

**REFERENCE PHC022**
**COMPANY ANNOUNCEMENT**

The following is a Company Announcement issued by Pharmacare Finance plc. (C 86057) (“the Company”) in terms of the Rules of Prospects MTF, the market regulated as a multi-lateral trading facility operated by the Malta Stock Exchange (“Prospects MTF Rules”).

“The Board of Directors of Pharmacare Premium Ltd, the Company’s guarantor, note the following material differences from the forecast figures in Annex E of the Company Admission Document, for the year ending 31<sup>st</sup> December 2019.

**Profit & Loss Account**

|                                 | <b>Forecast 2019</b> | <b>Actual 2019</b> |
|---------------------------------|----------------------|--------------------|
|                                 | <b>€ 000s</b>        | <b>€ 000s</b>      |
| Total Revenue                   | 8,265                | 2,263              |
| Cost of Goods                   | 3,983                | 1,648              |
| Direct Expenses                 | 1,347                | 537                |
| Gross Profit                    | 2,935                | 78                 |
| Administrative Expenses         | 1,695                | 1,815              |
| EBITDA                          | 1,240                | -1,737             |
| Bond Interest & Finance Charges | 451                  | 617                |
| Depreciation & Amortisation     | 1,425                | 1,389              |
| Gross Margin                    | 35.5%                | 3%                 |
| EBITDA Margin                   | 15.0%                | -76.7%             |
| Revenue Growth                  | 83.0%                | 55.7%              |
| Interest Coverage               | 2.7x                 | -2.8x              |

**Balance Sheet**

|                             | <b>Forecast 2019</b> | <b>Actual 2019</b> |
|-----------------------------|----------------------|--------------------|
|                             | <b>€ 000s</b>        | <b>€ 000s</b>      |
| <b>ASSETS</b>               |                      |                    |
| Property, Plant & equipment | 22,210               | 20,290             |
| Intangible Assets           | 3,236                | 3,395              |
| Trade Receivables           | 1,555                | 1,908              |
| Inventory                   | 1,355                | 732                |
| Other Receivables           | 143                  | 86                 |
| Cash & Cash Equivalent      | 954                  | 2,238              |
| <b>EQUITY</b>               |                      |                    |
| Share Capital               | 14,538               | 14,229             |
| Share Premium               | 6,855                | 6,546              |
| Revaluation Reserve         | 8,499                | 8,861              |
| Retained Earnings           | -15,442              | -19,397            |
| <b>CURRENT LIABILITIES</b>  |                      |                    |
| Trade payables              | 2,794                | 1,132              |
| Other Payables              | 431                  | 513                |

|  |       |        |
|--|-------|--------|
| Other Financial Liabilities                      | 80    | 874    |
| Lease Obligations                                | 89    | 89     |
| Taxation   | 883   | 0      |
| <b>NON CURRENT LIABILITIES</b>                   |       |        |
| Other Financial Liabilities                      | 8,746 | 10,966 |
| Deferred Tax                                     | 731   | 1,207  |
| Lease Obligations                                | 1,249 | 1,187  |
| Gearing Ratio 1 (Net Debt/Equity)                | 61.1% | 122.9% |
| Gearing Ratio 2 (Total Liabilities/Total Assets) | 50.9% | 58.8%  |

Whilst the directors are very positive for the out-licensing and launch of Pharmacare Premium Ltd's development products starting in 2021, it is to be noted that the short fall in projected revenues due mainly to postponement and a delay in expected tender awards in two MENA countries. It is unclear to date as to whether expected business will materialise in 2020.

In addition, delays experienced in the uptake of short-term contracted manufacturing business already agreed through customer contracts contributed to those revenues not falling due in 2019 as expected. We are nevertheless expecting to commence delivery on these contracts during Q3 and Q4 of 2020.

On the other hand, new business opportunities developed in 2019 are forecasted to result in an increase in the number of new contracts awarded to Pharmacare Premium to start coming on stream during the end of 2020 onwards.

Supply and distribution agreements for the sale of own products agreed with several new customers and territories have materialised as originally projected.

We continue to explore avenues for additional business with existing and new customers with the view to utilise ample production capacity to increase trading profitability in the short-medium term.

Product development is slightly ahead of projections, with another new product being added to the portfolio to be funded by available development monies with €2,102,860 remaining at the year end

The share offering in 2019 has been taken up in full in 2020 totalling €1.6m, with additional anticipated share offerings in 2020 together with continued regular financial support from the shareholders in terms of loans.

The shareholders continue to be enthusiastic and determined to provide all necessary financial support to enable the fulfilment of these developments until the new product range has commenced trading in 2021.



For and On Behalf Of  
Pharmacare Finance plc  
26<sup>th</sup> June 2020