ME CURE INDUSTRIES Plc (RC619125)

LISTING BY INTRODUCTION

On the Growth Board of Nigerian Exchange Limited

of

4,000,000,000 Ordinary Shares of 50 Kobo Each

At ₦2.96 per Share

RC:600461
Financial Adviser

RC: 1258709
Stock Broker

This Listing Memorandum (also referred to as the “Memorandum”) has been prepared by or on behalf of Mecure Industries Plc (“Mecure” or the “Company”) solely in connection with the listing of the Company’s shares on the Growth Board of Nigerian Exchange Limited (“NGX”) (the “Listing”). In particular, this Listing Memorandum has not been prepared and published in relation to any offer to sell new or existing shares of the Company.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SUBSCRIBE FOR, OR A SOLICITATION OF AN OFFER TO SUBSCRIBE FOR, SHARES BY PERSONS IN ANY JURISDICTION. NO PUBLIC OFFERING OF THE SHARES IS BEING CONDUCTED ON THE BASIS OF THIS MEMORANDUM IN ANY JURISDICTION.

This Listing Memorandum is dated April 26, 2023

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1. IMPORTANT NOTICE

The information contained in this Listing Memorandum (also referred to as the "**Memorandum**") has been prepared by or on behalf of Mecure Industries Plc (hereinafter referred to as "**Mecure**" or the "**Company**"). Mecure has engaged Cordros Capital Limited as its financial adviser and Banwo & Ighodalo as its solicitors (the financial adviser and the solicitors are jointly referred to as the "**Advisers**"), in connection with the listing of the Company's shares on the Growth Board of the Nigerian Exchange Limited ("**NGX**") (the "**Listing**").

This Memorandum (references to which and to any information contained herein shall be deemed to include any information, whether or not in writing, supplied in connection herewith or in connection with any further enquiries) is confidential.

The sole purpose of this Memorandum is to support the Company's application to NGX in connection with the Listing. It is not intended to provide the basis of any investment decision, credit or any other evaluation and is not to be considered as a recommendation by the Advisers or Mecures or any of their respective subsidiaries, affiliates, directors, partners, officers, employees, representatives, managers, advisers or agents (the "**Affiliates**") that any person invests in the Company.

This Memorandum does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to purchase, subscribe for, or otherwise acquire, any securities of the Company and/or its Affiliates nor shall it or any part of it, nor the fact of its distribution form the basis of or be relied upon in connection with any contract or commitment whatsoever. This Memorandum is not a prospectus or an offering document.

None of the Company, the Advisers, or their respective Affiliates, accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, directly or indirectly, from the use of this Memorandum or its contents or otherwise arising in connection therewith. The Advisers and their respective Affiliates are acting exclusively for the Company and no one else in connection with the matters referred to in this Memorandum and will not regard any other person (whether or not a recipient of this Memorandum) as their respective clients in relation to such matters or any transaction, arrangement or other matter referred to in this Memorandum and will not be responsible to any other person for providing the protections afforded to their respective clients, or for providing advice in relation to such matters.

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This Memorandum contains "forward-looking statements," which are all statements other than statements of historical facts. Such forward-looking statements include statements regarding the Company's intentions, beliefs, current expectations, and projections about future events concerning, among other things, the Company's results of operations, financial condition, prospects, growth, strategies and the markets in which the Company operates or will operate.

Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "proposes", "considers", "predicts", "continues", "assumes", "positioned", "guidance", "targets" or "anticipates" or the negative thereof, other variations thereof or comparable terminology. Such forward-looking statements involve known and unknown risks; and factors beyond the Company's control could cause the actual results, performance or achievements of the Company to be materially different from the projected results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. By their nature, forward-looking statements relate to events and depend on circumstances that may or may not occur in the future. The Company cautions that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition, prospects, growth, strategies and the development of the markets in which the Company will operate may differ materially from those made in or suggested by the forward-looking statements contained in this Memorandum. Such forward-looking statements speak only as at the date as of which they are made, and none of the Company, the Advisers or their respective Affiliates, undertakes to review, update or confirm expectations or estimates or to release any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this Memorandum. Accordingly, any reliance placed on such forward-looking statements will be at the sole risk of such reliant party. In this Memorandum, certain of the Company's trademarks, service marks and trade names, which are protected under applicable intellectual property laws and are the property of the Company or its subsidiaries, may, solely for convenience, appear without the ®, TM or SM symbols. Such references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights or the rights of the applicable licensor to these trademarks, service marks and trade names.

2. DEFINITIONS OF KEY TERMS & ABBREVIATIONS

In this document, unless otherwise stated or clearly indicated by the context, the following words have the meanings stated opposite them below.

“Auditor”	Alexander Johnson & Co. Chartered Accountants and/or any other firm of Auditors which may be appointed by the Company in future
“Board” or “Directors”	Board of Directors of the Company
‘’CAC’’	Corporate Affairs Commission
‘’CAMA”	Companies and Allied Matters Act No. 3 of 2020 (as amended)
“CBN”	Central Bank of Nigeria
“CITA”	Companies Income Tax Act, Chapter C21, LFN, 2004 (as amended)
“Company” or “Mecure”	Mecure Industries Limited, a public limited liability company registered in the Federal Republic of Nigeria with registration number RC: 619125
“Exchange” or “NGX”)	Nigerian Exchange Limited
“Federal Government” or “FGN”	Federal Government of the Federal Republic of Nigeria
“Financial Adviser”’	Cordros Capital Limited
“LFN”	Laws of the Federation of Nigeria
“Listing”	The listing of the entire 4,000,000,000 Ordinary Shares of ₦0.50 kobo each at ₦2.96 per share of Mecure Industries Plc on the Growth Board of NGX
“Listing Memorandum” or “Memorandum”	This Listing Memorandum dated April 26, 2023
“Naira”, “NGN” or “N”	The Nigerian Naira
“NBS”	National Bureau of Statistics
“Nigeria”	The Federal Republic of Nigeria, and the term “Nigerian” shall be construed accordingly
“Registrar”	Crescent Registrars Limited
“SEC” or “The Commission”	Securities and Exchange Commission, Nigeria
“SEC Rules” or “Rules and Regulations”	The Rules and Regulations of the Securities and Exchange Commission (2013) issued pursuant to ISA and as amended from time to time
“USD” or “$”	United States Dollars or such lawful currency of the United States of America from time to time

3. CORPORATE DIRECTORY OF THE COMPANY

Head Office Address:

MECURE INDUSTRIES PLC
Plot 6, Block H Debo Industrial Compound
Oshodi
Lagos.

Website: www.mecure.com

Telephone: 0700 063 2873

Email:
info@mecure.com

4. SUMMARY OF LISTING APPLICATION

This summary draws attention to information contained elsewhere in this Listing Memorandum. It does not contain all of the information to be considered in approving the Company's application. You should therefore read this summary together with the more detailed information, including the financial statements elsewhere in this Listing Memorandum.

Company:	Mecure Industries Plc
Financial Adviser:	Cordros Capital Limited
Stockbroker	Cordros Securities Limited
Share Capital (As at the date of this Listing Memorandum):	**Issued and Fully Paid:** Ordinary shares: ₦2,000,000,000 divided into 4,000,000,000 Ordinary Shares of ₦0.50 each.
Mode of Listing:	Listing by Introduction (of all issued and fully paid-up Ordinary Shares)
Purpose:	Mecure is undertaking a Listing by Introduction of its 4,000,000,000 Ordinary Shares at ₦2.96 per share in order to, amongst others, create liquidity for its shares in the secondary market and have access to a platform for raising long-term capital in the future from a wide range of domestic and international investors if and when required.
Listing price:	₦2.96 per Ordinary Share
Market Capitalization at Listing:	₦11,840,000,000.00
Current Operations and principal activities	The principal activity of the Company is to carry out the business of manufacturing of pharmaceutical products, distribution of pharmaceutical and nutraceutical products
Shareholding Structure:	As at the date of this Listing Memorandum, the 4,000,000,000 Ordinary Shares in the share capital of the Company, are beneficially held as follows:

SHAREHOLDERS	UNITS HOLDING	%
Samir Udani	1,291,779,280	32.29%
Avni Udani	1,291,779,280	32.29%
Arjun Udani	1,291,779,280	32.29%
Others	124,662,160	3.13%
TOTAL	**4,000,000,000**	**100.00%**

Indebtedness:	As at March 31, 2023, the Company had a total indebtedness in the ordinary course of business amounting to ₦14,876,090,000.00
Claims and Litigations:	As at the date of this Listing Memorandum, the Company was not involved in any claims and/or litigation matters. Likewise, the Solicitors to the Issue are of the opinion that there are no claims or litigation pending or threatened against the Company and the Company is not involved in any ongoing or anticipated arbitration or other alternative dispute resolution proceedings.

5. DIRECTORS, COMPANY SECRETARY

Chairman	**Samir Udani** Plot 6, Block H Debo Industrial Compound Oshodi, Lagos.
Co-Chief Executive Officer (Regulatory Affairs, Manufacturing, Quality Control & Assurance and Human Resources)	**Anderline Dukor** Plot 6, Block H Debo Industrial Compound Oshodi, Lagos.
Co-Chief Executive Officer (Finance and Accounts, Logistics, Procurement and Stores)	**Arjun Udani** Plot 6, Block H Debo Industrial Compound Oshodi, Lagos.
Executive Director	**Felix Anaje** Plot 6, Block H Debo Industrial Compound Oshodi, Lagos.
Executive Director	**Dr. Obiefuna Ajie** Plot 6, Block H Debo Industrial Compound Oshodi, Lagos.
Non-Executive Director	**Benedict Agbo** Plot 6, Block H Debo Industrial Compound Oshodi, Lagos.
Non-Executive Director	**Chidi Okoro** Plot 6, Block H Debo Industrial Compound Oshodi, Lagos.
Non-Executive Director	**Ayotunde Owoigbe** Plot 6, Block H Debo Industrial Compound Oshodi, Lagos.
Company Secretary	**Banwo & Ighodalo** 48, Awolowo Road Ikoyi Lagos

6. PROFESSIONAL PARTIES

PROFESSIONAL PARTIES	
Financial Adviser	**Cordros Capital Limited** 70, Norman Williams, Ikoyi, Lagos, Nigeria
Stockbroker	**Cordros Securities Limited** 70, Norman Williams, Ikoyi, Lagos, Nigeria
Solicitors to the Listing	**Banwo & Ighodalo** 48, Awolowo Road Ikoyi Lagos Nigeria
Registrars	**Crescent Registrars Limited** 23, Olusoji Idowu Street, Ilupeju, Lagos, Nigeria
Auditors	**Alexander Johnson & Co. Chartered Accountants** 18, Oremeji Street Off Coker Road Ilupeju Lagos Nigeria

7. OVERVIEW OF MECURE INDUSTRIES PLC

7.1 History and Overview

Mecure was incorporated on 16th March 2005 as a private limited liability company and commenced operations on August 17, 2005**.** The Company is principally in the business of manufacturing drugs (tablets, capsules and syrups) in Nigeria under two (2) categories namely Pharmaceuticals and Nutraceuticals. The Pharmaceuticals segment comprises of forty-one (41) drugs such as Ebu 200 & 400 (ibuprofen tablets), Laclox (an ampiclox formulation), Lamox (an amoxicillin formulation) and Lampicin (an ampicillin formulation), used in treating different ailments.

The Nutraceuticals segment consist of 100 products including multivitamins and dietary supplements, the majority of which are imported from Youthberry (an American supplement manufacturing company). While the Nutraceuticals segment is largely a trading line, the Company produces its pharmaceuticals drugs (predominantly branded generics) with support from its research and development team at its factory at Debo Industries Compound, Oshodi, Lagos State.

The Company's products and services include acute ailment medication, chronic ailment medication, nutraceuticals, multivitamins and a planned expansion into chemotherapy medication.

Mecure is a member of the Mecure Group and has four sister companies - Mecure Healthcare Limited (engaged in diagnostics), Mecure Infraproject Limited, Mecure Smart Buy Limited and Mecure Wecare Limited. There exists significant cross-selling within the Mecure Group particularly between Mecure Healthcare Limited and Mecure Industries Plc, in which patients of the former are encouraged to patronize the drugs of the latter, thereby enhancing value chain in the group.

Mecure's head office (where its production plant is sited) is located at Plot 6, Block H, Debo Industries Compound, Oshodi Apapa Expressway, Oshodi, Lagos State. The Company owns four depots in Anambra, Abia, Lagos and Kano States (due to wider customer acceptance and less competition in those markets) and a distribution network consisting of over 100 distributors that facilitate the circulation of the Company's products across Nigeria.

To further promote product distribution, the Company recently introduced mobile applications such as the Smart Pill and Smart Buy applications under its Direct2Retail strategy. These applications serve as online pharmacies that facilitate easy purchase and delivery of Mecure's products to retail customers in urban cities.

Mecure imports majority of its production inputs (particularly active and inactive pharmaceutical ingredients) from India and China. This is due to the limited availability of the required raw materials locally. The Company has a current installed production capacity of 6 million tablets, 4 million capsules and 85,000 syrup bottles per day.

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17
YEARS
EST. 2005

4
PRODUCT SEGMENTS

UNIQUE PRODUCTS
142

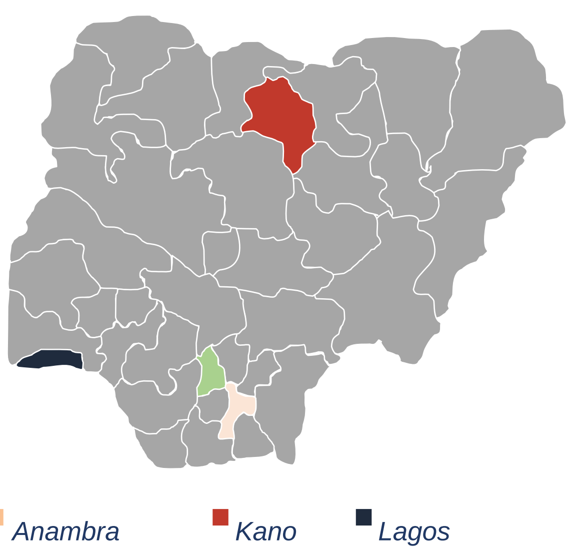
850
EMPLOYEES

>100
DISTRIBUTORS

Depots

4

ACROSS NIGERIA



7.2 Product Segmentation

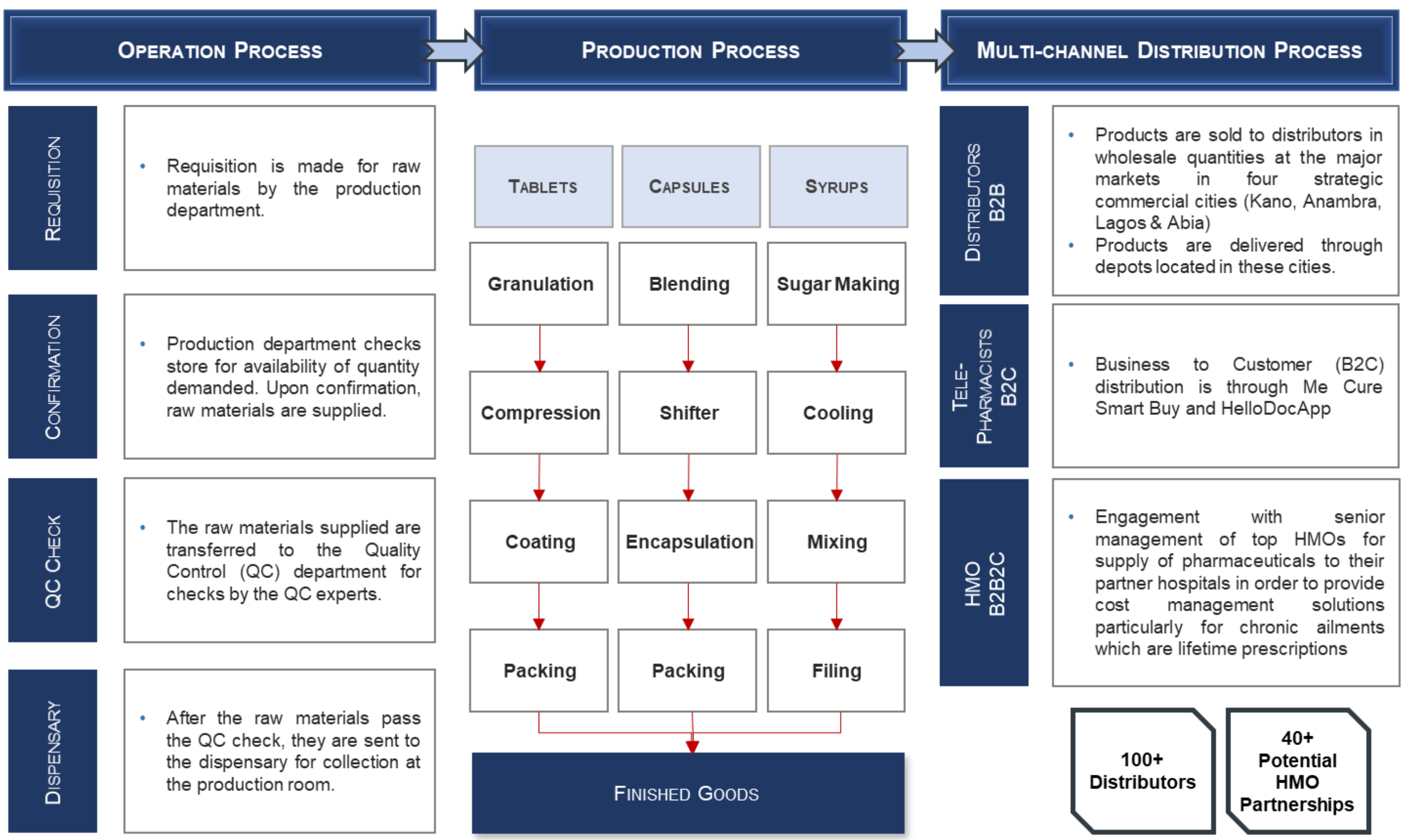
The Company is committed to increasing access to high quality healthcare for people across Nigeria, at every stage of life. The Company does this by developing, producing and marketing affordable generic drugs as well as innovative and specialty pharmaceuticals and nutraceuticals. The following are the classes of drugs the Company produces:

a. OTC Medicines
Mecure's OTC business provides branded products that are intended to prevent illness and promote well-being. These products are part of the increasing shift from treatment to prevention among consumers. This movement is a reflection of people living longer lives, while at the same time expecting continued high quality of life.

b. Branded Generics
Mecure's exceptional integration of generics enables the Company to generate a robust pipeline of high-value medicines, with an emphasis on branded generics. Its capabilities have expanded to include tablets, capsules, liquids.

c. Dietary Supplements
The Company's superior level of nutraceutical experience is its core competence. The Company use state-of-the-art manufacturing methods and technology to produce products that exceed expectations, and it leverages that experience to offer its customers the highest quality solutions.

7.3 Production Process



7.4 Supply Chain

Key raw materials include active pharmaceutical ingredients ("APIs") and inactives (sugar and capsules)

- All APIs and capsules are imported while sugar is procured locally
  - APIs are sourced from suppliers based in India & China, some of whom have established supply operations in Nigeria
  - MeCure mostly purchases from local sellers that have imported the APIs
  - The Company has plans to import directly in the near future
- Packaging material is c.60% import based whilst the balance is local
- Imported packaging materials are sourced from India.

- Robust advanced planning and adequate import documentation ensures there are no logistic delays
- Raw material imports are via sea / air whilst local supply is by road
- Imports by air take a week whilst by sea takes 6 weeks including another 3 / 4 weeks for port clearance
- Movement of finished goods is by road
- Long haul transportation is outsourced

MeCure has storage space of between 4000m2 – 6000m2

- Sufficient to store its imports of raw materials and finished goods
- Typically holds four months of stock reserves

7.5 Milestones and Achievements of the Company

2005 – Incorporated as a private limited liability company in Nigeria

2007 – Introduced Tropical Pack as the first local producer in Nigeria

2009 – Diversified into manufacturing Dry Syrup and medications of Oral Liquid

2011 – Introduction of Unit Dosage System from Sarong, Italy

2015 – Became one of the largest manufacturers of formulation of Ampicillin Cloxacillin locally and globally

2016 – In-house product development of 200+ prescription chronic & acute medications

2018 – Introduction of Youthberry. Developed and marketed HelloDoc App – a community recognising and promoting the welfare of doctors in Nigeria

2020 – ISO 9001:2015 accreditation in process

2021 – Listed N3billion bond on NGX under the N20billion debt issuance programme

7.6 Profile of Directors

Mecure's board structure comprise of the Chairman, two Co-Chief Executive Officers, two (2) Executive Directors and three (3) Non-Executive directors. The strength of its corporate governance structure is evidenced by the presence of independent board members and external Company Auditors.

The Board formulates the broad policies and take decisions for the management and operations of the company with a view to attaining the company's objectives. Profile of the Board members are below.

Samir Udani – Chairman
Samir Udani started his career as a medical representative at Theraped Laboratories in 1979. He holds a B.Sc. in Chemistry and Physics from Mumbai University, India as well as B.Sc. (Tech) in Food Science from the University Institute of Chemical Technology, India. a Udani with over 35 years industry experience won numerous awards such as Business Man of the Year Healthcare, Nigeria in 2009. He founded Mecure and oversees the Group's businesses.

Arjun Udani – Co-Chief Executive Officer (Finance and Accounts, Logistics, Procurement and Stores)
Arjun has over 12 years industry experience in the pharmaceutical industry. He was the General Manager, Renaissance Life Science, Mumbai. He holds a B.sc, Business Management, Mumbai University, India and a degree in Advanced Project Management, Stanford University, California. Arjun Udani is the lead, Mecure Healthcare, Health Dekho and Smart Buy.

Anderline Dukor– Co-Chief Executive Officer (Regulatory Affairs, Manufacturing, Quality Control & Assurance and Human Resources)

Prior to Mecure, Mrs. Dukor was Regulatory Affairs Officer for Renaissance Pharmaceuticals. Mrs. Dukor spent more than 10 years in teaching hospitals and pharmacies, serving various positions from Medical Representative to leading efforts at National Youth Service Corps Program. In the course of her career Mrs. Dukor has taken up role as the Chief Pharmacist for an All-Day Pharmacy, Accidents & Emergency Pharmacy Department, In-patient Pharmacy, Special Wards for Cancers, HIV/AIDS Patients, Theatre Pharmacy and a Compounding Pharmacy. Mrs. Dukor holds a Masters in Clinical Pharmacy from University of Lagos, Nigeria, a Master's in Public Health from Lagos State University, College of Medicine, a Bachelors in Pharmacy from University of Nigeria. Mrs. Anderline Dukor, Director, Regulatory Affairs and Safety, joined Mecure in 2006 as Supt. Pharmacist, Regulatory Affairs.

Anaje Felix Emeka – Executive Director

Anaje is an experienced Sales and Marketing professional. He holds a B.Sc. in Biochemistry from Nnamdi Azikiwe University and a Master's in Business Administration from Ladoke Akintola University. He joined Mecure in 2019 as a Business Development executive and was responsible for managing operations and revenue generation activities including Business Development and Sales Marketing. He is currently responsible for Sales and Marketing, Business Management, Operations Management and Relationship Management.

Dr. Ajie Obiefuna – Executive Director
Dr. Ajie Obiefuna holds a B.Sc. Medicine & Surgery (MBBS) from University of Nigeria, Enugu Campus and a Masters in Pharmacology from University of Lagos. He previously worked as a lecturer in Lagos State Teaching Hospital (LUTH). He is currently the lead, Pharmacovigilance Officer, Mecure.

Benedict Agbo – Non- Executive Director

Mr Benedict Agbo is a seasoned professional and a non-executive director of the company. He holds a B.Sc. in Biochemistry and a Masters in Pharmaceutical Chemistry. He also holds a Masters in International Law and Diplomacy and a PhD in Biochemistry (Molecular Biology).

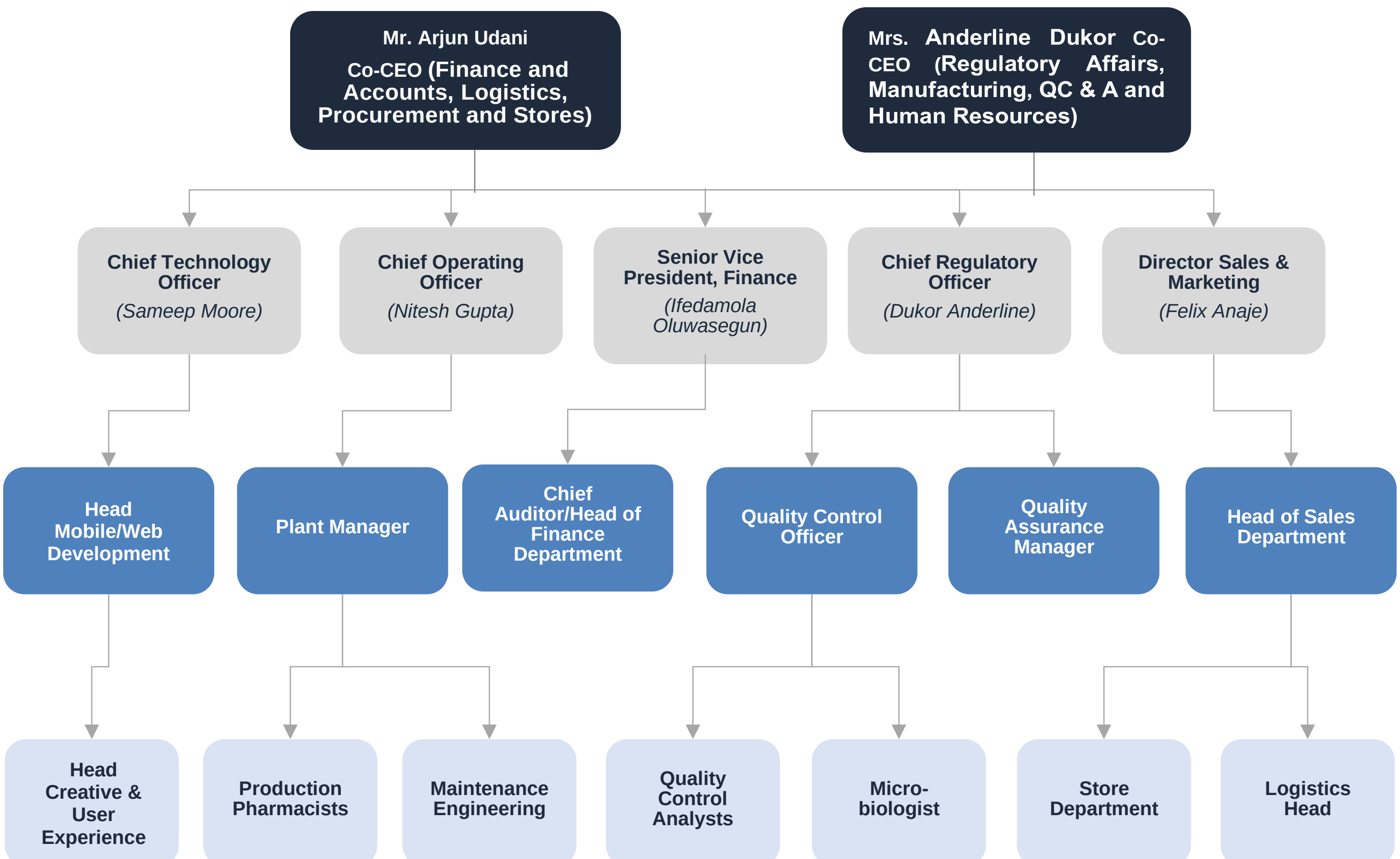
Ayotunde Owoigbe –Non-Executive Director

Mrs. Ayotunde Owoigbe is a non-executive director of the Company. She has over 21 years' experience as a corporate lawyer having obtained a LLB degree from the University of Lagos and called to the Nigerian Bar in January 2001. She is a partner in the law firm, Banwo & Ighodalo and focuses on transactions spanning capital markets, mergers and acquisitions and financing. Mrs. Owoigbe has attended several management and leadership courses in leading institutions including Harvard Business School and Lagos Business School and she is also an alumnus of the Nigerian Leadership Initiative (an Affiliate of Aspen Institute).

Amongst other roles, Mrs. Owoigbe is a past chairperson of the Capital Market Solicitors Association (an independent self-regulatory association of law firms engaged in capital market practice in Nigeria).

Chidi Okoro –Non-Executive Director

Chidi Okoro has over 30 years' experience in sales and pharmaceuticals. He has previously worked with Emzor, GlaxoSmithKline, etc. He holds a B.Pharm Pharmacy, University of Nigeria, a Masters, IE Business School, and an MBA, Marketing, University of Lagos.



7.7 Management Team

The management team is responsible for implementing and executing the organization's objectives. Profile of the management team members are below:

Anderline Dukor – Co-Chief Executive Officer

Prior to Mecure, Mrs. Dukor was Regulatory Affairs Officer for Renaissance Pharmaceuticals. Mrs. Dukor spent more than 10 years in teaching hospitals and pharmacies, serving various positions from Medical Representative to leading efforts at National Youth Service Corps Program. During her career Mrs. Dukor has embraced her role as the Chief Pharmacist for an All-Day Pharmacy, Accidents & Emergency Pharmacy Department, In-patient Pharmacy, Special Wards for Cancers, HIV/AIDS Patients, Theatre Pharmacy and a Compounding Pharmacy. Mrs. Dukor holds a Masters in Clinical Pharmacy from University of Lagos, Nigeria, a Master's in Public Health from Lagos State University, College of Medicine, a Bachelors in Pharmacy from University of Nigeria. Mrs. Anderline Dukor, Director, Regulatory Affairs and Safety, joined Mecure in 2006 as Supt. Pharmacist, Regulatory Affairs.

Arjun Udani – Co-Chief Executive Officer

Arjun has over 12 years industry experience in the pharmaceutical industry. He was the General Manager, Renaissance Life Science, Mumbai. He holds a B.sc, Business Management, Mumbai University, India and a degree in Advanced Project Management, Stanford University, California. Arjun Udani is the lead, Mecure Healthcare, Health Dekho and Smart Buy.

Nitesh Gupta - Chief Operating Officer

Nitesh the former plant manager of Puma Pharmaceutical Limited has over 27 years of pharmaceutical manufacturing experience. His experience spans across: Pharmacy, Manufacturing, Business and Operations management, etc. He holds a B.Sc. and M.Sc. in Pharmaceutical sciences.

Anaje Felix Emeka – Director, Sales & Marketing (Executive)

Anaje is an experienced Sales and Marketing professional. He holds a B.Sc. in Biochemistry from Nnamdi Azikiwe University and a Master's in Business Administration from Ladoke Akintola University. He joined Mecure in 2019 as a Business Development executive and was responsible for managing operations and revenue generation activities including Business Development and Sales Marketing. He is currently responsible for Sales and Marketing, Business Management, Operations Management and Relationship Management.

Ifedamola Oluwasegun – Senior Vice President, Finance

Ifedamola holds a Msc.in Finance, Accounting and Management from Bradford School of Management UK. With 12 years' experience in Commercial Banking, Trade Finance, E-commerce and Investment Banking, he started his professional career with Guaranty Trust Bank Plc and previously worked as a Trade finance officer in Access Bank Plc. He also successfully served as Head of Business Strategy and Development in an e-commerce firm (Nokkubo.com)

Prior to joining MeCure Industries, he served as the Head of Financial Advisory at Platform Capital Investment Partners where he used his expertise in raising capital (debt, equity or mezzanine), M&A advisory and post-investment portfolio management.

Sameep Moore - Chief Technology Officer

Sameep More is responsible for infrastructure and efficient running of IT operations in MeCure. He has over 12 years' experience in leading design and development of large-scale software solutions. He holds a Bachelor's degree in Engineering from Mumbai University, India and has experience across solutions design and development.

Kemi Ipinnaye – Head, Human Resources

Kemi is a Human Resource, Strategy and Growth professional with over a decade of experience across diverse functionalities including recruitment, retention and training. She has 10 years' experience in Human Resource Management. Kemi holds a Bsc.in English and Literature from Kogi State University and is a Member of Chartered Institute of Personnel Management (CIPM).

8. MACROECONOMIC OVERVIEW OF NIGERIA

A. GENERAL OVERVIEW

Inhabiting almost half of West Africa's population with about 212 million people[1] and a land area of approximately 923,773km2, Nigeria is Africa's largest economy and most populous country. According to the NBS, Nigeria's national statistical agency, the country's GDP as at 2021 stood at US$442 billion, with a GDP per capita of US$2,097. Nigeria is comprised of 36 states and a Federal Capital Territory, Abuja; which is located in central Nigeria. The states and the Federal Capital Territory are grouped into six geopolitical zones: North-West, North-Central, North-East, South-East, South-South and South-West. There are currently 774 constitutionally recognized local government areas and area councils in Nigeria. With an abundance of natural resources, it is Africa's biggest oil exporter, and also has the largest natural gas reserves on the continent.

B. ECONOMY

The transition to a multi-party democracy in 1999 ushered in a period of improved political stability, economic liberalisation reforms and macroeconomic stability in Nigeria. The Nigerian economy enjoyed sustained high economic growth for more than a decade between 2000 and 2014, with annual real GDP growth averaging about 7.7% Year-over-Year [Y-o-Y] within the period. The non-oil sector was the major driver of growth, supported by liberalisation reforms in the telecommunications and financial services sectors, as well as a commodity price boom which buoyed consumption expenditure.

In April 2014, Nigeria rebased its GDP from the 1990 base year to 2010. As a result of the rebasing, Nigeria became the largest economy in Africa (surpassing South Africa) and the 26th largest economy in the world, with a nominal GDP of US$568.5 billion in 2014. In addition, real GDP growth post-rebasing was 6.3% in 2014. In 2014, services contributed about 52%; while manufacturing and agriculture, respectively contributed about 9% and 23% to GDP.

However, growth momentum has slowed significantly since 2014, partly due to a commodity price slump and attacks on oil production facilities in the Niger Delta region. Improvements in hydraulic fracturing technology enabled oil and gas producers to tap reserves in shale formations across North America. As a result of the shale oil boom which boosted global crude oil supply, oil prices fell from US$114.60 per barrel in June 2014 to a low of US$30.66 per barrel in January 2016.

Nigeria's crude oil production (including condensates) also fell from 2.21 million barrels per day in 2014 to 1.81 million barrels per day in January 2016 after renewed attacks on oil facilities in oil producing communities in the Niger Delta. The oil & gas sector accounted for over 90% of exports and 70% of Federally Collected Revenue in 2014. As such, the decline in oil production and prices led to a twin shock in the external and fiscal accounts, with feedback effects on foreign exchange liquidity and consumption spending. Consequently, real GDP growth weakened to 2.65% in 2015 Y-o-Y and in 2016, the economy slipped into its first recession since the early 1990s as GDP contracted by 1.58% Y-o-Y.

In response to the drop in oil prices and widening current account deficit, the CBN initially responded pro-cyclically by raising the interest rate and devaluing the USD/NGN rate twice between October 2014 and February 2015. The CBN later changed its strategy in H2-2015 by loosening monetary policy. The exchange rate was also pegged at the interbank market despite investors' concern on overvaluation of the Naira and weak foreign exchange (FX) liquidity.

The CBN subsequently introduced FX policy reforms such as the establishment of the Investors' and Exporters' foreign exchange window (I&E Window) in April 2017 to allow investors and non-oil exporters trade and access foreign exchange without restrictions. The CBN had earlier introduced monthly Naira-settled OTC FX Futures (non-deliverable forwards) contracts to help investors and domestic corporates with foreign currency loans hedge against devaluation, thus reducing the incentive for frontloading FX demand and hoarding.

The pro-market FX market reform introduced by the CBN, as well as tightening of monetary policy, was the major catalyst for improvement in foreign investors' appetite for Nigerian assets in 2017. Capital importation significantly increased to US$12.2bn in 2017. The balance of payment was further supported by improvement in current account surplus to 2.8% of GDP from 0.7% of GDP in 2016, following recovery in oil prices and domestic crude oil production.

[1] Worldometer, August 9, 2021

Average crude oil prices strengthened by 23.3% in 2017 in response to the decision of OPEC and key non-OPEC countries, including the Russian Federation, to cut oil production. Crude oil production (including condensates) also rose by 4.5% in 2017 to 1.89 million barrels per day after the Federal Government negotiated a ceasefire with militant groups.

Nigeria was able to achieve macroeconomic stability in 2017 on the back of the improvement in foreign exchange liquidity and rebound in crude oil production. In addition, growth has also been buoyed by the development and implementation of the Economic Recovery and Growth Plan (ERGP), which has focused on economic diversification, infrastructure development, amongst others. The economy exited recession in 2017 and grew by 0.81% in 2017 in real terms compared to a contraction of -1.62% in 2016. Growth momentum quickened to 1.91% in 2018, driven by recovery in the manufacturing and telecommunications and information services sectors. Real GDP growth picked up marginally to 2.27% in 2019, supported by improvements in industry (2.31%), agriculture (2.36%) and services (2.22%).

However, the onset of the COVID-19 health pandemic in Q1-2020 led to a sharp contraction in global economic activities. Authorities adopted some strict social distancing measures, including lockdowns, to curb the spread of the virus, which had negative feedback effects on global trade and mobility, economic output and oil prices. In response to the collapse in crude oil prices, OPEC members and some non-OPEC nations including Russia, eventually agreed on an oil production cut agreement in April 2020 after a destructive oil price war sent oil prices to multi-year lows.

The domestic economy is not immune to the impact of deteriorating global macros and collapse of major commodity prices. Against this backdrop, the Nigerian economy shrank by 6.1% YoY in Q2-2020 and a technical recession was confirmed in Q3-2020 as the economy contracted by 3.62% YoY, as a result of lower oil production (in compliance with the OPEC PLUS oil production cut) and impacts of the COVID-19 restrictions and scarce foreign exchange liquidity. However, the economic recession proved to be short-lived, as the economy posted a surprising early recovery from the COVID-19 induced recession in Q4-2020. Notably, the report showed that economic activities expanded by 0.11% YoY, a sizeable improvement from -3.62% YoY in Q3-2020, despite the re-imposition of restrictions by some state governments in December to subdue a much stronger COVID-19 infection wave. The strong rebound in activities was led by the non-oil sector, which expanded by 1.69% YoY from -2.51% YoY in Q3-2020. On the other hand, the oil sector had a deeper contraction of 19.76% YoY from 13.89% YoY in Q3-2020, due to greater compliance with the OPEC+ production cut, which drove oil production lower by 22% YoY and 6.6% Quarter-over- Quarter [QoQ] to a 30-year low of 1.56mb/d.

In Q1 2021, economic activities picked up pace as aggregate GDP growth registered at 0.51% YoY, enabled by strong fiscal and monetary responses of policymakers to maintain the post-Covid growth trajectory and in Q1 2022, GDP grew by 3.1%, however down from 4% reported in Q4 2021. Likewise, in Q2 2022, GDP grew by 3.54% (year-on-year). However, this growth rate declined from 5.01% in the second quarter of 2021 when rapid growth was recorded following the toll the COVID-19 pandemic exacted on the economy in Q2 2020.

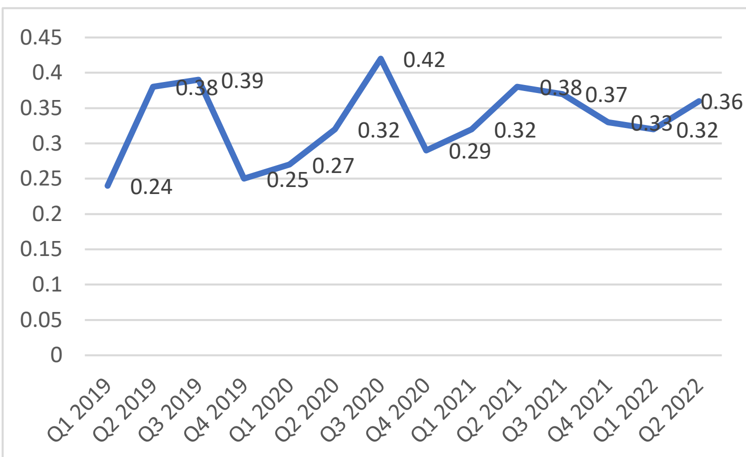
Nonetheless, the Nigerian economy faces the risk of being stuck in a low-growth environment over the medium term. Real GDP growth has consistently fallen short of the 2.75% population growth rate, implying that per-capita income, measured in real terms, is on the decline. The economic recovery is also yet to be broad-based, with the telecommunications and information services sector accounting for a larger proportion of GDP growth since 2018.

9. PHARMACEUTICAL MANUFACTURING – INDUSTRY OVERVIEW

The operations of the pharmaceutical manufacturing industry entails research, manufacturing and production of syrups, tablets, creams, ointments, powders and capsules for medical applications. The pharmaceutical manufacturing industry in Nigeria is highly fragmented with over 100 registered pharmaceutical manufacturers.

Many pharmaceutical manufacturing companies in Nigeria produce a range of pharmaceutical dosage forms cutting across various therapeutic classes such as analgesics, antimalarials, antibiotics, antiretrovirals, antacids, hematinic, vitamins and minerals, cough and cold remedies, anti-diarrhea, antihistamines, anti-ulcer, antihypertensive, antidiabetics etc. However, majority of the pharmaceutical companies in the country engage in generic drug production, which involves the production of versions of brand-name drugs that are no longer under patent protection. This is consequent to the spate of high research and development costs associated with brand-name formulas. Generic pharmaceutical manufacturers typically produce drugs using the same Active Pharmaceutical Ingredient (API) as the original brand-name drugs but can sell at a lower price, as they do not incur product development costs. Consequently, players in the generic segment of the industry are faced with the challenges of heightened competition level and relatively lower profitability.

As a result of the dominance of generic drugs in the industry, which results in drugs having close substitutes, competition is primarily based on price and brand names. To improve margins, many pharmaceutical companies including Mecure have majored in branded generics, which involves producing a molecule copy of an off-patent brand-name product under a trade name and investing massively in marketing, thus attracting more customers and earning higher profits.



Throughout 2018 and early 2019, the contribution of the Pharmaceutical Manufacturing Industry to Nigeria's GDP averaged 0.22%. The industry's GDP contribution spiked in the latter part of 2019 before dipping to 0.25% in Q4 2019 (Q1 2020: 0.27%) (NBS). The spike in the industry's contribution in mid-2019 was largely due to relatively higher prices of pharmaceutical products sold in those periods, reflecting higher value of activities in the industry.

According to the United Nations Industrial Development Organization, imported pharmaceutical products (raw materials and finished goods) are estimated to control 75% of the local pharmaceutical market, with imports being sourced predominantly from India, China and the United States of America. The dominance of pharmaceutical imports is aggravated by the relative cheapness of imported drugs (particularly substandard drugs), existing low pharmaceutical expertise, low-capacity utilization, unavailability of raw materials locally, high production costs as a result of the high cost of inputs, high research and development costs, poor infrastructure and the capital-intensive nature of the industry.

A. Industry Drivers

Government Policies & Regulatory Activities

Government Policies, sector spending plans and public regulations are all critical factors that have telling effects on the activities of players in Nigeria's healthcare sector. The major driving factor for Nigeria's pharmaceutical industry is Nigerian government's endeavors to crack down on counterfeit drugs, reduce medical tourism out of the country, in addition to achieving an ambitious goal of relaunching the National HIV Vaccine Plan (hivresearch.org).

Technology

Generally, the pharmaceutical industry and the health care sector have been enhanced by the use of technology overtime. Accelerated research and development, enhanced drug efficiency tracking system, enhanced anti-fake measures, digitalized record keeping, access to health-monitoring mobile apps, etc. have helped to reduce error rate and enhance the drug production process. The use of artificial intelligence can help drug scientists filter through vast reams of this data to find how patients are really being impacted by the pharmaceutical products they are using.

Population

Activities in the healthcare sector are constantly driven by changes in a country's population and demography. For Nigeria, increased activities in the pharmaceutical's manufacturing industry are required to match the demand arising from the growing population. The rate of expansion of the ageing population in a country is also a key demand driver for medical services, especially pharmaceutical products.

B. Industry Challenges

The pharmaceutical industry in Nigeria is confronted with various difficulties challenging the business environment and limiting the efforts of operators to maximize the full potentials readily available in this important health sub-sector in the Nigerian economy. The following are some of the important challenges affecting the industry;

Huge Capital Outlay

The maximization of the vast potential of the pharmaceutical manufacturing industries is hinged upon huge capital outlay to drive research & development and drug innovation. The lack of effective research & development in Nigeria due to poor research support from the government and by private companies themselves has been a significant challenge facing the industry.

Brain Drain

The massive reduction in the number of pharmaceutical majors and experts in Nigeria caused by continuous emigration has led to a decline in the availability of quality labour force in the industry. Pharmaceuticals practitioners have blamed the mass exit on poor working conditions in the country as only about 4% (four percent) of Nigeria's budget is allocated to health – while the annual healthcare threshold per person in the United States is US$10,000, in Nigeria it is just US $6. These various factors have an indirect impact on the quality of medical services and pharmaceutical produced in the country.

Infrastructural Deficiencies

As much as health and social infrastructures are critical to the development of the healthcare sector and pharmaceutical industry, Nigeria's reality, considering its population, is well below acceptable standards. The state of unstable power supply, poor road networks and unsophisticated IT infrastructures pose huge challenges to pharmaceutical manufacturers as they result in higher lead time for products, delaying movement in the value chain. Industry operators have also been forced to spend a lot of money on alternative sources of power such as generators, solar energies and inverters, each of which require substantial funds to acquire and/or maintain, and consequently aggravate the cost of production.

Foreign Exchange Fluctuations

Fluctuations in the value of Naira tend to lead to higher costs of imported equipment used in the production of pharmaceutical products. According to the United Nations Industrial Development Organization, imported pharmaceutical products (raw materials and finished goods) are estimated to account for about 75% of the local pharmaceutical market, exposing industry players to exchange rate and price risks and thus adversely affecting profitability.

C. Opportunities in the Nigerian Pharmaceutical Industry

1. Small-scale indigenous private or government manufacturing labs and research institutes are now beginning to compete favorably with the foreign-based companies even though the former still depend on the imported raw materials and equipment.

2. With the training of more pharmacists in the country, enlightenment of the citizens, pharmacists, politicians and licensed patent medicine vendor through workshops and mandatory continuing education programmes, awareness has been created with more reliance on good quality products including those manufactured in Nigeria.

3.There is the presence of qualified and registered pharmacists acting as consultants in drug production analysis and quality assurance. These analysts certify the genuineness or otherwise of locally manufactured or imported products.

4.There is also a number of growing local industries that manufacture good plastic containers, starches for non-internal preparations, gums etc., and it is expected that soon, local manufacturers will no longer import most drug excipients. Many developing countries moved from mere packaging of finished products into the production of excipient raw materials formulation of dosage forms in commercial quantities for internal use and exports.

I. Economic risk

The Nigerian economy is largely dependent on oil production and is directly affected by fluctuations in the global prices of oil. Oil prices are unpredictable over the medium to long term and are determined by various factors outside Nigeria and the Company's control. The impact of volatile oil prices on the Nigerian economy was evident in lowered external revenues and foreign reserves in the past few years of sub US$50 per barrel oil price. Growth in the economy in recent quarters has been significantly less than in previous years, while inflation has remained at double digits levels. Though the outlook for growth remains positive, any long-term shift away from fossil fuels, including from developed economies seeking to develop alternative sources of energy, could adversely affect oil prices and demand which will negatively impact the revenue profile of Nigeria. Damage to the Nigerian economy as a result of the downturn in the oil industry, would adversely affect our customers and increase fuel running costs, which may have a material adverse effect on our business, results of operations, financial conditions and/or prospects.

II. Security risk

Terrorism and militant activity remain problematic in parts of Nigeria, where a range of terrorist and militant groups with differing goals operate. The Boko Haram sect, a terrorist group based primarily in north-eastern Nigeria, initially became active in 2009 and increasingly received international attention for the number and frequency of attacks in Northern Nigeria. These incessant attacks led to the declaration of a state of emergency by the Federal Government on May 14, 2013 in the states affected by the Boko Haram conflict and the deployment of armed troops to those states. However, the state of emergency declared has since lapsed and the Nigerian military has recorded some success in containing the threat of the Boko Haram in recent times.

In addition to the instability caused by Boko Haram, there have also been attacks by Fulani herdsmen in various states in the country such as Abia, Enugu, Oyo, Benue and Adamawa resulting in the deaths of hundreds including women and children.

There is also the rising threat of secession with some groups in the South East of Nigeria clamoring for secession to form their own nation called 'Biafra'. These groups are the 'Movement for the Actualization of the Sovereign State of Biafra' (MASSOB) and the 'Indigenous People of Biafra' (IPOB).

Additionally, in the past, there have been occurrences of violence, oil theft, and civil disturbance in the Niger Delta, Nigeria's southern oil-producing region, mainly from militant groups who attack oil installations, among other things, in protest against the Federal Government's allocation of oil revenue among the regions of the country. Such acts have mainly been directed at oil interests in the region, and oil production from onshore fields has slowed as a result, materially and adversely affecting the Federal Government's revenues from oil production. The Nigerian National Petroleum Corporation recently expressed its concern over the incidence of pipeline vandalism across the country. There can be no assurance that such unrest will abate or not escalate.

In the South-Western part of Nigeria, the Western Nigeria Security Network Code-named Operation Amotekun was established in January 2020 by the governors of the South Western states of Nigeria (i.e., Lagos, Oyo, Ogun, Ondo, Osun and Ekiti States) to assist police officials and other security agencies and traditional rulers in combating terrorism, banditry, armed robbery and kidnapping. Furthermore, the group aims to resolve herdsmen and farmer-related conflicts in the region.

Unless resolved or significantly reduced by the Federal Government, these conflicts and insecurity may adversely affect Nigeria's political and economic stability which may, in turn, further affect our business, financial condition and results of operations.

III. Emerging markets risk

Emerging markets such as Nigeria are subject to greater risks and financial turmoil than more developed markets. Specific risks associated with investing in Nigeria that may have a material adverse effect on our business, financial condition, results of operations and prospects include, but are not limited to, the following:

- higher volatility and less liquidity;
- greater political risk, and changes in, and instability of, the political and economic environment;
- civil strife, terrorism and insurrection;
- government interventions, including expropriation or nationalisation of assets;
- potential adverse or unforeseen changes in laws and regulatory practices, including import and export license requirements and restrictions, tariffs, legal structures and tax laws;
- medical pandemics or disease outbreaks (such as the occurrence and spread of the Coronavirus) and famine
- difficulties in staffing and managing operations;
- lack of well-developed legal systems, which could make it difficult to enforce contractual rights and intellectual property;
- security and safety of employees;
- adverse currency fluctuations;
- introduction of tariffs or subsidies;
- uncertainty in government policies and actions, including lack of predictability in the application of tax laws and selective tax audits;
- stricter exchange control;
- consequences of corrupt practices on the economy;
- logistical and communications challenges; and
- changes in labour conditions.

Changes in investment policies or shifts in the prevailing political climate in Nigeria could result in the introduction of increased government regulation with respect to, among other things:

- price controls;
- export and import controls;
- income and other taxes;
- environmental and planning legislation;
- customs and immigration;
- corruption, anti-money laundering and combating the financing of terrorism;
- foreign exchange and currency controls and convergence of import and export rates, and CBN rates affecting operating costs; and
- labour and welfare benefit policies

Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in and are familiar with investing in emerging markets. Investors should also note that emerging markets such as Nigeria are subject to rapid change and that the information set forth in this Listing Memorandum may become outdated relatively quickly. Investors' perceptions of certain risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Nigeria. Moreover, financial turmoil in any emerging market country tends to adversely affect prices in equity markets of all emerging market countries as investors move their money to more stable, developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Nigeria and adversely affect the Nigerian economy. In addition, during such times, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Any of the aforementioned risks could have a material adverse effect on our business, financial condition and results of operations.

IV. Political Risk

Nigeria has experienced varying degrees of political instability in the past. This includes ongoing and future conflicts, armed conflicts, and politics-related conflicts in Nigeria amongst others.

Any adverse significant changes in the political climate in Nigeria, including changes affecting the stability of government or involving a rejection, reversal or significant modification of policies, favoring the privatization of state-owned enterprises, reforms in the power, banking and oil and gas sectors or other reforms, may have negative effects on the economy, government revenues and/or foreign reserves and, as a result, occasion a material adverse effect on our business, results of operations, financial condition, cash flows and liquidity.

11. FINANCIAL INFORMATION

	Note	2022	2021	2020	2019	2018
		N'000	N'000	N'000	N'000	N'000
Revenue	4	26,641,985	20,697,946	17,418,183	15,813,495	15,172,872
Cost of Sales	5	-17,489,693	-13,918,046	-11,849,812	-10,653,590	-10,194,910
Gross Profit		9,152,292	6,779,900	5,568,371	5,159,905	4,977,962
Marketing Expenses	6	-957,749	-974,416	-935,411	-837,995	-783,061
Admin expenses	6	-2,938,322	-2,270,120	-2,237,903	-2,186,164	-2,128,020
Operating Profit		5,256,221	3,535,365	2,395,057	2,135,746	2,066,881
Profit before Interest and Tax		**5,256,221**	**3,535,365**	**2,395,057**	**2,135,746**	**2066881**
Finance Cost	8	-1474759	-1,741,496	-1,448,732	-1,320,374	-1,165,159
Profit before Tax		3,781,462	1,793,869	946,325	815,372	901,722
Income Tax	9	-1,172,380	-1,121,139	-287,842	-511,458	-474,181
Profit for the Year		2,609,082	672,729	658,483	303,914	427,541
Other comprehensive income for the year						
Profit for the Year		2,609,082	672,729	658,483	303,913	427,541
Basic and Diluted Earnings/(Loss) per share (Naira)	17	1.3	33.64	32.92	15.2	21.38

Statement of Financial Position

ASSETS	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Non-current assets					
Property, plant and equipment	11,900,284	7,989,505	5,818,205	3,378,555	1,186,919
Intangible assets	553,417	364,462	751,948	1,706,970	1,980,603
Development Cost	0				681,759
Total non-current assets	12,453,701	8,353,967	6,570,153	5,085,525	3,849,282
Current assets					
Inventories	8,900,538	7,588,574	6,933,005	6,542,089	6,622,734
Trade Receivables	5,609,614	3,649,583	3,193,626	2,040,607	1,710,786
Cash and cash equivalents	31,750	77,717	37,504	22,546	28,707
Total current assets	14,541,902	11,315,874	10,164,135	8,605,242	8,362,227
Total assets	26,995,603	19,669,841	16,734,288	13,690,767	12,211,509
LIABILITIES					
Non-current liabilities					
Working Capital Loan	4,492,296	3,298,494	9,520,195		
Commercial Paper	5,627,730	1,746,580			
Term Loan	4,541,562	5,700,915	0	7,084,562	6,002,884
Unsecured Loan				227,130	410,002
Deferred tax liabilities	1,206,466	2,163,715	653,046	653,046	313,401
	15,868,054	12,909,825	10,173,241	7,964,738	6,726,287
Current liabilities					
Trade and other payables	569,741	612,084	440,724	438,243	326,885
Bank Overdraft	107,099	144,195	358,683	472,473	818,748
Current tax liabilities	1,133,698	1,269,992	1,078,763	790,921	619,108
Total current liabilities	1,810,538	2,026,271	1,878,170	1,701,637	1,764,741
Total Liabilities	17,678,592	14,936,096	12,051,411	9,666,375	8,491,028
Equity					
Share Capital	2,000,000	20,000	20,000	20,000	20,000
Retained Profit	7,317,010	4,713,869	4,662,876	4,004,393	3,700,480
Total Equity	9,317,010	4,733,869	4,682,876	4,024,393	3,720,480
Total Equity and Liabilities	26,995,602	19,669,965	16,734,287	13,690,768	12,211,508

Statement of Cashflow

	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
Cash flow from operating activities					
Cash used in operations	2,274,003	2,268,540	1,072,062	2,227,323	-56,082
Tax paid	-291,864	-40,977			
Net cash used in operating activities	**1,982,140**	**2,227,563**	**1,072,062**	**2,227,323**	**-56,082**
Cash flows from investing activities					
Purchase of PPE	-5,214,839	-3,198,655	-3,151,818	-2,786,015	-875,626
Purchase of Intangible Assets	-691,770				-2,504,070
Cash flow from financing activities					
Long-term loan	3,915,600	1,225,794	2,208,503	898,805	2,873,805
Bank Overdraft	-37,097	-214,488	-113,790	-346,275	573,333
Net cash used in investing activities	**-2,028,106**	**-2,187,349**	**-1,057,105**	**-2,233,485**	**67,442**
Net (decrease)/increase in cash and cash equivalents	-45,966	40,213	14,958	-6,161	11,414
Cash and cash equivalents at the beginning of the year	77,716	37,503	22,545	28,707	17,292
Cash and cash equivalents at the end of the year	**31,750**	**77,716**	**37,503**	**22,546**	**28,706**

1.**General Information**

These financial statements are the financial statements of Mecure Industries Plc ("the Company"). Mecure Industries Plc was incorporated in Nigeria on 16th March 2005 under the Companies and Allied Matters Act as a private limited liability company, and is domiciled in Nigeria. The address· of its registered office is Debo Industrial Compound Plot 6, Block H, Oshodi Apapa Expressway Oshodi Lagos, Nigeria. The principal activity of the Company is to carry out the business of manufacturing pharmaceutical products, distributing of pharmaceutical and nutraceutical products.

2. Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation
The financial statements of the Mecure Industries Plc have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate. As first-time adoption, the appropriate standards are adopted in line with IFRS 1.

The financial statements comprise the statement of profit· or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements. The financial statements have been prepared in accordance with the going concern principle under the historical cost concept. All values are rounded to the nearest thousands, except when otherwise indicated. The financial statements are presented in Naira.
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies."&" Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed."&" Management believes that the underlying assumptions are appropriate and that the Company's financial statements, therefore, present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in notes 10 &11.

2.2.1 Going Concern
The financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business as they fall due. The directors are of the opinion that the company will continue to be in operation in the nearest future. There is no intention on their part to liquidate the entity or to significantly curtail its activities.

2.2.2 Changes in accounting policies and disclosures

I. New standards, amendments, interpretations
The following standards have been adopted by the Company for the first time for the financial period beginning on or after 1 January 2018:

ii. New standards, amendments, and interpretations issued but not yet effective
Certain new accounting standards & interpretations have been published that are not effective for December 2017 reporting period and have not been earlier adopted by the company. The company’s assessment of the impact of these new standards and interpretations (excluding quantitative impact) is set out below:

Title of Standard	IFRS 9 Financial Instruments
Nature of Change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial ·assets.
Impact	The Company has reviewed its financial assets and liabilities and is not expecting any impact from the adoption of the new standard on 1 January 2018.
Date of adoption by Company	Not yet adopted
Title of Contract	IFRS 15 – Revenue from contracts with customers
Nature of change	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control transfers to a customer It requires that in recognising revenue, the Company must 1. Identify the contract(s) with the customer 2. Identify performance obligations in the contract(s) 3. Determine the transaction price 4. Allocate the transaction price to performance obligations in the contract 5. Recognise revenue when (or as) the Company satisfies a performance obligation. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	The company's revenue is the fair value of the consideration received or receivable from the sales of manufactured pharmaceutical products & Nutraceuticals net of discount. The new standard will not have a significant impact on the company.
Date of adoption by company	Effective January 1, 2018
Title of Standard	IFRS 16 Leases
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating andfinance leases Is removed. Under the new standard, an asset (the right touse the leased item) and a financial liability to pay rentals are recognised.The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The new standard will not have any impact on the company
Date of adoption by company	Must be applied for financial years commencing on or after 1 January 2019.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency and presentation currency of the Company is the Nigerian Naira (N).

b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency is recognized in profit or loss.

Monetary items denominated in foreign currency are translated using the closing rate as of the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Financial instruments

2.4.1 Financial assets

a) *Classification*

The Company classifies its financial assets as loans and receivables. The Company does not hold any financial assets in any other financial instrument caegory. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise trade receivables, due from related parties and cash and cash equivalents, and are included in current and non-current assets depending on their contractual settlement date. They are classified as current if they are to be settled within one year and non-current if they are to be settled after one year.

c) *Recognition and measurement*

Loans and receivables are initially recognized at fair value using the effective interest rate method. Subsequently, loans and receivables are carried at amortised cost less any impairment.

2.4.2 Financial liabilities

a) *Classification*

Financial Liabilities are classified as financial liabilities at amortised cost. The Company has no financial liabilities in any

b) . *Financial liabilities at amortised cost*

These include trade payables, due to related parties and borrowings. Trade payables are classified as current liabiities due to their short-term nature while borrowings are spilt into current and non-current liabilities. Borrowings included in non- current liabilities are those with maturities greater than 12 months after the reporting date.

c) *Recognition and measurement*

Financial liabilities are recognized initially at fair value, net of any transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

2.4.3 Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred.

2.4.4 Offsetting financial instruments

. Financial ·assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.4.5 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred)
discounted at the· financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit _or loss.

2.5 Revenue recognition.

The company recognises revenue when the amount of revenue can be reliably measured and when risks and rewards have· passed to the customer. Revenue is measured at the. fair value of the consideration received or receivable and represents amounts receivable from ·sae of pharmaceutical products & Nutraceuticals net of discounts. This amount excludes value added tax and any amount remittable to third parties.

2.6 Employee- benefits

2.6.1 .Wages, salaries and annual leave

Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the period in which _the associated services are rendered by employees of the Company.

The Company operates a defined contribution pension scheme.

2.6.2 Defined contribution scheme

The Company operates a defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. The employee contributes 8% while the Company contributes 10% of monthly emoluments of the employees in compliance with the Pension Reform Act 2014. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of this scheme are held in separate trustee-administered funds, which are funded by contributions from both the employee and the Company. The contributions are recognised as employee benefit expenses when they are due.

2.7 Statement of cash flows

The statement of cash· flows show the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities.

In addition, all income and expenses from cash transactions that are attributable to investing or financing activities areeliminated. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposit held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

. The cash flows from investing and financing activities are determined by using the direct method.

2.8 Cash and cash equivalents

Cash and cash equivalents represent a net of cash and bank balances as well as short-term investments that are readilyconvertible to cash. Cash and cash equivalents comprise cash in hand and current balances with banks.

2.9 Leases

The Company is a lessee and it classifies its leases as operating leases. Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.1 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured 'reliably. All other repairs and maintenance costs are charged to profit or toss during the financial· period. Construction work in progress is not depreciated. All such assets, once available for use are capitalised within the appropriate class of property, plant and equipment and subjected to the applicable depreciation rate in the year they are out to use.

Land is not depreciated by the Company. Depreciation of property, plant and equipment is calculated using the straight-line method.

	Useful life (years)
Plant & Machinery	10
New Factory (WIP)	NIL
Motor Vehicle	10
Ambulance	10

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the estimated selling price in the ordinary course of business less costs to sell and value in use.

2.9 Property, plant and equipment (continued)

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and taken into account in determining operating profit. These gains. or losses are recognised within "other income or loss" in profit or loss.

2.10 Intangible assets

Intangible assets include computer software. Software acquired by the company is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on intangible assets is capitalized only when it increasesthe future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognized in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. Software has a finite useful life; the estimated useful life of the software is five years, for E-Pharmacy and ten years for IP Software.

2.11 Finance cost

Finance cost comprises interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest

2.12 Impairment of non-financial assets

. Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount·by which the asset's carrying amountexceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment. assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in arriving at profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

a) lncome tax

The current income tax charge is calculated on the basis of the applicable tax laws enacted or substantively enacted at the reporting date in the country, Nigeria, where the Company generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in·which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be_paid to the tax

b) Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assetsand liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income-tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against.

2.14 Inventories

Inventories are stated at the lower of. cost and net realizable value. Net realizable value is the estimated selling price in

The cost of inventory is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition.

Allowance is made for excessive, obsolete and slow-moving items. Write-downs to net realizable value and inventory losses are expensed in the period in which the write-downs or losses occur.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable· are classified as ·current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.17 Share capital

·The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds;

2.18 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or· disclosed with comparative information.

3 Financial risk management

3.1 Financial risk factors

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects or the Company's financial performance.

The Company's risk management is carried out by the board of directors. The finance department identifies, evaluates and hedges financial risks. The board provides principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk.

3.1.1 Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

a) Management of credit risk

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no. independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits· set by the board.

The compliance with credit limits by wholesale customers is regularly monitored by line management.

3.1.3 Market risk

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to interest rate risk and foreign exchange rate risk.

a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates.

Borrowings obtained at variable rates give rise to interest rate risk. The Company had no borrowings as at year-end.

b) Foreign exchange risk

Foreign exchange risk is the risk that. the fair value or future cash flows of ·a financial instrument will fluctuate due to the changes in foreign exchange rates. ·The Company is exposed to risks resulting from ·fluctuations in foreign currency exchange rates. A change in the value of any such foreign currency could have an effect on the Company's cash flow and future. profits. The Company is exposed to exchange rate risk as a result of cash balances denominated in a currency other than the Naira.

Sensitivity analysis for foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market rate at the reporting date. The sensitivity of the company’s earnings to fluctuations in exchange rates is reflected by varying the exchange rates at 5% depreciation of the Naira against the US Dollar are shown below:

c) Price Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company does not hold any financial instrument whose value changes with changes in market prices and is not exposed to price risk.

3.2 Capital Management

3.2.1 Risk Management

The company’s objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position.

The company is geared as at 31st December 2019 and 31st December 2018 respectively.

3.3 Fair Value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflects market data obtained from independent sources; unobservable inputs reflect the company’s market assumptions.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 Inputs for the asset or liability that are not based on observable market data (that is,, unobservable inputs)

All the company’s financial assets and liabilities are measured at amortized cost. The fair values are within level 2 of the fair value hierarchy

3.4 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

Critical accounting estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates, which by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying company's accounting policies.

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in note 10, together with information about the basis of calculation.

a. Income and Deferred Tax

The company is subject to income taxes within Nigeria, which does not require much judgement in terms of provision for income taxes but a certain level of judgement is required for recognition of the deferred tax assets. Management is required to assess the ability of the company to generate future taxable economic earnings that will utilize the deferred tax assets. Assumptions over the generation of future taxable profits depends on management's estimates of future cash

flows. This estimate of future taxable income is based on forecast cash flows from operations.

		2022	2021	2020	2019	2018
4.Revenue		N'000	N'000	N'000	N'000	N'000
Sale of finished product		26,641,985	20,697,946	17,418,183	15,813,495	15,172,872
All revenue was generated within Nigeria						

		2022	**2021**	**2020**	**2019**	**2018**
5.Cost of sales		**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Opening inventories of raw material	4	4,872,247	4,736,610	4,092,628	4,159,129	2,875,511
Add: Purchases of raw material		15,554,187	13,249,480	11,287,321	9,769,469	10,919,425
			17,986,090	15,379,949	13,928,598	13,794,936
Less: Closing inventories of raw material		(4,876,787)	(4,872,247)	-4,736,610	-4,092,628	-4,159,129
Material consumed		15,549,647	13,113,843	10,643,339	9,835,970	9,635,807
Add: Opening inventory of work-in-progress		940,450	685,440	959,470	1,486,199	684,018
Less: Closing inventory of work-in-progress		(870,478)	-940,450	-685,440	-959,470	-1,486,199
Add: Opening inventory of finished goods		1,775,877	1,510,955	1,489,991	977,405	1,538,497
Less: Closing inventory of finished goods		(1,698,879)	-1,775,877	-1,510,955	-1,489,991	-977,405
Overheads		30,303	27,533	6,144	5,041	6,308
Other direct expenses		1,762,772	1,296,602	947,263	798,436	793,884
		17,489,693	13,918,046	11,849,812	10,653,590	10,194,910

	2021	**2021**	**2020**	**2019**	**2018**
6.Expenses by function	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Marketing expenses	957,749	974,416	935,411	837,995	783,061
Administrative expenses	2,938,322	2,270,120	2,237,903	2,186,164	2,128,020
		3,244,536	3,173,314	3,024,159	2,911,081
The balances above have been further analysed as follows					
Employee costs (Note 7)	740,499	665,246	537,427	516,105	486,564
Depreciation (Note 11)	64,753	64,203	64,203	64,203	64,203
Utilities	372,462	218,030	158,664	130,063	156,005

Rent	42,600	27,581	36,000	22,487	39,363
Foreign exchange loss-realised	204,849	75,496	28,950	17,738	34,782
Marketing expenses	957,749	974,416	935,411	837,995	783,061
Audit fees & Professional fees	20,800	18,400	20,650	19,438	17,292
Repairs & Maintenance	321,012	151,074	56,291	62,914	72,340
Amortization (Note 11)	502,816	387,486	955,022	955,393	887,217
Regulatory expenses	91,874	92,480	36,439	21,488	8,998
Outsourcing fee	93,229	89,812	48,720	47,751	46,407
Insurance	75,439	60,587	40,695	35,126	32,993
Other expenses	407,959	419,725	254,840	293,458	281,855
	3,896,071	3,244,536	3,173,312	3,024,159	2,911,080

	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
7.Employee Costs					
Salaries and Wages	692,402	604,455	480,112	453,356	446,828
Defined contribution benefit	7,483	8,478	4,745	1,894	2,083
Other employment-related expenses	40,614	52,312	52,570	60,856	37,653
	740,499	665,245	537,427	516,106	486,564

	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
8. Finance Cost					
Bank commission and charges	170,471	130,547	104,184	182,072	156,902
Bank Interest	1,304,288	1,610,949	1,344,547	1,138,301	1,008,256
	1,474,759	1,741,496	1,448,731	1,320,373	1,165,158

Interest relates to the interest paid during the year for the term loan

	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
9. Taxation					
Current Income Tax					
Company Income Tax (provision)	1,006,560	430,455	287,842	143,617	299,006
Education tax	127,138	56,424	0	28,196	32,719
Prior year under/(over) provision	-978,129	-254,672	0	0	0
Deferred tax charge to the profit or loss	1,016,811	888,932	0	339,645	142,456
Total tax charge to profit or loss	1,172,380	1,121,139	287,842	511,458	474,181
Current Income Tax Liability					
Balance as at 1st January	1,269,992	1,078,763	1,078,763	790,921	619,108
Charge for the year					

b. Current Income Tax Liability					
Balance at 1 January	1,269,992	1,078,763	790,921	619,108	287,382
Charge for the year:					
Income tax expense	1,006,560	430,455	287,842	143,617	299,006
Education tax	127,138	56,424	0	28,196	32,719

Prior year underprovision	(978,129)	-254,672	-	-	-
The analysis of deferred tax liabilities is as follows:	2022	2021	2020	2019	2018
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
To be recovered more than 12 months	-1,206,466	-2,163,715	-653,046	-653,046	-313,401
To be recovered within 12 months					
	-1,206,466	-2,163,715	-653,046	-653,046	-313,401

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in P/L are attributable to the following items

	At 1 Jan 2022	**Credit/charge to P/L**	**Credit/Charge to equity**	**At Dec 2022**
	N'000	**N'000**	**N'000**	**N'000**
Deferred income tax assets/(liabilities)				
Property, Plant and Equipment	-2,323,205	-1,016,811	1,974,059	-1,365,956
Tax losses charged to profit or loss	159,450	-		159,490
Unutilised tax credits				
Total deferred tax liabilities	-2,163,715	-1,016,811	1,974,059	-1,206,466

	At 1 Jan 2021	**Credit/charge to P/L**	**Credit/Charge to equity**	**At Dec 2021**
	N'000	**N'000**	**N'000**	**N'000**
Deferred income tax assets/liabilities				
Property, Plant and Equipment	-653,046	-1,607,158	-	-2,323,205
Tax losses charged to profit&loss		159,450	-	159,490
Unutilised tax credits			-	-
Total deferred tax assets/liabilities	-653,046	-339,645	-	-2,163,715

10.Property, Plant and Equipment

	Plant & Machinery	New Factory	Motor Vehicle	Ambulance	WIP Oncology	E-Pharmacy
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cost						
As at 1 January 2022	10,861,421	1,371,743	55,288	592,243	1,963,213	-
Additions	1,531,683	3,675,156	7,000	-	-	-
As at 31st December, 2022	**12,393,104**	**5,047,889**	**66,288**	**592,243**	**1,963,213**	**1,963,213**
As at 1 January 2021	9,631,479	1,371,743	49,788	592,243		-
Additions	1,229,942	-	5,500	-		1,963,213
As at 31st December, 2021	10,861,421	1,371,743	55,288	592,243		1,963,213
As at 1 January 2020	6,479,661	1,371,743	49,788	592,243		0
Additions	3,151,818					
As at 31st December, 2020	9,631,479	1,371,743	49,788	592,243		0
As at 1 January 2019	5,065,389	0	49,788	592,243		
Additions	1,414,272	1,371,743				
As at 31st December, 2019	6,479,661	1,371,743	49,788	592,243		0

As at 1 January 2018	4,189,763	0	49,788	592,243	
Additions	875,626				
As at 31st December, 2018	5,065,389	-	49,788	592,243	-
As at 1 January 2017	4,101,879	0	49,788	592,243	
Additions	87,885				
As at 31st December, 2017	4,189,764	0	49,788	592,243	0
Accumulated Depreciation		0			
As at 1 January 2021	5,373,079		39,399	414,570	
Additions	963,148		4,979	59,224	
As at 31st December, 2021	6,336,227	0	44,378	473,794	0
As at 1 January 2020	4,725,113		34,420	355,346	
Additions	323,983		2,489	29,612	
As at 31st December, 2020	5,049,096	0	36,909	384,958	0
As at 1 January 2019	4,194,939		29,441	296,122	
Additions	530,175		4,979	59,224	
As at 31st December, 2019	4,725,114	0	34,420	355,346	0
As at 1 January 2018	3,845,502		24,463	236,897	
Additions	349,437		4,979	59,224	
As at 31st December, 2018	4,194,939	0	29,442	296,121	0
As at 1 January 2017	3,426,526		19,484	177,673	
Additions	418,976		4,979	59,224	
As at 31st December, 2017	3,845,502	0	24,463	236,897	0

Intangible assets consist of E-Pharmacy & IP Software Development

11.Intangible Assets

Cost	**2022**	**2021**
As at 1 Jan & 31 Dec	2,514,081	1,822,310
Accumulated Amortization		
As at 1 Jan	1,457,848	1,093,386
Charge for the year	502,816	364,462
As at 31 Dec	1,960,664	1,457,848

12.Inventories

	2022 N'000	**2021 N'000**	**2020 N'000**	**2019 N'000**	**2018 N'000**
Raw Materials	4,867,787	4,872,247	4,736,610	4,092,628	4,159,129
WIP	870,478	940,450	685,440	959,470	959,470
Finished Goods	3,153,273	1,775,877	1,510,995	1,489,991	1,489,991
	8,891,538	**7,588,574**	**6,933,045**	**6,542,089**	**6,608,590**

Write-downs of inventories represent the lower of cost or net realizable value at the reporting date.

13.**Trade and Other Receivables**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Prepaid expenses	30,148	34,066	34,705	32,455	48,028	45,589
Trade receivables	1,540,749	1,198,358	974,028	736,129	427,663	441,868
Other receivables	214,457	188,320	344,703	337,494	322,606	293,630
Due from related parties	3,824,260	2,228,838	1,837,490	934,528	912,488	335,068
	5,5609,614	**3,649,582**	**3,190,926**	**2,040,606**	**1,710,785**	**1,116,155**

14.Cash and cash equivalents	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash-in-hand	1,984	4,276	2,793	1212	3,211	1,372
Cash-at-bank	29,766	73,441	34,711	21,333	25,497	15,920
	31,750	**77,717**	**37,504**	**22,545**	**28,708**	**17,292**

15.Trade and Other Payables	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Trade Payables	501,280	522,847	404,220	382,832	284,023	446,093
Pension and other benefits	5,313	1,969	969	2,372	606	227
PAYE and WHT	5,553	7,974	4,933	3,293	13,397	8,803
Accrued Salaries	9,597	9,506	11,481	12,276	13,080	5,969
Other accrued expenses	30,371	59,835				1,999
Audit fee payable	5,201	3,000	3,163	5,528	2,410	2,462
Due to related parties	12,427	6,952	15,958	31,943	13,370	620
All trade payables are due within 12 months	**569,741**	**612,083**	**440,724**	**438,244**	**326,886**	**466,173**

16.Borrowings	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Current	N'000	N'000	N'000	N'000	N'000	N'000
Bank O/D	107,099	144,195	358,683	472,473	816,748	-
Secured Working Capital Loan	4,492,296	3,298,494	9,520,195	-	-	-
Commercial Paper	5,627,730	1,746,580				
Unsecured loan		-	-	227,130	410,002	
Term Loan	4,541,562	5,700,915	-	7,064,562	6,002,864	3,539,062
Total Borrowings	**14,768,687**	**10,890,184**	**9,878,878**	**7,764,165**	**7,229,614**	**3,539,062**

17.Earnings per Share

Basic EPS is calculated by dividing the profit(loss) attributable to equity holders of the company the weighted average number of ordinary shares outstanding at the end of t reporting period

Diluted EPS is the same as the basic EPS as there are no potential securities convertible to ordinary shares

18. Cash generated from operating activities	**2022**	**2021**	**2020**	**2019**	**2018**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**

Profit before tax	3,781,462	1,793,869	946,325	815,371	901,723
Adjustment for					
Depreciation of PPE (Note 10)	1,304,064	1,027,351	712,169	594,378	413,640
Amortisation (Note 12)	502,816	387,486	955,022	955,393	887,217
Changes in working capital					
Decrease in inventories	-1,311,964	-655,569	-390,916	80,645	-1,524,708
Increase in trade and other receivables	-1,960,031	-455,957	-1,153,019	-329,821	-594,611
Increase in trade and other payables	-42,343	171,360	2,481	111,358	-139,389
Cash used in operations	2,274,003	2,268,540	1,072,062	2,227,324	-56,128

19.Related Parties

The MeCure Industries Plc has common directors with MeCure Healthcare Limited who is a parent company of MeCure Infraproject and MeCure Wecare Limited. MHL have completed full acquisition of MIPL and MWL.

A number of transactions were entered into with related parties in the normal course of business in an arm's length basis. These are disclosed below:

Finance Costs

Nature of relationships	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
Common Directors (MHL)	-	178,654	178,654	178,654	-
Common Directors (MIPL)	-	21,694	21,694	21,694	-

The receivables from MHL, MIPL, MWL relates to loan repayment and short-term non-interest borrows by Mecure Industries Plc on behalf of its related companies

Receivables from related parties	Nature of relationship	2022	2021	2020	2019	2018
Mecure Healthcare Limited	Common Directors	3,608,210	2,012,788	1,613,340	707,368	725,656
Mecure Infraproject Limited	Common Directors	80,657	80,657	88,757	91,747	51,439
Mecure Wecare Limited	Common Directors	135,393	135,393	135,393	135,393	135,393
		3,824,260	2,228,838	1,837,490	934,508	912,488
Key Management Compensation						
Amy Udani		30,000	23,000	23,000	-	-
Avni Udani		24,650	25,000	25,000	-	-
		54,650	48,000	48,000	-	-

The directors received emolument from the company for the year ended 2020 (2019: N48 million)

20. Directors & Employees	**2022**	**2021**	**2020**	**2019**	**2018**	
The average number of persons (excluding directors) employed by the company during the year was as follows						
Managerial	5	2	2			
Senior Staff	8	4	4			
Others	124	108	108			
	137	114	114	-	-	-

The table below shows the number of employees (excluding directors), who earned over N400,000 as emoluments in the year and were within the bands stated

Below 400,000			
400,000-1,000,000	409,776	368,132	297,400
1,000,0001-3,000,000	167,286	150,285	121,410
3,000,001-6,000,000	113,934	102,355	82,689
Above 6,000,000	49,504	44,473	35,928
	740,499	**665,246**	**537,427**

21. Contingent Liabilities

There were no contingent liabilities as of the reporting date ended 31st December, 2022

22. Commitments:

The company had no capital commitments as of 31St December 2022

23. Events after Reporting Period

There is no event after the reporting period

12. GENERAL AND STATUTORY INFORMATION

12.1 Incorporation and Share Capital History

Mecure Industries Plc (previously called Mecure Industries Limited) was incorporated on March 16, 2005 with registration number RC 619125. The Company became a public company on October 27, 2022.

The Company increased its share capital from N20,000,000 to N2,000,000,000 as evidenced by a Certificate of Increase in Share Capital dated November 1, 2022; by the creation of additional 3,980,000,000 Ordinary Shares of 50 Kobo each by a resolution of the company dated October 27, 2022 which was filed at the CAC along with the Notice of Increase.

As at the date of this Memorandum, the issued and fully Paid Share Capital of the Company is N2,000,000,000 comprising of 4,000,000,000 Ordinary Shares of 50 Kobo each. The most recent increase in the Share Capital of the Company was preparatory to propose listing of the Company's shares on the Growth Board of NGX. The changes in the Company's Fully Paid-up Capital since incorporation are summarized below:

Year	Issued & Fully Paid up				
Date	Share Increase	Relinquished Shares	Cumulative Shares	Nominal Value (₦)	Remarks
2005	20,000,000	2,000,000	0	0	Cash/Relinquished
2008	8,000,000	8,000,000	16,000,000	0	Cash/Relinquished
2008	10,000,000	6,000,000	4,000,000,000	4,000,000	Cash/Relinquished
2014	12,000,000	0	16,000,000	16,000,000	Cash
2022	3,968,000,000	0	4,000,000,000	2,000,000,000	Stock subdivision/Share Allotment/Cash

12.2. Shareholding Structure

As at the date of this Memorandum, dated April 26, 2023, the 4,000,000,000 Ordinary shares of 50 Kobo each in the issued Ordinary Share Capital of the Company were beneficially held as follows::

SHAREHOLDERS	UNITS HOLDING	%
Samir Udani	1,291,779,280	32.29%
Avni Udani	1,291,779,280	32.29%
Arjun Udani	1,291,779,280	32.29%
Others	124,662,160	3.13%
TOTAL	**4,000,000,000**	**100.00%**

Except as disclosed above, no shareholder holds more than 5% of the issued and fully-paid share capital of the Mecure.

12.3. Directors' Beneficial Interests

The interests of the Directors of Mecure Industries Plc in the issued share capital of the Company as recorded in the Register of Members as at November 30, 2022 and as notified by them for the purpose of Section 275 (1) of CAMA are as follows:

Shareholders	Direct Shareholding	Indirect Shareholding	Total Shareholding
Samir Udani	1,291,779,280	Nil	1,291,779,280
Arjun Udani	1,291,779,280	Nil	1,291,779,280
Dukor Anderline	27,027,024	Nil	27,027,024
Ayotunde Owoigbe	5,067,568	Nil	5,067,568
Chidi Okoro	5,067,568	Nil	5,067,568
Felix Emeka Anaje	1,689,180	Nil	1,689,180
Dr. Obiefuna Ajie	Nil	Nil	Nil
Dr. Benedict Agbo	Nil	Nil	Nil

12.4 Subsidiaries and Associated Companies

As at the date of this Listing Memorandum, the associated companies of Mecure are:

Subsidiary/Associated Company	Percentage Holding
Mecure Healthcare Limited	40%
Mecure Smart Buy	100%
Health Dekho Healthcare Limited	100%
Mecure Wecare Limited	100%

12.5. Extracts from the Memorandum and Articles of Association

<u>Extract from the Memorandum of Association</u>

(4). The Company is a public company.

(5). The liability of the members is limited by shares

(6). The share capital of the Company is ₦2,000,000,000.00 divided into 4,000,000,000.00 ordinary shares of ₦0.50 each with power to divide the shares in the capital for the time being, whether original or increased, into several classes and to attach thereto any preferential, deferred, qualified or special rights privileges or conditions

<u>Extracts from Articles of Association</u>

CLASSES OF SHARES

(2) The Company may from time-to-time issue classes of shares. It shall be the responsibility of the directors to determine the classes of shares to be issued. All the rights of restrictions attached to each particular class of shares shall be specified in the terms of issue but such rights may at any time be varied in accordance with the provisions of section 166 of the Act.

PRE-EMPTIVE RIGHTS OF SHAREHOLDERS OF THE COMPANY

(3) Unless otherwise approved at a general meeting and subject to applicable law, the Company shall not allot any new or unissued shares unless the same are offered in the first instance to all shareholders or to all the shareholders of the class or classes being issued in corporation as nearly as may be to their existing holdings.

COMMISSION AND BROKERAGE

(4) The company exercise the powers of paying commission conferred by Section 156 of the Act, provided that, the rate per cent or the amount of the commission paid or agreed to not be paid shall be disclosed in the manner required by the said Section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid share or in one way and partly in the other.

(5) The company may also on any issue of shares pay such brokerage as may be lawful.

(6) Subject the provisions of Section 96 of this Act, the Company shall be bound and ratifies all pre-incorporation contracts entered into on its behalf by the promoters.

MEETINGS

(9) The annual general meeting shall be held at such time and place as the Directors shall appoint. However, to the extent permitted by applicable law, all or any of the shareholders may participate in a shareholders' meeting by means of a teleconference, videoconference or other electronic/virtual communication means, which allows all those participating in the meeting to hear and speak to one another. Any person so participating shall be counted as present in person at such meeting, shall be counted in a quorum, and shall be entitled to vote.

(10) The Chairman of the Board of Directors shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he is not present within thirty minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present shall elect one of their number to be Chairman to the meeting.

(11) If at any meeting no Director is willing to act as Chairman or if no Director is present within thirty minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairman of the meeting.

PROCEEDINGS AT GENERAL MEETING

(12) All business shall be deemed special that is transacted at extraordinary General Meeting, and also all that is transacted at an Annual General Meeting with the exception of those matters specified in the Act as being ordinary business.

(13) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business and for the purpose hereof, unless it is otherwise provided, one-third of the total number of the members present in person or by proxy shall be a quorum.

(14) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting if convened upon the requisition of members shall be dissolved; in any other case it shall stand adjoumed to the same day in the next week, at the same time and place and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the member of whatever class present shall form a quorum.

(15) At any Genera] Meeting, a resolution put to the order of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of hands) demanded by the Chairman or at least three members entitled to vote at the meeting or by the holders present in person or proxy of at least one-tenth of the total voting right of all the members having the right to vote at the meeting or by a member or members holding shares on which aggregate sum has been paid up equal to not less than one-tenth of the sum paid upon all shares conferring that rights, and unless a poll is so demanded a declaration by the Chairman that resolution has on a show of hands been carried unanimously or by a particular majority or lost, or not carried by a particular majority entry to that effect in the number or proportion of the votes recorded in favour of or against such resolution. A proxy need not be a member of the Company

(16) Any corporation which is a member of this Company may, by resolution of its Director or

other governing body, authorize any person to act as its representative at any meeting or meeting

of this Company or of any class of members thereof and such representatives shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder or including power when personally present, to vote on a show of hands.

(17) A proxy may take part in the proceedings of a General Meeting as if he were the member whom he represents.

(18) The Directors shall not be required to retire by rotation at the Annual General Meetings of the Company.

VOTES OF MEMBERS

(19) On a show of hands every member present in person or by proxy shall have one vote. On a poll, every member shall have one vote for each share of which he is the holder.

DIVIDEND

(41) The Board of Directors of the Company shall determine by a majority vote, whether the Company may declare dividends from time to time and the extent of such dividends. Dividends shall be declared by the Company in general meeting, but no dividends shall exceed the amount recommended by the directors.

(42) The directors may from time to time, pay to the members such interim dividends as appears to the directors to be justified by the profits of the Company.

(43) No dividends shall be paid otherwise than out of the profits and the declaration of the directors as to the amount of profits of the Company shall be conclusive.

(44) Subject to the rights of persons (if any) entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividends are paid.

(45) Any general meeting declaring a dividend may direct payment of such dividend wholly or partly by distribution of specific assets and in particular of paid shares, debentures or debenture stock of the Company or in any one or more of such ways and the directors shall give effect to such resolution.

(46) All unclaimed dividends may be invested until claimed and no interest shall be paid on unclaimed dividends.

(47) The Company may by ordinary resolution on the recommendation of the directors, resolve that it is desirable to capitalize any undivided profits of the Company.

SHARE BUYBACK
(50) The company may purchase its own shares including redeemable shares provided that the shareholders, shall by special resolution approve the acquisition by the company of the shares it intends to purchase.

12.6. Corporate Governance

The Company is committed to implementing best practice corporate governance standards. The Company recognises that corporate governance practices must achieve two goals: protecting the interest of Shareholders and guiding the Board and management to direct and manage the affairs of the Company effectively and efficiently.

12.7. Board Composition

The Board is currently comprised of 4 Non-Executive Directors and 4 Executive Directors. The Non-Executive Directors are independent of management and are not involved in the day-to-day operations of the company. Likewise, they are free from constraints that could materially interfere with the exercise of their independent judgement. They have experience and knowledge of the industry, markets, financial and/or other business information to make a valuable contribution to the Company's progress.

12.8. Responsibility of the Board

The Board is responsible for setting the overall strategic direction of the Company, ensuring that set goals and visions are achieved. The Board presents a balanced and objective assessment of the Company's performance and future prospect.

12.9. Chairman and the Chief Executive Officers

Responsibilities of the board of directors of the Company are well defined and the Board is not dominated by one individual. The two Chief Executive Officers are separate individuals from the Chairman and they implement the management strategies and policies adopted by the Board. The Chairman is not involved in the day-to-day operations of the Company.

12.10 Proceedings and Frequency of Meetings

The Board meets regularly (at least once every quarter). A clear agenda and relevant reports and board papers are provided to all Directors ahead of each meeting.

12.11. Board Committees

Governance, Remuneration and Nomination Committee	
Mrs. Ayotunde Owoigbe (Chairman)	Mr. Chidi Okoro (Member) Dr. Benedict Agbo (Member)
Finance and General-Purpose Committee	
Mr. Arjun Udani (Chairman)	Ms. Anderline Dukor (Member) Mrs. Ayotunde Owoigbe (Member) Dr. Ajie Obiefuna (Member)
Strategy Committee	
Mr. Chidi Okoro (Chairman)	Mr. Felix Anaje (Member) Mr. Arjun Udani (Member) Mrs. Dukor Mrs (Member)
Risk, Audit and Credit Committee	
Mrs. Dukor Anderline (Chairman)	Dr. Ajie Obiefuna (Member) Mr. Felix Anaje (Member) Dr. Benedict Agbo (Member)

12.12. Code of Business Ethics

The Company is committed to conducting activities with utmost professionalism and international best practice ensuring compliance with all applicable laws, and putting in place systems and controls to eliminate illegal practices

Hence, the Company has developed a code of Business Ethics, which it communicates and regularly monitors the adherence to by all internal stakeholders.

12.13. Claims and Litigation

As at the date of the Listing Memorandum, the Company was not involved in any claims and or litigation matters. Likewise, the Solicitor to the Issue of the opinion that there are no claims or litigation pending or threatened against the Company and the Company is not involved in any ongoing or anticipated arbitration or other alternative dispute resolution proceedings.

12.14. Materials Contracts

As at the date of the Listing Memorandum, the Company has no agreements that are considered material to this Transaction.

12.15. Mergers & Acquisitions

As at the date of this Memorandum, the Company is not aware of any attempt by any investor to acquire a majority shareholding in the Company.

12.16. Relationship Between the Company and Its Financial Adviser

As at the date of this Memorandum, there was no relationship between the Company and its Financial Adviser except in the ordinary course of business.

12.17. Consents

The following have given and not withdrawn their written consents to the issue of this Memorandum with the inclusion of their names and reports (where applicable) in the form and context in which they appear:

Directors of the Company	Samir Udani Arjun Udani Anderline Dukor Ayotunde Owoigbe Chidi Okoro Dr. Obiefuna Ajie Felix Emeka Anaje Dr. Benedict Agbo
Company Secretary	Banwo & Ighodalo
Financial Adviser	Cordros Capital Limited
Solicitors to the Company	Banwo & Ighodalo
Stockbroker	Cordros Securities Limited
Auditor	Alexander Johnson & Co. Chartered Accountants
Registrars	Crescent Registrars Limited