

ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

With strong revenue and profitability growth supported by well-timed corporate actions, Africure continues to make a difference in the lives of Africans in its 5th year of operations.

DIRECTORS COMMENTARY AND COMPANY OVERVIEW

The Board of Directors of Africure (the "Board") is pleased to present the audited results for the year ended 31st March 2022.

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 Tanzania, Cote d'Ivoire, Cameroon, Botswana, and India, besides having distribution companies in various countries across Sub Saharan Africa, together with key partnerships with a number of pharma companies in Africa.

Some ongoing highlights include,

- The business has completed five years of operations in April 2022, with an impressive revenue & EBIDTA CAGR of 25%.
- The Group has completed the acquisition of majority stake of a manufacturing company in Tanzania. An official announcement has been made in Q4, to this effect. This will add to margin growth, as evident in these results.
- The Group has tied up debt funding of USD 15 Mn from BluePeak Private Capital, an impact-based PE fund from Tunisia.
- The gross & EBIDTA margins have been improving year-on-year, showing the results of the Group's product selection & efficiency improvement initiatives.
- Increased freight costs & volatility in raw material pricing has continued to impact business margins, which we expect to be the new normal. This has necessitated us to right-size our inventories & reduce our reaction time to market.

We believe in the opportunities that exist in the markets we serve &

are constantly working on capacity building to enhance our production volumes & resultant revenues. Slow market environment & delays in tender and ordering processes in various geographies have led to revenue short falls in some business segments. We see this as a temporary phenomenon which will correct in the next quarters. There has been continuous growth in our Rx promotion business and brand development efforts, with ~15% of our revenues emanating from these businesses.

Our R&D pipeline is trending very positively with more than 100 products being ready for filing in various geographies across Africa. Finally, and of note, we have successfully completed our planned Quality & ESG compliance initiatives & audits in line with our commitment to maintain high standards of quality and compliance.

HIGHLIGHTS OF PERFORMANCE

- The Group has achieved +100% of its budgeted revenue & profitability estimates for the financial year 2021-22.
- Annual revenue of ~USD 35.00 Mn against USD 29.00 Mn achieved in the last year, signifying a 20% YoY growth. Our businesses in French west Africa & East Africa have grown over the group's growth rates.
- Gross Margins have significantly improved to 35% against 27% in the previous year, highlighting our ability to manage cost increases & improve the product mix.
- Operational EBIDTA at USD 4.70 Mn against USD 3.70 Mn achieved in the previous year, a 27% annual growth.
- Profit after tax at USD 1.30 Mn against USD 965K in the previous year, a 35% growth.
- Receivables at 160 days against 125 days in the previous year, driven by high sales in last 4 months of the year & delay in realization of certain government receivables.
- Inventory holding at 112 days against 90 days in the previous year,

getting closer to a much needed 120-150 days inventory holding.

- ~USD 1.25 Mn invested on Capex in the period with a further commitment of up to USD 2 Mn in the next year. With newly acquired productive assets, depreciation costs have increased.
- Debt Equity ratio at 0.67 against 1.12 in the previous year, signifying a better leverage position.
- The board has not declared any dividend for the period and continues to reinvest profits to maintain growth momentum.

CURRENT BUSINESS OUTLOOK

The Group has a positive outlook across all its businesses, and expects continued and consistent growth. Further working capital infusion that is planned will increase our ability to increase our inventory holdings and better respond to market needs. The Group expects a revenue of ~USD 40 Mn in the coming year, with increased margins. We believe that the Group's ability to adapt & respond to changing market dynamics, 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 operations, will greatly enhance the Group's growth.

We sincerely thank all our employees, customers, investors & other stakeholders for their continued patronage and support during these 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
21 June 2022

Consolidated Statement of Financial Position		
Particulars	Audited as at 31 March 2022	Audited as at 31 March 2021
	Group	Group
Assets		
Non-current assets		
Goodwill	3,105,376	2,661,460
Property plant and equipment	18,762,960	13,906,732
Intangible assets	3,361	2,921
Right of use assets	2,518,755	2,812,823
Capital work in progress	3,161,849	1,000,886
Total non-current assets	27,552,302	20,384,822
Current assets		
Inventories	6,961,236	5,150,195
Trade receivables	15,693,638	9,574,278
Cash and cash equivalents	1,566,778	5,857,355
Other assets	3,051,497	2,777,668
Total current assets	27,273,149	23,359,496
Total assets	54,825,451	43,744,318
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital and share premium	10,881,853	6,431,853
Share application money pending allotment	-	1,500,000
Retained earnings	11,969,355	7,558,339
Other reserves	(3,261,721)	(3,231,449)
Capital and reserves attributable to owners of Africure Pharmaceuticals Ltd	19,589,487	12,258,743
Non-controlling interests	(2,949,586)	(342,712)
Non-current liabilities		
Borrowings	13,031,737	11,029,918
Operating lease liabilities	2,819,301	2,738,038
Deferred tax liabilities	293,338	(10,063)
Total non-current liabilities	16,144,376	13,757,893
Current liabilities		
Borrowings	10,671,623	8,006,526
Trade and accounts payables	9,930,277	9,037,187
Other liabilities	728,045	514,025
Operating lease liabilities	200,802	228,068
Current tax liabilities	510,427	284,588
Total current liabilities	22,041,174	18,070,394
Total liabilities	54,825,451	43,744,318
Number of shares in Issue	9,417,500	8,337,500
Net asset value per share	2.08	1.47

Consolidated Statement of Profit & Loss		
Particulars	Audited as at 31 March 2022	Audited as at 31 March 2021
	Group	Group
Revenue	34,956,679	29,163,185
Other income	435,733	1,926,235
	35,392,412	31,089,420
Cost of raw-materials and finished goods	22,648,806	21,277,704
Employee benefit expenses	3,704,513	2,813,481
Other expenses	4,337,442	3,289,397
	30,690,761	27,380,582
Profit before finance cost, depreciation and tax	4,701,651	3,708,838
Finance costs	(1,295,131)	(1,006,652)
Depreciation and amortisation	(1,329,102)	(984,798)
Profit before income tax	2,077,418	1,717,388
Income tax expense		
Current tax	(760,773)	(611,086)
Deferred tax	(27,051)	(141,306)
Profit for the year	1,289,594	964,996
Profit/ (Loss) attributable to		
Owners of the Company	1,040,648	1,316,971
Non-controlling interests	248,946	(351,975)
Earnings per share for profit attributable to the ordinary equity holders of the company		
Basic earnings per share	0.11	0.16
Diluted earnings per share	0.11	0.16
Weighted average number of shares	9,417,500	8,337,500

Consolidated Statement of comprehensive income		
Particulars	Audited as at 31 March 2022	Audited as at 31 March 2021
	Group	Group
Profit for the year	1,289,594	964,996
Total comprehensive income for the year	1,289,594	964,996
Total comprehensive income for the year attributable to		
Owners of the Company	1,040,648	1,316,971
Non-controlling interests	248,946	(351,975)

Consolidated Statement of cashflows		
Particulars	Audited as at 31 March 2022	Audited as at 31 March 2021
	Group	Group
Net cash flow used in operating activities	(2,995,841)	(1,061,590)
Net cash flow used in operating activities	(2,878,078)	(1,927,049)
Net cash flow used in financing activities	1,576,097	3,027,043
Net (decrease)/ increase in cash and cash equivalents	(4,297,822)	38,404
Cash and cash equivalents at the beginning of the year	5,857,355	5,829,874
Cash and cash equivalents taken over on business combination	7,245	(10,923)
Cash and cash equivalents at the end of the year	1,566,778	5,857,355

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
Balance as at 1-Apr-20	16,675	6,415,178	1,500,000	6,241,368	(3,455,072)	10,718,149	9,263	10,727,412
Business combination	(16,675)	16,675	-	-	-	-	-	-
Profit for the year	-	-	-	1,316,971	223,623	1,540,594	(351,975)	1,188,619
Balance as at 31-Mar-21	-	6,431,853	1,500,000	7,558,339	(3,231,449)	12,258,743	(342,712)	11,916,031
Business combination	-	-	-	-	-	-	514,548	514,548
Profit for the year	-	-	-	1,040,648	(30,272)	1,010,376	248,946	1,259,322
Share premium on issue of shares	-	4,450,000	(1,500,000)	-	-	2,950,000	-	2,950,000
Transaction with Equity Shareholders	-	-	-	3,370,368	-	3,370,368	(3,370,368)	-
Balance as at 31-Mar-22	-	10,881,853	-	11,969,355	(3,261,721)	19,589,487	(2,949,586)	16,639,901

All the amounts are in USD unless otherwise stated

Notes to the accounts:

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

The abridged audited consolidated financial statements for the year ended 31 March 2022 ("abridged audited consolidated financial statements") have been prepared in accordance with the measurement and recognition requirements of IFRS and the SEM Listing Rules using the same accounting policies as those of the audited consolidated financial statements for the year ended 31 March 2021, except for new standards as applicable / as amended.

The Company's external auditors, RSM (Mauritius) LLP have issued an unmodified audit opinion on the consolidated financial statements for the year ended 31 March 2022. These abridged audited consolidated financial statements were approved by the Board on 20 June 2022.

No dividends were declared or paid to shareholders during the financial year ended 31 March 2022. Copies of the abridged audited consolidated financial statements and the statement of direct and indirect interests of each officer of the Company 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 12.14. The Board of Directors accepts full responsibility for the accuracy of the information contained in this communiqué.

Contact Person: Mr Vashish Bisnathsing

For further information please contact:

SEM Authorised Representative and Sponsor

Perigeum Capital

Perigeum Capital Ltd

Ocorian Corporate Services (Mauritius) Limited Company Secretary

O C O R I A N