

ABRIDGED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 JUNE 2022

A profitable start to the year, with an expected lower than budgeted revenue & profitability

Directors Commentary and Group Overview

The Board of Directors of Africure is pleased to present the unaudited results for the first quarter, the period ended 30 June 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 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,

- Better operating margins, signifying our ability to manage the increase of input prices and adjust our end-prices accordingly.
- 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.

Q1 revenue was lower than expected due to supply chain issues in first 45 days of the quarter, causing delays in receiving input materials at our manufacturing locations.

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 itself in the next two quarters.

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

Our R&D 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 & ESG compliance initiatives & audits in line with our commitment to maintain high standards of quality and compliance.

Highlights of Performance

- The Group has achieved 85% of its budgeted revenue & profitability estimates YTD June 2022-2023.
- Quarter revenue of ~USD 7.60 Mn against USD 7.92 Mn achieved for the same period previous year – quarter impact due to higher sales in Q4 last year. However, we are expecting to narrow the Q1 deficit with improved sales in next two quarters.
- Gross Margin of 46%, signifying our ability to manage cost increases & improve the product mix.
- Quarterly Operational EBIDTA at USD 813k against USD 955k achieved in the previous year lower due to the foreign exchange loss factored in.
- Profit after tax lower by USD 40k owing to higher depreciation and finance costs on growth capital.
- Receivables at 158 days against 167 days end March 22.
- Inventory holding at 118 days against 100 days in the last quarter, highlighting the inventory build up necessitated by the global supply-chain environment.

- ~USD 550k invested on Capex in the period in our Ethiopia project with a further commitment of up to USD 2.0Mn in the current year.
- Debt Equity ratio at 0.96 against 1.44 in the previous year.
- Received a working capital funding of USD 8 Mn from Blue peak Capital, an Impact based fund focused in Africa & USD 3.50 Mn from Proparco for the ongoing projects.
- The Board of Directors (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 achieve a revenue of ~USD 9 Mn in the next quarter & remains in line to close the annual revenue between USD 40Mn to USD 42Mn. We believe that the Group's ability to positively adapt & respond to market forces has helped to create a robust business model that will enrich value for all its stakeholders.

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
17 August 2022

Statement of Financial Position

	Unaudited as at 30-Jun-22	Audited as at 31-Mar-22
	USD	USD
ASSETS		
Non-current assets		
Goodwill	2,892,956	3,105,376
Property plant and equipment	17,792,228	18,762,960
Intangible assets	12,918	3,361
Deferred tax asset		
Right of use assets	2,438,754	2,518,755
Capital work in progress	3,647,000	3,161,849
Total non-current assets	26,783,856	27,552,302
Current assets		
Inventories	8,905,966	6,961,236
Trade receivables	15,351,007	15,693,638
Cash and cash equivalents	8,437,004	1,566,778
Other assets	3,492,754	3,051,497
Total current assets	36,186,731	27,273,149
Total assets	62,970,588	54,825,451
EQUITY		
Equity share capital and share premium	10,881,853	10,881,853
Retained earnings	12,207,171	11,969,355
Other reserves	(3,738,035)	(3,261,721)
Capital and reserves attributable to owners of Africure Pharmaceuticals Ltd	19,350,989	19,589,487
Non-controlling interests	(3,147,174)	(2,949,586)
Non-current liabilities		
Borrowings	23,921,731	13,031,737
Operating lease liabilities	2,803,441	2,819,301
Deferred tax liabilities	285,693	293,338
Total non-current liabilities	27,010,865	16,144,376
Current liabilities		
Borrowings	9,937,840	10,671,623
Trade and accounts payables	8,931,038	9,930,277
Other liabilities	128,189	728,045
Operating lease liabilities	200,802	200,802
Current tax liabilities	558,039	510,427
Total current liabilities	19,755,908	22,041,174
Total liabilities	62,970,588	54,825,451
Number of shares in issue	9,417,500	9,417,500
Net asset value per share	6.69	5.82

Statement of changes in equity

	Share capital	Share premium	Share application money	Retained earnings	Other Reserves	Equity attributable to owners of the Company	Non-Controlling interests	Total equity
All the amounts are in USD unless otherwise stated.								
Balance as at 1-Apr-21	-	6,431,853	1,500,000	7,558,339	(3,231,449)	12,258,743	(342,712)	11,916,031
Business combination	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	415,724	594,577	1,010,301	12,207	1,022,508
Balance as at 30-Jun-21	-	6,431,853	1,500,000	7,974,063	(2,636,872)	13,269,044	(330,505)	12,938,539
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 1-Apr-22	-	10,881,853	-	11,969,355	(3,261,721)	19,589,487	(2,949,586)	16,639,901
Profit for the period	-	-	-	237,816	(476,314)	(238,498)	(197,588)	(436,086)
Balance as at 31-Jun-22	-	10,881,853	-	12,207,171	(3,738,035)	38,940,402	(3,147,174)	32,092,354

Statement of Comprehensive Income

	Unaudited three months ended 30-Jun-22	Unaudited three months ended 30-Jun-21
	USD	USD
Revenue	7,609,301	7,937,596
Other income	25,417	279,008
	7,634,718	8,216,604
Cost of raw-materials and finished goods	4,106,841	5,459,137
Employee benefit expenses	1,216,466	814,739
Other expenses	1,498,000	987,385
	6,821,307	7,261,261
Profit before finance cost, depreciation and tax	813,411	955,343
Finance costs	(414,046)	(192,748)
Depreciation and amortisation	(266,634)	(225,709)
Profit before income tax	132,731	536,886
Income tax expense		
Current tax	(92,503)	(108,955)
Profit for the period	40,228	427,931
Profit/ (Loss) attributable to		
Owners of the Company	237,816	415,724
Non-controlling interests	(197,588)	12,207
Earnings per share for profit attributable to the ordinary equity holders of the company		
Basic earnings per share	0.03	0.05
Diluted earnings per share	0.03	0.05
Weighted average number of shares	9,417,500	8,337,500

Statement of Cashflows

	Unaudited for the three months ended 30 June 2022	Unaudited for the three months ended 30 June 2021
	USD	USD
Net cash flow used in operating activities	(2,315,724)	(590,675)
Net cash flow used in investing activities	(572,075)	(196,243)
Net cash flow from financing activities	9,758,025	(320,395)
Net increase in cash and cash equivalents	6,870,226	(1,107,313)
Cash and cash equivalents at the beginning of the period	1,566,778	5,857,355
Cash and cash equivalents at the end of the period	8,437,004	4,750,042

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 2,945.

The Company is required to publish consolidated interim financial results for the three months ended 30 June 2022 in terms of Listing Rule 12.19 of the SEM.

The abridged unaudited consolidated financial statements for the three months ended 30 June 2022 ("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 Mauritius 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 on 16 August 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. The Board 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 Ltd



Company Secretary
Ocorian Corporate Services (Mauritius) Limited

O C O R I A N