



**africure**

## ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**Strong performance under tough market conditions, with consistent revenues & improved profitability, laying a strong foundation to deliver affordable healthcare in Africa**

### DIRECTORS COMMENTARY AND COMPANY OVERVIEW

The Board of Directors of Africure (the “Board”) is pleased to present the audited results for the year ended 31 March 2023.

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, Ethiopi and India, besides having distribution companies in various countries across Sub Saharan Africa, together with key partnerships with various companies in Africa.

Some ongoing highlights include:

- The business has completed six years of operations in April 2022, with an impressive revenue & EBITDA CAGR of 27%.
- Tough market conditions with low liquidity, reduced stock holding at various supply chain levels & price driven competition has caused lower-than-expected revenues from private markets, resulting in a flat revenue over the previous year.
- However, the Group has remained resilient, and through its experienced sales teams, has been able to procure orders from governments, to compensate for the lost sales in the private segment.
- The gross & EBITDA margins have been improving year-on-year, highlighting the results of the Group’s market/product selection & efficiency improvement initiatives
- The Group received a funding of USD 7 Mn (Of the committed 15 Mn) from Blue Peak holdings, an impact-based PE fund from Tunisia. These funds have been used to fund the incremental working capital that was required to execute the government orders, these have a relatively longer working capital cycle & in building up of inventories.
- The Group believes that the tough market conditions are set to remain & the focus will be to ensure capacity utilization and improve efficiencies in manufacturing, sales & working capital management
- Our Ethiopian plant is now complete, with the licensing process currently underway. We expect commercialization of the facility by September 2023.

- The Group is mindful of various ESG responsibilities & is working on various impact creating initiatives.

- Africure has started an “Africure Foundation”, marking 6 years of operations, which is a Mauritius based charitable trust that will work at grass root levels in the markets we operate, focusing on areas like healthcare, education, and basic necessities, so as to improve the quality of living of fellow Africans, and provide support to the communities within which we are present.

We believe in the opportunities that exist in the markets we serve and are constantly working on capacity building to enhance our production volumes & resultant revenues. The Group has a strong orderbook for next two quarters, with a few long-term contracts as well.

Our R&D pipeline is trending very positively with more than 100 products being ready for filing in various geographies across Africa. The Group currently holds more than 400 product registrations across Sub-Saharan Africa.

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

### HIGHLIGHTS OF PERFORMANCE

- The Group has achieved 90% of its budgeted revenue & profitability estimates for the financial year 2022-23.
- Annual revenue of ~USD 36.00 Mn against USD 35.00 Mn achieved in the last year, signifying a flat year, in a year where generic companies have suffered and experienced degrowth. Our businesses in East & Southern Africa have grown between 10-12%.
- Gross Margins have significantly improved to 38% against 35% in the previous year, signifying our ability to manage cost increases & improve the product mix.
- Operational EBITDA at USD 5.10 Mn against USD 4.70 Mn achieved in the previous year, a 9% annual growth (14% of revenue). Reported EBITDA is at USD 7.20 Mn including certain Non-operational gains of USD 2.10 Mn
- Profit after tax at USD 2.30 Mn against USD 1.30 Mn in the previous year.

- Receivable Days at 180 days against 160 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 128 days against 112 days in the previous year, a much needed 120 days inventory holding.
- ~USD 3.60 Mn invested on Capex, for our state of the art plant in Ethiopia. The plant was constructed at a total cost of ~USD 7 Mn. With newly acquired productive assets, depreciation costs have increased.
- Debt Equity ratio at 0.80 against 0.57 in the previous year, as the significant investments made in new plants have not yet realized expected profitability. As a manufacturing focused company, we understand that the gestation & payback period is longer and that we are creating value through these capacities for years to come.
- 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. Release of working capital through collections will increase our operating cashflows. The Group expects a revenue of ~USD 43 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 ramp up in Cote d’Ivoire manufacturing, alongside the start of Ethiopian operations, will greatly enhance the Group’s growth.

We sincerely thank all our 600+ employees & their families, customers, investors & other stakeholders for their continued patronage and support during these testing times & reiterate the management’s commitment to transparent governance & consistent performance, 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.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited as at 31 March 2023 Group USD	Audited as at 31 March 2022 Group USD
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	2,751,577	3,105,376
Property plant and equipment	17,263,999	18,762,960
Intangible assets	18,758	3,361
Right of use assets	2,269,244	2,518,755
Capital work in progress	6,830,553	3,161,849
<b>Total non-current assets</b>	<b>29,134,131</b>	<b>27,552,302</b>
<b>Current assets</b>		
Inventories	9,253,621	6,961,236
Trade receivables	20,514,721	15,693,638
Cash and cash equivalents	2,401,141	1,566,778
Other assets	3,299,263	3,051,497
<b>Total current assets</b>	<b>35,468,746</b>	<b>27,273,149</b>
<b>Total assets</b>	<b>64,602,877</b>	<b>54,825,451</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity share capital and share premium	10,881,853	10,881,853
Retained earnings	14,490,503	11,969,355
Other reserves	(2,559,526)	(3,261,721)
<b>Capital and reserves attributable to owners of Africure Pharmaceuticals Ltd</b>	<b>22,812,830</b>	<b>19,589,487</b>
<b>Non-controlling interests</b>	<b>(3,182,343)</b>	<b>(2,949,586)</b>
<b>Non-current liabilities</b>		
Borrowings	20,299,873	13,031,737
Operating lease liabilities	2,747,716	2,819,301
Deferred tax liabilities	277,965	293,338
<b>Total non-current liabilities</b>	<b>23,325,554</b>	<b>16,144,376</b>
<b>Current liabilities</b>		
Borrowings	7,881,331	10,671,623
Trade and accounts payables	12,377,705	9,930,277
Other liabilities	849,617	728,045
Operating lease liabilities	124,718	200,802
Current tax liabilities	413,465	510,427
<b>Total current liabilities</b>	<b>21,646,836</b>	<b>22,041,174</b>
<b>Total liabilities</b>	<b>64,602,877</b>	<b>54,825,451</b>
Net Asset Value	2.42	2.08

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited for 31 March 2023 Group USD	Audited for 31 March 2022 Group USD
<b>Revenue</b>	<b>36,396,694</b>	<b>34,956,679</b>
Other income	3,449,615	435,733
	<b>39,846,309</b>	<b>35,392,412</b>
Cost of raw-materials and finished goods	(22,705,944)	(22,648,806)
Employee benefit expenses	(4,696,327)	(3,704,513)
Other expenses	(5,243,611)	(4,337,442)
	<b>32,645,882</b>	<b>30,690,761</b>
<b>Profit before finance cost, depreciation and tax</b>	<b>7,200,427</b>	<b>4,701,651</b>
Finance costs	(2,420,419)	(1,295,131)
Depreciation and amortisation	(1,697,839)	(1,329,102)
<b>Profit before income tax</b>	<b>3,082,169</b>	<b>2,077,418</b>
<b>Income tax expense</b>		
Current tax	(735,871)	(760,773)
Deferred tax	(57,907)	(27,051)
<b>Profit/ (Loss) for the year</b>	<b>2,288,391</b>	<b>1,289,594</b>
<b>Profit/ (Loss) attributable to</b>		
Owners of the Company	2,521,148	1,040,648
Non-controlling interests	(232,757)	248,946
<b>Earnings per share for profit attributable to the ordinary equity holders of the company</b>		
Basic earnings per share	0.27	0.11
Diluted earnings per share	0.27	0.11
Weighted average number of shares	9,417,500	9,417,500
<b>Profit/ (Loss) for the year</b>	<b>2,288,391</b>	<b>1,289,594</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 for the year</b>	<b>2,288,391</b>	<b>1,289,594</b>
Total comprehensive income for the year attributable to		
Owners of the Company	2,521,148	1,040,648
Non-controlling interests	(232,757)	248,946

### CONSOLIDATED STATEMENT OF CASH FLOW

	Audited for 31 March 2023 Group USD	Audited for 31 March 2022 Group USD
Net cash flow from/(used) from operating activities	2,645,236	(2,995,841)
Net cash flow used in investing activities	(3,666,895)	(2,878,078)
Net cash flow from financing activities	1,856,022	1,576,097
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>834,363</b>	<b>(4,297,822)</b>
Cash and cash equivalents at the beginning of the year	1,566,778	5,857,355
Cash and cash equivalents taken over on business combination	-	7,245
<b>Cash and cash equivalents at the end of the year</b>	<b>2,401,141</b>	<b>1,566,778</b>

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Group							
	Share capital USD	Share premium USD	Share application money USD	Retained earnings USD	Other Reserves USD	Equity attributable to owners of the Company USD	Non-Controlling interests USD	Total equity USD
<b>Balance as at 1-Apr-21</b>	-	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)	-
<b>Balance as at 1-Apr-22</b>	-	<b>10,881,853</b>	-	<b>11,969,355</b>	<b>(3,261,721)</b>	<b>19,589,487</b>	<b>(2,949,586)</b>	<b>16,639,901</b>
Business combination	-	-	-	-	-	-	-	-
<b>Profit for the year</b>	-	-	-	<b>2,521,148</b>	<b>702,195</b>	<b>3,223,343</b>	<b>(232,757)</b>	<b>2,990,586</b>
<b>Balance as at 31-Mar-23</b>	-	<b>10,881,853</b>	-	<b>14,490,503</b>	<b>(2,559,526)</b>	<b>22,812,830</b>	<b>(3,182,343)</b>	<b>19,630,487</b>

### NOTES TO THE ACCOUNTS

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 1,930.

The abridged audited consolidated financial statements for the year ended 31 March 2023 (“abridged audited 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 using the same accounting policies as those of the audited consolidated financial statements for the year ended 31 March 2022, 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 2023. These abridged audited consolidated financial statements were approved by the Board on 29 June 2023

Copies of the abridged audited consolidated financial statements, are available free of charge, upon request at the Registered Office of the Company at c/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 Exchange Square, Ebene 72201, Mauritius.

This communiqué is issued pursuant to SEM Listing Rules 11.3 and 12.14. The Board accepts full responsibility for the accuracy of the information contained in this communiqué.

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For further information please contact:

Perigeum Capital Ltd  
**SEM Authorised Representative and Sponsor**



Ocorian Corporate Services (Mauritius) Limited  
**Company Secretary**

