



**africure**

# ABRIDGED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 DECEMBER 2021

**Solid YoY Growth within the context of recurrent cyclical pressures faced in the third quarter.**

### Directors Commentary and Group Overview

The Board of Directors of Africure (the Board) is pleased to present the unaudited consolidated results for the third quarter, that is, for the period ended 31 December 2021.

Africure is a manufacturer of high-quality essential medication, with a differentiated strategy to create manufacturing assets & capabilities in Africa, for the betterment of the health of Africans. We operate manufacturing plants in Cote d'Ivoire, Cameroon, Botswana, Tanzania and India, besides having distribution companies in various countries across Sub Saharan Africa, together with key partnerships with various pharma companies in Africa.

Some ongoing highlights include:

-The Group has almost completed the acquisition of majority stake of a manufacturing company in Tanzania. This is expected to be officially announced in the coming quarter.

-The base business was impacted with margin challenges, due to increased input material prices and multifold increase in freight costs. Uncertainty in container availability & delivery dates have forced our businesses to hold higher levels of inventories, to ensure continuity in production & uninterrupted product deliveries to our customers, as evident in our cashflows.

November and December are usually slack months for our business based on the historical trends seen over the years. The distributors and procurement agencies look at reducing stock levels and resort to cautious buying during this period. From a credit risk management perspective, we also resort to cautious selling in line with the wholesaler's expectations.

In addition, delays in calls for tender and ordering process in various geographies have led to revenue short falls in some business segments. We see this as a temporary phenomenon, which will correct themselves in the next couple of quarters.

There has been promising growth seen in our Rx promotion business and brand development strategies.

Our Research & Development pipeline is trending very positively with more than 100 products being ready for filing in various geographies of Africa.

Finally, and of note, we have successfully completed our planned Quality & Environmental, Social and Governance compliance initiatives & audits in line with our commitment to maintain high standards of quality and compliance.

### PERFORMANCE HIGHLIGHTS

- The Group has achieved 100+% of its budgeted revenue & profitability estimates YTD Dec 2021-2022.
- Quarter revenue of ~ US\$7.80m against US\$8.41m achieved for the same period previous year – quarter impact due to slow Q3 this year. However, on a YTD basis the revenues are at US\$25m against US\$21m last year, signifying a 19% YoY growth.
- Gross Margins have been maintained, signifying our ability to manage cost increases & improve the product mix.
- Quarterly Operational EBITDA at US\$766k against US\$733k achieved in the previous year.
- Profit after tax lower by US\$300k owing to higher depreciation costs.
- YTD Dec 2021 EBITDA at US\$2.37m against US\$2.03m in the previous year, a 16% growth YoY.

- Receivables at 123 days against 140 days in the previous year.
- Inventory holding at 91 days against 72 days in the previous year, highlighting the continued global supply-chain environment.
- ~ US\$1.25m invested on CAPEX in the period with a further commitment of up to US\$3.5m in the next year.
- Debt Equity ratio at 1.55 against 1.20 in the previous year.
- The Board has not declared any dividend for the period and continues to reinvest profits to maintain growth momentum.

### Current Business Outlook

The Company has a strong orderbook for Q4 and expects to close the annual revenue between US\$33m to US\$34m. We believe that the Group's ability to adapt & respond to market forces positively, has helped to create a robust business model that will enrich value for all its stakeholders. The acquisition of the Tanzanian business and the ramp up in Ivory Coast manufacturing alongside the start of Ethiopian plant will pave a robust road map to the Group's growth.

We sincerely thank all our employees, customers, investors & other stakeholders for their continued patronage and support during such testing times & reiterate the management's commitment to consistent performance and strong governance, with a view to create value in line with our long-term vision. We will continue to work towards increasing local manufacturing capacities in Sub Saharan Africa & help Africa reduce dependence on imports, thus enabling a greater level of self-sufficiency in pharmaceutical manufacturing and services.

By order of the Board  
14 February 2022

### Consolidated Statement of Financial Position

	Unaudited as at 31 December 2021 USD	Unaudited as at 31 March 2021 USD
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	2,503,127	2,661,460
Property plant and equipment	13,071,623	13,906,732
Intangible assets	2,949	2,921
Right of use assets	2,812,823	2,812,823
Capital work in progress	2,184,929	1,000,886
<b>Total non-current assets</b>	<b>20,575,451</b>	<b>20,384,822</b>
<b>Current assets</b>		
Inventories	5,874,978	5,150,195
Trade receivables	12,654,868	9,574,279
Cash and cash equivalents	3,271,290	5,857,355
Other assets	3,913,455	2,777,668
<b>Total current assets</b>	<b>25,714,591</b>	<b>23,359,497</b>
<b>Total assets</b>	<b>46,290,042</b>	<b>43,744,319</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>EQUITY</b>		
Equity share capital and share premium	10,731,853	6,431,853
Share application money pending allotment	-	1,500,000
Retained earnings	8,727,698	7,558,339
Other reserves	(3,063,344)	(3,231,449)
<b>Capital and reserves attributable to owners of Africure Pharmaceuticals Ltd</b>	<b>16,396,207</b>	<b>12,258,743</b>
<b>Non-controlling interests</b>	<b>(820,254)</b>	<b>(342,712)</b>
<b>Non-current liabilities</b>		
Borrowings	10,910,802	11,029,918
Operating lease liabilities	2,741,572	2,738,038
Deferred tax liabilities	(21,349)	(10,063)
<b>Total non-current liabilities</b>	<b>13,631,025</b>	<b>13,757,893</b>
<b>Current liabilities</b>		
Borrowings	8,674,661	8,006,526
Trade & Accounts Payables	7,463,496	9,037,187
Other liabilities	500,365	514,025
Operating lease liabilities	228,068	228,068
Current tax liabilities	216,474	284,588
<b>Total current liabilities</b>	<b>17,083,064</b>	<b>18,070,394</b>
<b>Total liabilities</b>	<b>46,290,042</b>	<b>43,744,319</b>
Number of Shares in Issue*	9,417,500	8,337,500
Net asset value per share	1.74	1.47

### Consolidated Statement of Cashflows

	Unaudited for the nine months ended 31 December 2021 USD	Unaudited for the nine months ended 31 December 2020 USD
Net cash flow used in operating activities	(3,260,847)	(1,784,516)
Net cash flow used in investing activities	(1,949,586)	(1,122,479)
Net cash flow from financing activities	2,624,368	2,936,257
Net increase in cash and cash equivalents	(2,586,065)	29,262
Cash and cash equivalents at the beginning of the period	5,857,355	5,829,874
Cash and cash equivalents at the end of the period	3,271,290	5,859,136

### NOTES TO THE ACCOUNT

The total number of ordinary shares in issue by the Company is 9,417,500 and the number of preference shares in issue is at 2,945.

The Company is required to publish consolidated interim financial results for the three months and nine months ended 31 December 2021 in terms of Listing Rule 12.19 of the SEM and Section 88 (1) of the Mauritian Securities Act 2005.

The abridged unaudited consolidated financial statements for the three months and nine months ended 31 December 2021 ("abridged unaudited consolidated financial statements") have been prepared in accordance with the measurement and recognition requirements of IFRS, the information contained in IAS 34: Interim Financial Reporting, the SEM Listing Rules and the Mauritian Securities Act 2005.

The abridged unaudited consolidated financial statements have not been reviewed or reported on by the Company's external auditors. These abridged unaudited consolidated financial statements were approved by the Board of Directors (the "Board") on 14 February 2022.

Copies of the abridged unaudited consolidated financial statements and the statement of direct and indirect interests of each officer of the Company, pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available free of charge, upon request at the Registered Office of the Company at c/o Ocorian (Mauritius) Limited, 6th Floor, Tower A, 1 CyberCity, Ebene 72201, Mauritius.

This communiqué is issued pursuant to SEM Listing Rules 11.3 and 12.20 and Section 88 (1) of the Mauritian Securities Act 2005. The Board accepts full responsibility for the accuracy of the information contained in this communiqué.

Contact Person: Mr Vashish Bisnathsing.

### Consolidated Statement of Profit and Loss

	Unaudited three months ended 31 Dec 2021 USD	Unaudited three months ended 31 Dec 2020 USD	Unaudited nine months ended 31 Dec 2021 USD	Unaudited nine months ended 31 Dec 2020 USD
<b>Revenue</b>	<b>7,766,877</b>	8,416,197	<b>24,948,851</b>	21,007,807
Other income	(72,101)	192,681	117,627	540,571
	<b>7,694,776</b>	<b>8,608,878</b>	<b>25,066,478</b>	<b>21,548,378</b>
Cost of raw-materials and finished goods	5,175,210	5,614,509	17,445,898	14,486,221
Employee benefit expenses	902,727	929,749	2,484,042	2,395,295
Other expenses	850,258	1,331,615	2,769,312	2,634,594
	<b>6,928,195</b>	<b>7,875,873</b>	<b>22,699,252</b>	<b>19,516,110</b>
<b>Profit before finance cost, depreciation and tax</b>	<b>766,581</b>	<b>733,005</b>	<b>2,367,226</b>	<b>2,032,268</b>
Finance costs	(273,404)	(177,808)	(721,117)	(551,192)
Depreciation and amortisation	(308,759)	(130,310)	(758,957)	(632,873)
<b>Profit before income tax</b>	<b>184,418</b>	<b>424,887</b>	<b>887,152</b>	<b>848,203</b>
<b>Income tax expense</b>				
Current tax	(46,797)	(17,112)	(195,335)	(132,857)
<b>Profit / (loss) for the period</b>	<b>137,621</b>	<b>407,775</b>	<b>691,817</b>	<b>715,346</b>
<b>Profit/ (Loss) attributable to</b>				
Owners of the Company	453,031	559,684	1,169,359	981,834
Non-controlling interests	(315,410)	(151,909)	(477,542)	(266,488)
<b>Earnings per share for profit attributable to the ordinary equity holders of the company</b>				
Basic earnings per share	0.05	0.07	0.12	0.12
Diluted earnings per share	0.05	0.07	0.12	0.12
Weighted average number of shares	9,417,500	8,337,500	9,417,500	8,337,500

### Consolidated Statement of Comprehensive Income

	Unaudited three months ended 31 Dec 2021	Unaudited three months ended 31 Dec 2020	Unaudited nine months ended 31 Dec 2021	Unaudited nine months ended 31 Dec 2020
<b>Profit/(loss) for the period</b>	<b>137,621</b>	<b>407,775</b>	<b>691,817</b>	<b>715,346</b>
Items that may be reclassified to profit or loss	-	-	-	-
Items that will not be reclassified to profit or loss	-	-	-	-
Other comprehensive income for the year net of tax	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>137,621</b>	<b>407,775</b>	<b>691,817</b>	<b>715,346</b>
Total comprehensive income for the period attributable to				
Owners of the Company	453,031	559,684	1,169,359	981,834
Non-controlling interests	(315,410)	(151,909)	(477,542)	(266,488)

### Consolidated Statement of Changes in Equity

Particulars	Group							
	Share capital	Share premium	Share application money	Retained earnings	Other Reserves	Equity attributable to owners of the Company	Non-Controlling interests	Total equity
<b>Balance as at 1-Apr-20</b>	<b>16,675</b>	<b>6,415,178</b>	<b>1,500,000</b>	<b>6,241,368</b>	<b>(3,455,072)</b>	<b>10,718,149</b>	<b>9,263</b>	<b>10,727,412</b>
Business combination	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	981,834	(1,112,595)	(130,761)	(266,488)	(397,249)
Balance as at 31-Dec-20	16,675	6,415,178	1,500,000	7,223,202	(4,567,667)	10,587,388	(257,225)	10,330,163
<b>Balance as at 1-Apr-21</b>	<b>-</b>	<b>6,431,853</b>	<b>1,500,000</b>	<b>7,558,339</b>	<b>(3,231,449)</b>	<b>12,258,743</b>	<b>(342,712)</b>	<b>11,916,031</b>
Fresh Issue of Equity Share Capital	-	4,300,000	(1,500,000)	-	-	2,800,000	-	2,800,000
Profit for the period	-	-	-	1,169,359	168,105	1,337,464	(477,542)	859,922
<b>Balance as at 31-Dec-21</b>	<b>-</b>	<b>10,731,853</b>	<b>-</b>	<b>8,727,698</b>	<b>(3,063,344)</b>	<b>16,396,207</b>	<b>(820,254)</b>	<b>15,575,953</b>

For further information please contact:  
Perigeum Capital Ltd

**SEM Authorised Representative and Sponsor**



Ocorian Corporate Services (Mauritius) Limited

