee motivation, drive safety and encourage healthy lifestyles.

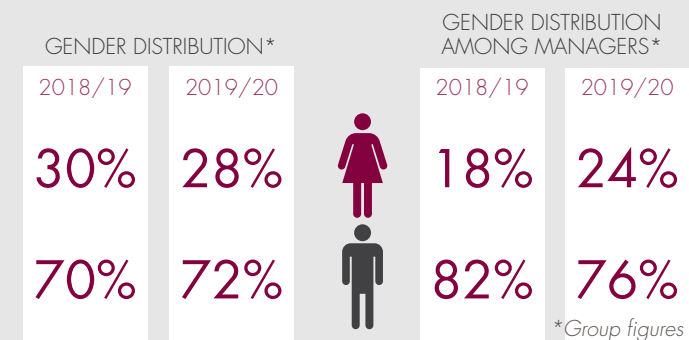


RESULTS IN 2019/20

- No reporting of safety-related incidents or labour rights violations in any of our locations
- Annual personal development talks coverage across locations: >90%
- Selected results from the global engagement survey:
 - Average response rate: 97%
 - Satisfaction with Missionpharma as a workplace:
 - DK: 93% positive responses
 - Remaining locations: 65% positive responses.

AMBITIONS

We want to be an attractive employer and to foster a culture where employees enjoy their work, take pride in what they do, show respect for each other, act responsibly and develop personally and professionally. We are planning to include behavioral skills in our annual personal development talks. We constantly strive towards a more balanced gender composition in our management teams.





ENVIRONMENT

As a healthcare company, we want to minimise the impact of our business operations on the environment – not only today, but also well into the future.

ENVIRONMENTAL APPROACH AT MISSIONPHARMA

Being one of the world's largest suppliers to healthcare programmes worldwide, transportation of goods constitutes by far the biggest environmental impact within our part of the supply chain. That's why we plan for the most environmentally effective mode of transportation, given the circumstances. Where at all possible, we seek to minimize transportation distances by packing and shipping products directly from India and China to our customers – and thereby avoiding passage through Europe.

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

ENVIRONMENTAL POLICY

We want to reduce our environmental footprint every year. We strive to integrate environmental responsibility into all our activities and, to the largest possible extent, to contribute reducing our carbon footprint throughout the entire supply chain. We want to minimize 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 of pharmaceutical manufacturing and ensure constant improvements, we keep manufacturers' social and environmental responsibility top of mind at all times. This is particularly

addressed during periodical GMP audits, but we also realize that there are limitations to our ability to influence manufacturers' environmental policies. We are, however, planning to intensify monitoring of and requirements to manufacturers going forward.

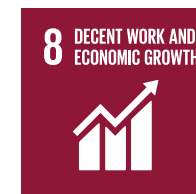
PROGRESS

Realizing that we have limited influence on customers' transportation preferences, and thereby the negative impact this may have on the environment, we have chosen to focus our efforts on where we can directly make a positive contribution.

Our logistics hub in Kandla account for 67% of the Missionpharma Group's total energy consumption. In Q4 2018, Missionpharma Kandla installed a 100 kW solar power system, which has resulted in a reduction in CO₂ emissions of 150 tons in FY 2019/20. In line with original expansion plans, we will be installing additionally 100 kW green power in Q2 2020, which brings our total solar power capacity up to 200 kW generating an expected reduction of CO₂ emissions of 250 tons per year.

Along with the solar power installations, we have installed 10 new air conditioners to maintain all warehouses under temperature control and provide better work environment for our employees as well as contract labour.

With the increased capacity of 200 kW solar power we expect to generate enough power to cover close to 40% of our total electricity needs in Kandla, including the power requirements for the 10 new air conditioners.



RESULTS IN 2019/20

- Reduction in CO₂ emissions in FY 19/20: 150 tons
- Transitioning to green energy in the Danish head-quarters, leading to our electricity consumption being covered by renewable energy from offshore wind farms
- Decrease in destruction of expired pharmaceuticals by 36% (from 9,929 kg to 6,326 kg)

AMBITIONS

- Expansion of solar power system in Kandla to 200 kW in FY 2020/21
- Total reduction in annual CO₂ emissions in Kandla of 250 tons in FY 2020/21 and a 40% coverage of total power requirements
- Continued focus on implementing scheduled environmental investment plans, incl. increased efficiency in utilization of solar power, water conservation and harvesting as well as evaluating and defining efforts within recycling of packing material
- Continued focus on influencing customers' transportation preferences towards the method with the lowest possible environmental impact
- Strengthen our control of and requirements to manufacturers' environmental responsibilities



ANTI-CORRUPTION

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

ANTI-CORRUPTION AT MISSIONPHARMA

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

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

All employees and agents receive training in our compliance policies and practices and commit to adhere to them in writing. New employees undergo mandatory training shortly after their employment.

POLICIES AND PROCEDURES

Missionpharma has implemented a comprehensive vetting programme, which all business relations must pass through to ensure compliance with Missionpharma standards of integrity. Partners are always screened for critical information on persons and entities and our local representatives go through a rigorous due diligence process and approval procedure.

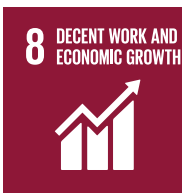
Our compliance policies cover a number of areas, including anti-bribery and anti-corruption, facilitation payments, donations and gifts and conflict of interest. Policies are supported by a whistle-blower system, where employees and external stakeholders can report concerns in a secure and confidential way.

Our Compliance Committee meets every six weeks to discuss relevant sustainability and compliance issues and processes and decide upon actions.

PROGRESS

Our continued focus on strengthening our business and improving our profitability direct us to encourage a mindset towards transparency, compliance and reporting. We urge employees and partners to always raise their concerns about irregularities or improper actions and we will continue to communicate this globally to create a culture of full transparency.

The successful renewal of our certification through the globally recognised anti-bribery business association, TRACE International, demonstrates our continued commitment to comply with national and international anti-bribery laws and to demonstrate commercial transparency towards our business partners. We are in the process of enrolling digital compliance training tools in our organisation to improve training management, consistency and measurability.



RESULTS IN 2019/20

- Renewal of all contracts with our local representatives to include new anti-bribery and anti-corruption policy and whistle-blower procedure
- Compliance training conducted of all local representatives in Missionpharma focus countries
- 3 reports received through our whistle-blower system. Cases have been investigated and dealt with according to procedures and are closed. All cases are reported to our Group Compliance Officer and Missionpharma's Board
- Renewal of Missionpharma's certification through TRACE International

AMBITIONS

- We intend to develop and strengthen our compliance procedures further in 2020/21
- We will provide online compliance training programmes for all commercial employees
- We will increase depth of our due diligence screening of suppliers and partners
- We will not define a target for the number of whistle-blower reports, as our focus for the coming period is to create a trusting environment across our global organisation

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 new total objective of two female members of the Boards by end of March 2022.			Missionpharma maintains its target of further increasing the number of females in managerial positions.		
PROGRESS	There has been no changes in the Board of Directors during the year and consequently the target is still being strived for.			To achieve the overall objective, we maintain a continuous focus to ensure gender equality during recruitment processes as well as through personal development and talent programs. During the year we managed a higher degree of positive gender diversification due to internal promotions.		
STATUS		March 2020	March 2019		March 2020	March 2019
	Female members	20%	20%	Female managers	33%	25%
	Male members	80%	80%	Male managers	67%	75%

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

RISK ASSESSMENT - MAPPING AND DEVELOPMENT

The risks highlighted in the matrix, and subsequently described, are assessed to be and during 2020/21 to become the key risks which may influence the business in general as well as short term performance and long term strategic objectives. The risks are assessed and the development described as an ongoing evolution of our business and initiatives, independent from the recent COVID-19 development. The latter, and the possible impact, is separately described afterwards.

The key risk factors remain unchanged compared to previous year. The risks associated with "Customer and market exposure" and "Business model" have been adjusted in favor of a lower probability and financial impact. In line with expectations expressed during previous year risk assessment, the strategic initiatives have improved our future assessment of such risks.

As a simultaneous impact of our strategic initiatives and reduced credit readiness the risk associated with "customer credits" is also considered reduced when looking ahead, compared to the negative impact during the recent years.

The risk associated with "sustainability" is considered lowered in terms of probability due to the continuous development with Missionpharma, although with a continuous relative high impact. The risk associated with "contract realization" and "exchange rates" remains unchanged.

COVID-19

With the recent development and consequences of the COVID-19 globally, the possibility to predict and mitigate within our key risks has become even more challenging. During the past months, we have seen trade and supply chains being disrupted, which is threatening our ability to honor our commitments for consistent supply of healthcare products and participation in new tenders. Project management has been intensified for each and every existing and potential new project and appropriate mitigating actions taken wherever considered feasible.

An additional and substantial element in our risk evaluation, although of today very unpredictable, is the risk of national and international funding not being available for health projects within the line of our core business. As a consequence of the overall economic impact of COVID-19, and for certain raw-material exporting countries the lowered prices on oil and other raw materials, the likelihood of a funding structure less favorable is an important risk element.

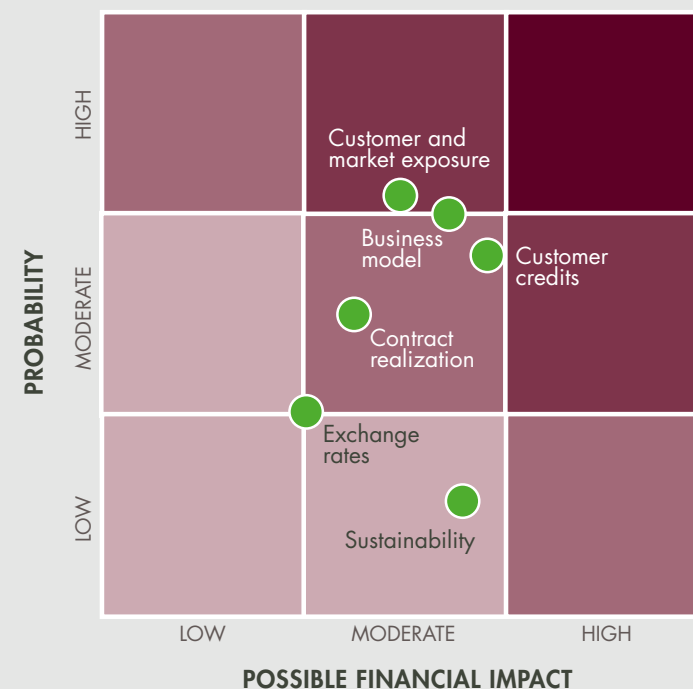
Consequently, the risks associated with "Customer and market exposure", "Business model" and "contract realization" are substantial. Associated risks are described on the following pages.

KEY RISKS 2020/21

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

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

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



RISK MANAGEMENT - DESCRIPTION

RISK DESCRIPTION

POSSIBLE IMPACT

RISK MITIGATION

Business model

The business model of Missionpharma is exposed to the uncertainty of inquiries from the market and subsequent successful outcome of tenders participated in. The business consists of a combination of smaller and larger tenders where frequency, timing, value, and conditions for participation are concurrent elements of uncertainty.

See remarks regarding COVID-19 on the previous page.

The ability to predict financial performance on revenue, earning and cash flow is affected by the uncertainty in general and in particular if not successful on major tenders with larger financial impact.

The short term (less than 1 year) uncertainty is moderate due to a certain portfolio of confirmed orders whereas the long term uncertainty (above 1 year) is significant.

An ongoing monitoring of inquiries, quotations and actual orders, versus targets set, is an essential element in internal reporting and management of the business. A high level of agility in capacity and cost structures is equally an important focus area.

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

Contract realisation

The positive outcome of a tender leads to binding sales prices and contractual terms in general.

Cost of goods and other cost elements, being the calculative base for tenders participated in, are only locked at time of customer contract. Occasionally purchase is committed prior to conclusive contract.

See remarks regarding COVID-19 on the previous page.

The time lag between tender bid, contract and purchase transactions for contract realization is substantial. As cost elements only are renegotiated at time of final orders the time lag represents a risk in predicting financial outcome in comparison to expectations for contracts.

Eventual commitment prior to conclusive contract constitutes a separate risk. Each risk represents a possible short and medium term impact on financial performance.

The mitigation of risk is concentrated around the intelligence in building and pricing bids. As raw materials in the price of products offered represents the most significant element out of the total costing, particular focus on expected future price setting is made.

RISK MANAGEMENT - DESCRIPTION

RISK DESCRIPTION	POSSIBLE IMPACT	RISK MITIGATION
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>See remarks regarding COVID-19 on the previous page.</p>	<p>The ability to predict short and long term financial performance on revenue, earning and cash flow is affected by:</p> <ul style="list-style-type: none"> • Possible changes in customers overall environment which impacts purchase pattern, value and timing of inquiries. • Predicted or unpredicted changes in assumptions for contract realization. • Delays and defaults in customer payments. 	<p>Throughout both bidding and contract realization periods, maximum focus is maintained upon changes that possibly could represent a risk. Possible means of intervention are carefully considered.</p> <p>No appropriate insurance possibilities are available.</p> <p>Internal processes secure proper and transparent risk exposures.</p> <p>Through diversification of customer segments to obtain a higher revenue from countries outside Africa.</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>The Missionpharma credit policy prescribes a comprehensive evaluation of any credit granted. Credit policies are implemented to guide and control when credit is granted to a customer. Ongoing monitoring and dunning procedures play an important part of daily operations.</p> <p>No appropriate insurance possibilities are available.</p>
Exchange rates		
<p>With a globalized business Missionpharma is throughout its operations exposed to foreign exchange rates. Exposure is primarily towards US Dollar (USD) vs. the reporting currency in Danish Kroner (DKK)</p>	<p>The ability to predict financial performance on revenue, earning and cash flow is affected by fluctuation in USD exchange rate both short and long term.</p>	<p>In accordance with policies Missionpharma hedges major flows in USD exposures through forward contracts. Hedging policy includes invoiced flows whereas flows related to orders and bids are not included. Missionpharma is not engaged in currency speculation.</p>

RISK MANAGEMENT - DESCRIPTION

Sustainability

Our aim is to identify and mitigate sustainability risks as early as possible in order to reduce their likelihood and impact. With reference to the risk matrix presented on page 23, Missionpharma considers the risks associated with sustainability to be low in terms of probability but with a moderate financial impact.

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

However, breach of business ethics, misbehavior or inadequate performance, represent a risk with a possible high financial impact. Some can materialize within a short space

of time, whereas others could emerge more gradually. Such circumstances may affect our possibility to respond to customer inquiries or to be awarded future contracts, which may consequently affect our financial performance.

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

The COVID-19 pandemic represents a risk not only on our operations but also on our sustainability commitments, why we continuously focus on mitigating the impact of the crisis. This is separately addressed on page 23.



HUMAN RIGHTS

KEY RISKS

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

RISK MITIGATION

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



LABOUR

KEY RISKS

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

RISK MITIGATION

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



ENVIRONMENT

KEY RISKS

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

RISK MITIGATION

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



ANTI-CORRUPTION

KEY RISKS

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

RISK MITIGATION

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



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REPORTS

STATEMENT BY THE EXECUTIVE BOARD AND BOARD OF DIRECTORS

The Board of Directors and the Executive Board have today discussed and approved the annual report of Missionpharma Group ApS for the financial year 1 April 2019 - 31 March 2020.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 March 2020 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 April 2019 – 31 March 2020.

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

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

Lynge, 17 June 2020

Executive Board

Christian Monrad Overgaard
CEO

Poul Lindof
CFO

Board of Directors

Jean-Marc Pierre René Leccia
Chairman

Kim Erik Ginnerup

Eric Pierre Jean Muris

Aymeric Erouart

Annie Renée Simonne Dateu

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Missionpharma Group ApS

OPINION

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 April 2019 - 31 March 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Missionpharma Group ApS for the financial year 1 April 2019 - 31 March 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("the Financial Statements").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics

for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

INDEPENDENT AUDITOR'S REPORT

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 17 June 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 77 12 31

Rasmus Friis Jørgensen
State Authorised Public Accountant
mne28705

Henrik Ødegaard
State Authorised Public Accountant
mne31489



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GROUP AND PARENT ACCOUNTS

INCOME STATEMENT

	Note	CONSOLIDATED		PARENT COMPANY	
		2019/20	2018/19	2019/20	2018/19
DKK'000					
Revenue		780,353	756,969	0	0
Goods for resale and consumables		-486,837	-461,637	0	0
Other external expenses		-194,264	-174,749	-51	-60
Gross profit		99,252	120,583	-51	-60
Staff costs	1	-55,501	-58,042	0	0
Depreciation of property, plant, equipment and IT development costs	5,6	-11,854	-12,094	0	0
Operating profit		31,897	50,447	-51	-60
Income from investments in subsidiaries	7	0	0	16,937	32,976
Financial income	2	3,604	3,679	0	0
Financial expenses	3	-10,994	-9,998	-20	-30
Profit before tax		24,507	44,128	16,866	32,886
Tax on profit	4	-7,524	-11,212	1	20
Profit for the year		16,983	32,916	16,867	32,906

BALANCE SHEET - ASSETS

31 MARCH 2020

DKK'000	Note	CONSOLIDATED		PARENT COMPANY	
		2020	2019	2020	2019
ASSETS					
Goodwill	5	14,678	21,082	0	0
IT development costs	5	306	2,139	0	0
Land and Property	6	25,681	27,074	0	0
Plant and Equipments	6	3,075	6,222	0	0
Ongoing investment	6	1,375	0	0	0
Investments in subsidiaries	7	0	0	285,067	297,092
Other investments	8	19,996	20,894	0	0
Non-current assets		65,111	77,411	285,067	297,092
Current assets					
Goods for resale		77,503	43,202	0	0
Trade receivables		182,258	224,833	0	0
Income tax receivables		5,892	13,640	4,033	5,077
Other receivables	9	21,461	42,740	0	0
Accrued expenses		1,044	1,868	0	0
Cash		54,327	21,190	294	4,795
Current assets		342,485	347,473	4,327	9,872
TOTAL ASSETS		407,596	424,884	289,394	306,964

BALANCE SHEET - LIABILITIES AND SHAREHOLDER'S EQUITY

31 MARCH 2020

DKK'000	Note	CONSOLIDATED		PARENT COMPANY	
		2020	2019	2020	2019
LIABILITIES AND SHAREHOLDER'S EQUITY					
Equity					
Share capital		125	125	125	125
Net revaluation according to equity method		0	0	82,798	94,560
Retained earnings		271,137	270,432	188,339	175,872
Proposed dividends		13,500	26,300	13,500	26,300
Missionpharma Group ApS		284,762	296,857	284,762	296,857
Minority interests		295	295	0	0
Total equity		285,057	297,152	284,762	296,857
Provisions					
Deferred tax	10	3,122	2,873	0	0
Non-Current liabilities		3,122	2,873	0	0
Other credit institutions		69	52,643	0	0
Prepayment received from customers		36,721	20,928	0	0
Trade payables		62,427	31,559	0	0
Payables to subsidiaries		0	0	4,582	10,046
Income tax payable		199	919	0	0
Other payables		20,001	18,810	50	61
Current liabilities		119,417	124,859	4,632	10,107
LIABILITIES AND SHAREHOLDER'S EQUITY		407,596	424,884	289,394	306,964

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STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

DKK'000	Share capital	Revaluation (equity method)*	Retained earnings	Proposed dividends	Total
Equity at 1 April	125	94,560	175,872	26,300	296,857
Dividends distributed	0	0	0	-26,300	-26,300
Exchange adjustment	0	-2,399	0	0	-2,399
Cash flow hedge, net	0	-263	0	0	-263
Profit for the year	0	-9,363	12,730	13,500	16,867
Equity at 31 March	125	82,535	188,602	13,500	284,762

* Reserve for net revaluation according to the equity method.

CONSOLIDATED

DKK'000	Share capital	Retained earnings	Proposed dividends	Total	Minority interests	Total equity
Equity at 1 April	125	270,432	26,300	296,857	295	297,152
Dividends distributed	0	0	-26,300	-26,300	0	-26,300
Exchange adjustment	0	-2,399	0	-2,399	-116	-2,515
Cash flow hedge, net	0	-263	0	-263	0	-263
Profit for the year	0	3,367	13,500	16,867	116	16,983
Equity at 31 March	125	271,137	13,500	284,762	295	285,057

Share capital of the parent company

	2020	2019
Number of shares	125	125
Share capital in DKK	125,000	125,000

No shares have specific rights

§ ACCOUNTING POLICIES

Proposed dividends are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

CASH FLOW STATEMENT

CONSOLIDATED

DKK'000	Note	2019/20	2018/19
Profit for the year		16,983	32,916
Changes of non-cash operating items	13	26,077	33,879
Cash flow from operations before changes in working capital		43,060	66,795
Changes in working capital	14	78,229	19,941
Cash generated from operations (operating activities)		121,289	86,736
Financial income received		3,603	346
Financial expense paid		-11,971	-9,457
Cash flow from operations before tax		112,921	77,625
Corporation tax paid		-247	-8,752
Cash flow from operating activities		112,674	68,873
Additions of property, plant and equipment		-2,464	-2,861
Disposals of property, plant and equipment		1,801	2
Cash flow from investing activities		-663	-2,859
Change other credit institutions		-52,574	-5,482
Dividend distributed		-26,300	-56,200
Cash flow from financing activities		-78,874	-61,682
Net cash flow from operating, investing and financing activities		33,137	4,331
Cash and cash equivalents at 1 April		21,190	16,859
Cash and cash equivalents at 31 March		54,327	21,190

§ 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

Group

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.

Average number of employees

CONSOLIDATED

	2019/20	2018/19
	49,585	52,174
	3,692	3,653
	580	519
	1,644	1,696
	55,501	58,042
	6,234	6,645
	169	174

2 Other financial income

DKK'000

Other interest receivables, exchange gains
and similar income

Revaluation of other investments

CONSOLIDATED

	2019/20	2018/19
	3,604	350
	0	3,329
	3,604	3,679

PARENT COMPANY

	2019/20	2018/19
	0	0
	0	0
	0	0

3 Other financial expenses

Other interest payable, exchange losses
and similar expenses

Revaluation of other investments

	2019/20	2018/19	2019/20	2018/19
	10,096	9,998	20	30
	898	0	0	0
	10,994	9,998	20	30

§ ACCOUNTING POLICIES

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

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.

NOTES TO THE ANNUAL REPORT

4 Tax on the profit for the year

	CONSOLIDATED		PARENT COMPANY	
	2019/20	2018/19	2019/20	2018/19
DKK'000				
Current tax for the year	7,182	12,531	16	-20
Change in provision for deferred tax	386	-1,019	0	0
Prior year adjustments	-44	-300	-17	0
	<u>7,524</u>	<u>11,212</u>	<u>-1</u>	<u>-20</u>

§ ACCOUNTING POLICIES

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

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

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

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

NOTES TO THE ANNUAL REPORT

5 Intangible assets

Group

DKK'000	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 amortization at 1 April	57,858	3,361	61,219
Amortization during the year	6,404	1,833	8,237
Impairment losses and amortization at 31 March	64,262	5,194	69,456
Carrying amount at 31 March	14,678	306	14,984

§ 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

6 Property, plant and equipment Group

	CONSOLIDATED			Total
	Land and property	Plant and equipment	Ongoing investment	
DKK'000				
Cost at 1 April	38,037	19,296	0	57,333
Foreign exchange rate adjustment	-284	-1,480	0	-1,764
Additions during the year	206	883	1,375	2,464
Disposals during the year	0	-3,529	0	-3,529
Cost at 31 March	<u>37,959</u>	<u>15,170</u>	<u>1,375</u>	<u>54,504</u>
Revaluation at 1 April	13,378	0	0	13,378
Revaluation at 31 March	<u>13,378</u>	<u>0</u>	<u>0</u>	<u>13,378</u>
Impairment losses and depreciation 1 April	24,341	13,074	0	37,415
Foreign exchange rate adjustment	-140	-985	0	-1,125
Depreciation during the year	1,455	2,162	0	3,617
Depreciation disposal during the year	0	-2,156	0	-2,156
Impairment losses and depreciation at 31 March	<u>25,656</u>	<u>12,095</u>	<u>0</u>	<u>37,752</u>
Carrying amount at 31 March	<u><u>25,681</u></u>	<u><u>3,075</u></u>	<u><u>1,375</u></u>	<u><u>30,130</u></u>
Carrying amount at 31 March without revaluation	<u><u>12,303</u></u>	<u><u>3,075</u></u>	<u><u>1,375</u></u>	<u><u>16,752</u></u>

§ ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

NOTES TO THE ANNUAL REPORT

7 Investments in subsidiaries

Parent

DKK'000	2019/20
Cost at 1 April	202,532
Cost at 31 March	202,532
Adjustments	
Adjustments at 1 April	94,560
Foreign exchange rate adjustment	-2,399
Share of equity transactions	-263
Share of profit for the year	16,937
Dividend distributed	-26,300
Adjustments at 31 March	82,535
Carrying amount at 31 March	285,067
Specification of the company's share of the profit or loss for the year	
Share of profit for the year	23,341
Amortization of goodwill	-6,404
Adjustments at 31 March	16,937
Specification of the carrying amount at 31 March	
Share of the equity in group entities	270,389
Goodwill	14,678
Carrying amount at 31 March	285,067

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

§ ACCOUNTING POLICIES

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

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

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

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

NOTES TO THE ANNUAL REPORT

8 Other investments

Group

DKK'000

Shares in non-group company

2020	2019
19,996	20,894

9 Other receivables

Group

Other receivables, due

Within 1 year	Within 1 and 5 years	Total
21,342	119	21,461

10 Deferred tax provisions

Provision for deferred tax at 1 January

Provisions during the year

Deferred tax at 31 March

2020	2019
2,873	3,892
249	-1,019
3,122	2,873

11 Proposed profit appropriation

Proposed dividends

Reserve for net revaluation under equity method

Retained earnings

Minority interests

	CONSOLIDATED		PARENT COMPANY	
	2019/20	2018/19	2019/20	2018/19
Proposed dividends	13,500	26,300	13,500	26,300
Reserve for net revaluation under equity method	0	0	-9,363	-23,224
Retained earnings	3,367	6,606	12,730	29,830
Minority interests	116	10	0	0
	16,983	32,916	16,867	32,906

§ 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

12 Auditors' fees

Group

DKK'000

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

CONSOLIDATED

	2019/20	2018/19
	254	254
	10	10
	1	1
	<u>265</u>	<u>265</u>

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

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

	11,854	12,094
	-428	-2
	-3,604	-3,679
	10,994	9,998
	7,524	11,212
	-263	4,256
	<u>26,077</u>	<u>33,879</u>

14 Changes in working capital, cash flow statement

Change in inventories
Change in trade receivables
Change in other receivables
Change in trade payables
Change in other payables
Change in prepayments received from customers

	-34,301	62,472
	42,575	-25,725
	22,103	-7,768
	30,868	-8,594
	1,191	-1,490
	15,793	1,046
	<u>78,229</u>	<u>19,941</u>

NOTES TO THE ANNUAL REPORT

15 Contingent assets and liabilities and other financial obligations

GROUP

The Group has not assumed any guarantee obligations except for the guarantees issued in connection with operations for a total amount of DKK 37.3 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, PharmaDanica A/S, and Mifamed ApS) are jointly liable for a total credit and facility line of DKK 211 million.

Rental commitments for land and buildings amount to DKK 2.6 million.

16 Related parties

The Company's ultimate Parent Company at 31 March 2020 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



NOTES TO THE ANNUAL REPORT

17 Financial highlights USD

USD'000	2019/20	2018/19	2018 (3 months)	2017	2016
Key figures					
Average DKK/100 USD rate (P&L)	672.68	642.33	607.22	659.46	675.83
Closing DKK/100 USD rate (balance sheet)	681.15	664.46	601.01	620.77	705.28
Revenue	116,006	117,847	25,059	104,965	112,171
Gross profit	14,746	18,773	4,580	23,075	23,814
Operating profit (EBIT)	4,733	7,854	1,543	12,577	14,472
Net financials	-1,099	-984	-992	759	-304
Profit of the year	2,517	5,124	335	10,635	10,843
Investments in the year	366	445	482	215	315
Total assets	59,839	63,944	76,514	77,170	57,728
Equity	41,849	44,721	53,177	51,344	43,791
Average number of full-time employees	169	174	166	157	148
Net cash flow for the year	4,865	674	-959	-12,810	-8,350
Financial ratios					
Operating margin (EBIT)	4.1%	6.7%	6.2%	12.0%	12.9%
Return on assets	7.6%	11.4%	2.0%	18.7%	24.3%
Equity ratio	69.9%	69.9%	69.5%	66.5%	75.9%
Return on equity	5.8%	10.7%	0.6%	22.4%	24.5%
Liquidity ratio	2.8	2.8	2.8	2.5	3.6

NOTES TO THE ANNUAL REPORT

18 Financial highlights EUR

EUR'000	2019/20	2018/19	2018 (3 months)	2017	2016
Key figures					
Average DKK/100 EUR rate (P&L)	746.73	745.69	744.62	743.86	744.64
Closing DKK/100 EUR rate (balance sheet)	746.74	746.52	745.13	744.49	743.44
Revenue	104,502	101,513	20,435	93,055	101,806
Gross profit	13,284	16,171	3,735	20,457	21,613
Operating profit (EBIT)	4,264	6,765	1,259	11,150	13,135
Net financials	-990	-847	-809	673	-276
Profit of the year	2,267	4,414	273	9,428	9,841
Investments in the year	330	384	393	190	286
Total assets	54,583	56,915	61,715	64,346	54,765
Equity	38,173	39,805	42,891	42,812	41,544
Average number of full-time employees	169	174	166	157	148
Net cash flow for the year	4,437	581	-782	-11,357	-7,579
Financial ratios					
Operating margin (EBIT)	4.1%	6.7%	6.2%	12.0%	12.9%
Return on assets	7.6%	11.4%	2.0%	18.7%	24.3%
Equity ratio	69.9%	69.9%	69.5%	66.5%	75.9%
Return on equity	5.8%	10.7%	0.6%	22.4%	24.5%
Liquidity ratio	2.8	2.8	2.8	2.5	3.6

ACCOUNTING POLICIES

Accounting policies not already covered in the report.

GENERAL ACCOUNTING POLICIES

The annual report of Missionpharma Group ApS for the year 2019/20 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 breakdown of revenue is not disclosed for competitive reasons.

GOODS FOR RESALE AND CONSUMABLES

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

OTHER EXTERNAL EXPENSES

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

BALANCE SHEET

INVENTORIES

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

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

RECEIVABLES

Receivables are measured at amortized cost.

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

PREPAYMENTS

Prepayments comprise costs incurred concerning subsequent financial years.

CORPORATION TAX

Current tax payable and receivable are recognized in the balance sheet as tax computed on the taxable

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

FINANCIAL LIABILITIES

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

OTHER PAYABLES

Other liabilities are measured at net realizable value.

DEFINITION OF FINANCIAL RATIOS

The financial ratios stated in the financial highlights have been calculated as follows:

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

