



DANNEX AYRTON STARWIN PLC

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Gluco-Naf

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CURRENT

BOARD OF DIRECTORS



Nik Amarteifio
Chairman



Daniel Apeagyei Kissi
Chief Executive Officer



Alex K. Braye Bonney
Member



Dr. Barima Afrane
Member



Kwasi Yirenkyi
Member



Amarteorkor Amarteifio
Member



Benjamin Agyeman
Member



Henry Otu Ocansey
Chief Finance Officer



Moritz Acquah
Member

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting of **DANNEX AYRTON STARWIN PLC** will be held virtually and streamed live from the offices of Dannex Ayrton Starwin Plc at No. 5 Dadeban Road, North / Industrial Area, Accra, on 7th September 2023 at 10:30am to transact the following business;

1. To receive and adopt the Reports of the Directors, the Auditors and the Financial Statements for the year ended 31st December 2022.
2. To authorize the Directors to fix the remuneration of the Auditors.
3. To consider and approve an upward review of the limits of the Company's Overdraft Facility and Import Finance Facility (together hereinafter referred to as "the Facilities) with GCB Bank Limited, (both approved the at 2nd AGM) from Six Million Ghana Cedis (GHS 6,000,000.00) to Ten Million Ghana Cedis (GHS 10,000,000.00) for each Facility which amounts are, reckoned together with other existing facilities and deferred interest, in excess of the company's stated capital.
4. To approve the dissolution of Ayrton Drug Manufacturing Ltd. and Starwin Products Limited pursuant to the merger.

DATED THIS 29TH DAY OF JUNE, 2023

BY ORDER OF THE BOARD

**KWESI AUSTIN
(SECRETARY)**

Note

A member of the company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy needs not be a member. A form of proxy is attached and for it to be valid for the purpose of the meeting, it must be completed and deposited at the offices of The Registrars, NTHC Limited, 18 Gamel Nasser Avenue, Ringway Estates – Accra, P.O. Box 9563 Airport Accra not less than forty-eight (48) hours before the appointed time for the meeting.

DANNEX AYRTON STARWIN PLC CORPORATE INFORMATION

BOARD OF DIRECTORS

Nik Amarteifio (Chairman)
Daniel Apeageyi Kissi (Chief Executive)
Kwasi Yirenkyi (Appointed 4 November 2021)
Henry Otu Ocansey (Appointed 4 November 2021)
Benjamin Agyeman (Appointed 4 November 2021)
Alex K. Braye Bonney (Member)
Dr. Barima Afranie (Member)
Amarteorkor Amarteifio (Member)
Moritz Acquah (Appointed 15 December 2022)

REGISTERED OFFICE

5 Dadeban Road
Ring Road North Industrial Area
P. O. Box 5258
Accra-North

SOLICITOR

Amarteifio and Co.
House No. 6, 11th Lane
P. O. Box 4916
Accra, Ghana

SECRETARY

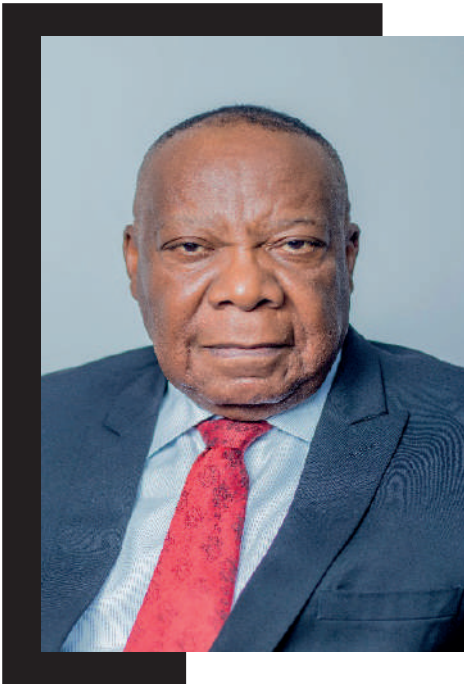
Kwesi Austin
Amarteifio and Co.
House No. 6, 11th Lane
P. O. Box 4916
Accra, Ghana

AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P. O. Box 242
Accra

BANKERS

Ecobank Ghana Plc
GCB Bank Plc
Societe Generale Ghana Plc
Stanbic Bank Limited
Universal Merchant Bank Limited
Zenith Bank (Ghana) Limited



Nik Amarteifio
(Chairman)

Distinguished Ladies and Gentlemen, it's a great pleasure for me to welcome you to the 3rd Annual General Meeting of Dannex Ayrton Starwin Plc.

On behalf of the Board of Directors, I would like to express my gratitude to each one of you for joining us today. Your attendance serves as a testament to your keen interest and unwavering support to the Company.

I would like to commence the proceedings by providing you with a comprehensive overview of the Company's performance and the environment in which it operates. The audited financial statements for the year ended 31 December, 2022, along with the Directors' Report, have been circulated to you. With your permission, we may take them as read.

Globally, the year 2022 presented numerous unprecedented challenges, making it one of the most arduous periods in recent history for businesses. These challenges significantly impeded economic growth, causing a decline from 6.2% in 2021 to 3.4% in 2022. The primary factors behind this decline were the escalating prices of energy and commodities, soaring levels of inflation, and a shift

CHAIRMAN'S SPEECH

OPENING REMARKS

in interest-rate policy. These hurdles were further intensified by the lingering effects of the global Covid-19 pandemic that had been experienced throughout 2020 and 2021. Even the pharmaceutical industry, renowned for its crucial role in promoting people's health and well-being, was not spared from these adversities. The International Monetary Fund (IMF) forecasts a further decline in global growth with projections indicating a decrease from 3.4% in 2022 to 2.8% in 2023.

The external developments mentioned above had a significant effect on our domestic economy. The foreign exchange market experienced substantial volatility, particularly at the beginning of the year in review, which put considerable pressure on the local currency. This, in turn, had a notable impact on operating expenses, amplifying the challenges faced during that period.

Ghana witnessed a significant surge in inflation from 12.5% in December 2021 to approximately 53.4% by the end of 2022. This notable escalation was driven by various factors, including demand pressures, currency depreciation, supply disruptions, increasing utility costs and increase in interest rates.

Dannex Ayrton Starwin Plc was adversely affected by the substantial depreciation of the Cedi against major trading currencies. As a consequence, the Company incurred exchange losses amounting to approximately GHS 9.1 million.

Despite the challenges it faced, the Company achieved a revenue of GH¢95,792,613, surpassing the revenue of GH¢74,530,831 generated during the period ending 31 December, 2021. This growth is attributed to our unwavering focus on driving volume growth and competitive pricing. However, we recorded a Loss/Profit after Tax of GH¢3,451,029, in contrast with the Profit after Tax of GH¢4,881,672 achieved in the previous period ending 31 December, 2021 due to the adverse economic environment. This indicates a decline in profitability.

Furthermore, the Company continued to encounter significant cash flow challenges, which remained a persistent concern.

DIVIDEND

Due to the numerous challenges encountered by the Company, your Board of Directors was unable to recommend any dividend for the financial year ended 31 December, 2022.

CORPORATE GOVERNANCE

The Company's goal is to deliver long-term value for all its stakeholders guided by good corporate governance principles. We place great emphasis on prioritizing the interests of our stakeholders and ensuring that their perspectives are taken into account during our decision-making processes.

The Board of Directors diligently fulfilled its responsibility of providing oversight over the Management of the Company; and ensuring compliance with regulatory and statutory requirements. A Board Charter is regularly reviewed and implemented.

The Company has implemented a robust system to protect its employees, assets, and environment. The Company's Board of Directors is fully committed to good corporate governance principles and high standards, and will continue to implement effective operational controls to protect the interests of its shareholders.

Dannex Ayrton Starwin Plc has established the four essential Board Committees mandated by the 2020 Corporate Governance Code for listed companies. These Committees include the Audit Committee, Risk Committee, Nominating Committee, and Remuneration Committee. Additionally, the Company has also established a Strategy & Finance Committee and a Human Resource Committee to augment the mandatory Board Committees. Each of these six committees has been entrusted with distinct oversight responsibilities pertaining to the Board of Directors' activities. Throughout the year 2022, all these committees diligently conducted their scheduled meetings. Furthermore, in adherence to the Corporate Governance Code, membership of these Committees was reviewed when necessary.

BOARD COMPOSITION

Mr. Moritz Acquah, an astute Executive and Chartered Accountant, was appointed to the Board of Directors in accordance with the 2020 Corporate Governance Code for listed companies (SEC/CD/001/10/2020).

The Board is composed of nine Directors: three Executive Directors, six Non-Executive Directors. Four are dependent; the others are independent.

CODE OF BUSINESS ETHICS

The Board Charter and Human Resources Policies of the Company include a Code of Ethics that serves as a guiding framework for both the Board and all employees. This Code of Ethics promotes a culture of trust, ethical behavior, integrity, and excellence within the Company.

INTERNAL CONTROL

Dannex Ayrton Starwin Plc has implemented an efficient and robust internal control system that promotes accountability, prevents fraud, improves operational efficiency, and complies with laws and regulations. The system also enhances the accuracy and reliability of corporate disclosures, which helps to protect investors' interests.

CORPORATE SOCIAL RESPONSIBILITY

Dannex Ayrton Starwin Plc believes that the support and patronage of society are vital for sustainable development of any organization. To fulfill its moral obligations towards customers, shareholders, and society at large, your Company has established a well-defined Corporate Social Responsibility (CSR) policy. This policy primarily emphasizes areas such as Health, Education, and Community Development. By integrating social and environmental concerns into its business operations, your Company remains committed to fulfilling its responsibilities and contributing to the well-being of the community.

In adherence to its CSR policy, the Company actively engaged in several activities during the period under review. Our products were donated to various institutions, churches, orphanages, and schools in support of their medical outreach programs. Additionally, the national free deworming campaign, which was initially launched by the company in 2021, continued throughout the reviewed year.

Dannex Ayrton Starwin Plc partnered with Kaneshie Polyclinic to organize a blood donation drive to support the Greater Accra Regional Hospital Blood Bank.

The Company also conducted a Gluconaf (a product of Dannex Ayrton Starwin Plc) activation sampling exercise which reached out to more than 2000 footballers at various Astro Tuff pitches across the country.

Furthermore, the Company implemented internship programs for students from various tertiary institutions nationwide, providing them with valuable learning opportunities.

2023 OUTLOOK

Despite the decline in food and energy prices and improvements in business and consumer confidence, the global economic outlook remains uncertain. This uncertainty persists due to various factors, including recent financial sector turbulence in the United States, the ongoing Russia-Ukraine war, and lingering geopolitical tensions. These factors contribute to heightened levels of uncertainty and continue to negatively impact the domestic economy.

On the domestic front, there has been a gradual easing of headline inflation from 54.1% in December to 42.2% in May along with a relatively stable exchange rate. The relatively stable exchange rate and the recent approval of the US\$3.0 Billion Extended Credit Facility (ECF) by the IMF have reinforced recovery efforts. Although this development is positive for the economy, the program's success is contingent upon the robust implementation of fiscal and structural policies outlined in the program.

Looking ahead, we anticipate that the current challenges facing the Pharma Industry will persist. However, despite these difficult circumstances, the Board and Management of Dannex Ayrton Starwin Plc are unwavering in their commitment to maintain focus and resilience. We are dedicated to pursuing sustainable goals and ensuring the ongoing success of our business.

Our utmost priority is to restore profitability after the loss incurred in 2022, which is primarily attributable to significant exchange losses and inflation during that period. We are also diligently addressing the issues that have to do with the business's going concern considerations. Encouraging indications from our latest results demonstrate that we are making progress in tackling these crucial issues of profitability and liquidity.

As I bring my remarks to a close, I would like to extend my heartfelt regards and profound gratitude

on behalf of the Board of Directors to all our valued and esteemed stakeholders for their unwavering support and trust in us. Your confidence in us has played a vital role in our journey of consistent growth and development, even in the face of numerous challenges.

A special acknowledgement goes to my esteemed colleagues on the Board for their unequivocal support, valuable guidance, clear direction, and constant motivation. Your contributions have been instrumental in our collective success.

I am confident that, with your continued support, we will continue to achieve great things in the years to come.

Lastly, but certainly not least, I extend my sincere appreciation to all the employees of Dannex Ayrton Starwin Plc for their exceptional dedication, high level of commitment and hard work, which have contributed greatly to the success of our business.

We recognize the significant growth opportunities that lie ahead in the coming years, and eagerly anticipate the next phase of our journey.

Thank you for your invaluable contributions. Thank you for being part of this journey.

Thank you all.

REPORT OF THE DIRECTORS TO THE MEMBERS OF DANNEX AYRTON STARWIN PLC

The Directors present their report and the financial statements of Dannex Ayrton Starwin Plc (the Company) for the year ended 31 December 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of the financial statements, that give a true and fair view of Dannex Ayrton Starwin PLC (DAS Plc) comprising the statement of financial position at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992). In addition, the Directors are responsible for the preparation of the report of the Directors.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. The Directors have made an assessment of the ability of the Company to continue as a going concern. Refer to the considerations below.

The Auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

NATURE OF BUSINESS

The Company is registered to carry on the business of manufacturing and selling of pharmaceutical products.

OBJECTIVES OF THE COMPANY

The objective of the Company is to care for life with brands, products and services which significantly reduce disease burden and promote good health and vitality.

SHAREHOLDING STRUCTURE

Dannex Ayrton Starwin Plc is 60.04% owned by Equatorial Cross Acquisitions Limited (ECA), 17% owned by Social Security and National Insurance Trust (SSNIT). The remaining 23% is owned by a number of individual shareholders.

FINANCIAL STATEMENTS/ BUSINESS REVIEW

The financial results of the Company for the year ended 31 December 2022 are set out in the financial statements, highlights of which are as follows:

	GHS
Loss before tax	(4,786,329)
Loss after tax	(3,451,029)
Total assets	75,150,272
Total liabilities	66,933,990
Total equity	8,216,282

The Directors do not recommend the payment of dividend. The Directors consider the state of the Company's affairs to be satisfactory.

PARTICULARS OF ENTRIES IN THE INTERESTS REGISTER DURING THE FINANCIAL YEAR

The Company did not maintain an Interests Register because no director had interest in any contract.

RELATED PARTY TRANSACTIONS

Information regarding Directors' interests in equity shares of the Company and remuneration is disclosed in Note 25 to the financial statements. The Board Chairman owns 100% shares in Equatorial Cross Acquisitions, which holds 60.04% shares of Dannex Ayrton Starwin Plc. Other than service contracts, no director had a material interest in any contract during the year. Related party transactions and balances are also disclosed in Note 26 to the financial statements.

CORPORATE SOCIAL RESPONSIBILITY AND CODE OF ETHICS

Dannex Ayrton Starwin PLC in the year under review made donations totaling GHS 61,528 (2021: GHS 35,251) to a number of institutions and organizations in the country. Some of the notable beneficiaries of these donations were the Ghana Prisons Service, the Ghana Armed Forces, the Ghana Fire Service, Sefwi Wiawso Muncial Hospital, the Methodist Church, the

Baptist Medical Centre, the Ghana Muslim Students Association, and the Select & Groom Future Leaders Foundation.

Apart from the aforementioned donations, DAS Plc also embarked on some health oriented activities aimed at improving the general wellbeing of

members of our community. In collaboration with the Kaneshie Polyclinic, the Company undertook a successful blood donation exercise where about 52 pints of blood was realized to support the Greater Accra Regional Hospital blood bank. An extract of the Company's Code of Ethics can be found in Appendix 1.

Executive	Qualification	External board and management position
Nik Amarteifio	BA Economics (Wesleyan University) MBA – Finance and Marketing (Harvard Business School)	Board Member, GCB Bank Plc Board Member, N.F.B Company Limited Board Member, Omni Media Company Limited Board Member, Yaro Capital Ghana Limited Board Member, Consult Ghana Limited Chairman, Equatorial Cross Acquisitions Limited Vice Chairman, Ghana Agro Foods Company (GAFCO)
Daniel Apeageyi Kissi	BSc (Hons) Mechanical Engineering (Kwame Nkrumah University of Science and Technology)	None
Henry Otu Ocansey	EMBA In Finance (University of Ghana) Bsc. Admin. In Accounts/Finance (GIMPA)	None

Non Executive	Qualification	External board and management position
Alex K. Braye Bonney	<ul style="list-style-type: none"> Dip.Regulatory Economics (University of Florida (USA)) 	Governing Council Member, University of Education, Winneba
Dr. Barima Afranie	<ul style="list-style-type: none"> BSc Chemistry (MCL) PharmD (University of Southern California) 	Board Member, Gulf Integrated Biochemical Solutions Limited Board Member, Entrance Pharmaceuticals & Research Centre
Amarteorkor Amarteifio	<ul style="list-style-type: none"> Dip. Social Work (School of Social Work, Darmstadt, Germany) BA Social Work (Mc Gill University School of Social Work in Montreal Canada) MA Social Work (Mc Gill University School of Social Work Montreal Canada) 	Chairman, Omni Media Company Limited President of the Artistic Committee of the Abidjan Market for the Performing Arts (MASA)

Kwasi Yirenkyi	<ul style="list-style-type: none"> • Post Graduate Diploma in Management & Micro Enterprise Development (Southern New Hampshire University (USA)) • Bsc. In Administration (George Mason University, Fairfax Virginia (USA)) 	Board member SSNIT Guest House Board member Opportunity International Savings and Loans Limited
Benjamin Agyeman	<ul style="list-style-type: none"> • MBA (Columbia Business School in New York, USA) • B. Eng (Hons) Electronic/ Electrical Engineering (South Bank University (London)) 	None
Moritz Acquah	<ul style="list-style-type: none"> • Chartered Institute of Management Accountants (CIMA) 	Managing Director, Ghana Agro Food Company (GAFCO)



PROFILE OF DANNEX AYRTON STARWIN PLC (DAS PLC) DIRECTORS

MR. NIK AMARTEIFIO (CHAIRMAN)

Mr. Nik Amarteifio is the Chairman and majority shareholder of Equatorial Cross Acquisitions Limited (ECA), an investment holding firm with majority shareholding in Dannex Ayrton Starwin Plc and Omni Media, Owners of Citi FM and the Globe Newspaper. He is also the Vice Chairman of Ghana Agro Foods Company (GAFCO).

In his role, as the Board Chairman, Mr. Amarteifio focuses on the strategic direction and effective operation of the Board and its Committees in conformity with the highest standards of corporate governance. His goal is to see Dannex Ayrton Starwin Plc become internationally recognised in the delivery of healthcare needs.

Mr. Amarteifio is a seasoned entrepreneur who has been involved in many domestic and international transactions within different industries like mining, real estate, telecommunication, oil and gas. Through his investment vehicle, ECA, he has invested and held Executive Board positions in many companies including International Gold Resources (1992 – 1996), Magnesium alloy Company Limited (1998 – 1999) and African Selection Company (1998 – 2011). Mr. Amarteifio was the Marketing Manager of Nestle Ghana (1975 – 1979). He served as a member of the Ghana Investors Advisory Council, an advisory board formed to advise former President John A. Kufour of the Republic of Ghana, on foreign direct investment strategies (2001 – 2008). He also served as the Lead Director on the Board of Bank of Ghana (2001 – 2008).

Mr. Amarteifio holds a Degree in Economics from Wesleyan University (1970) and an MBA in Finance and Marketing from Harvard Business School (1973).

MR. DANIEL APEAGYEI KISSI (CHIEF EXECUTIVE OFFICER)

Daniel has over 31 years work experience, with extensive expertise in General Management, Business Leadership, Manufacturing, and Supply Chain Management. He worked with Unilever for 21 plus years during which he held various leadership positions in different countries; namely Ghana, Kenya and South Africa, including a role as Operations Excellence Director of Unilever South Africa and a Regional Director role with responsibilities across the Africa, Middle East and Turkey Region. Daniel joined Adcock Ingram of South Africa in 2012 and was appointed Managing Director of Ayrton Drug Manufacturing Ltd (Adcock

Ingram's Ghanaian subsidiary) in December 2012. He is currently the Chief Executive Officer of DAS Plc.

MR. HENRY OTU OCANSEY (CHIEF FINANCE OFFICER)

Henry Otu Ocansey holds an Executive MBA in Finance (University of Ghana) and B.Sc. Admin in (Accounts/Finance) from (GIMPA). Henry joined Dannex Limited in 2000, as a Management Accountant and was appointed chief Accountant in 2004 and Head of Finance in 2006. Prior to him joining Dannex Limited he worked with Pharmaplast Limited initially as a Cost Accountant and later as a Management Accountant. He is a seasoned, experienced executive in the General Management field, an Accountant with a background in Commercial, Audit Management and Finance.

MR. KWASI YIRENKYI (MEMBER)

Mr. Kwasi Yirenkyi has served as Non Executive Director of Starwin Products Limited from July 2015 to 2019. He served as Managing Director of the Company between November 2007 and July 2015. Prior to that, he was a Non Executive Director of the Company between March 2005 and November 2007. He has about 20 years of business operations experience. He received his undergraduate Degree in Business Administration (BSc. Admin) from George Mason University in Fairfax, Virginia USA. He further obtained a Diploma in Management and Micro Enterprise Development (Dip. Mgt. Studies) from Southern New Hampshire University, USA. He worked with Merchant Bank Ghana Limited as Manager in Corporate and Institutional Banking with responsibilities in Marketing. He also worked with Deloitte and Touche Consulting Ghana and engaged in projects with some key companies including the Ashanti Goldfields Corporation, Tema Oil Refinery, and the National Insurance Company of Zimbabwe.

MR. ALEX K. BRAYE BONNEY (MEMBER)

Mr. Kwabena Alex Bonney served as the President of the Organization of Trade Unions in West Africa (OTUWA) and Chairman of the Ghana Trades Union Congress from 1992 to 2012. As a Unionist, he is an expert in mediation and arbitration and has worked around the world on labor issues making him more relatable to the vision of Dannex Ayrton Starwin Plc to become an internationally recognized and leading brand in the delivering of healthcare needs. Mr. Bonney holds a Diploma in Regulatory Economics from the University of Florida, USA.

DR. BARIMA AFRANE (MEMBER)

With his distinctive background as a renowned Pharmacologist and many years of experience as a Lecturer and Medical Advisor in the US and some Middle Eastern countries, Dr. Afrane relates well to Dannex Ayrton Starwin Plc's vision of becoming an internationally recognized and leading brand in the delivery of health needs. In his contribution to Dannex Ayrton Starwin Plc's Board, he seeks to bring his wealth of experience to bear on the design of solutions to matters of pharmaceutical innovation and application. Currently, Dr. Afrane is Dean at Entrance University College of Health Sciences. He was previously a Senior Lecturer and Head of Department at the University of Ghana School of Pharmacy. He holds a PharmD Degree from the University of Southern California and a Degree in Chemistry from the University of New York.

MS. AMARTEORKOR AMARTEIFIO (MEMBER)

Ms. Amarteorkor Amarteifio was first appointed to the Board in 2015 and has brought to it rich experiences from serving on other Boards of both local and international organizations.

Amarteorkor holds a Bachelor's and a Master's Degrees in Social Work from the McGill University School of Social Work in Montreal, Canada. She also holds a Diploma in Social Work from the School of Social Work in Darmstadt, Germany.

Amarteorkor is currently the Chairperson of Omni Media, Accra and President of the International Artistic Committee of the Abidjan market for the Performing Arts (MASA) in Cote D'Ivoire.

She is also the Art and Policy Consultant to the Design & Technology Institute in Accra.

MR. BENJAMIN AGYEMAN (MEMBER)

Mr. Benjamin Agyeman has over 25 years of work experience in the Financial Industry, particularly in Private Equity/Venture

Capital, Mergers and Acquisitions and Project Finance in developing markets.

He was Managing Director of MPC Capital AG (Hamburg), a Germany based global Private Equity Manager of real assets, with assets under management of over 4bn euros. He is an expert in Equity and structured investments as well as infrastructure transactions. He is a former Investment Director of Gulf Finance House, based in the Kingdom of Bahrain in the Middle East. Before that, Benjamin was an Investment Banker at UBS AG and prior to that a Technology Business Analyst at Lehman Brothers International. He is currently a Senior Advisor to Kreen Energy Ltd, UK. He holds an MBA from Columbia Business School in New York, USA and a B.Eng. (Hons) Electronic/Electrical Engineering from London South Bank University in the UK.

MR. MORITZ ACQUAH

Mr. Acquah is an Accounting and Finance Professional with over 20years work experience in the industry. He is currently the Managing Director of Ghana Agro Food Company Limited (GHAFCO) a role he has successfully and efficiently held since 2012. Prior to this, he had worked in Ghana with the African Concrete Products Ltd (ACP) as Finance Controller. He also worked in the United Kingdom with Waltham Forest Housing Ltd as Finance Director, Tower Hamlets Housing Ltd as Finance Controller, Sprindboard Housing Ltd as Financial Services Manager, and the University College London Hospitals, Whittington Hospital and Newham Health Authority as Financial Systems Accountant, Cost Accountant, and Assistant Management Accountant respectively. He brings to the Board vast experience in the Accounting and Finance fields.

PROFILE OF DANNEX AYRTON STARWIN PLC MANAGEMENT

MR. DANIEL APEAGYEI KISSI (CHIEF EXECUTIVE OFFICER)

Daniel has over 31 years work experience, with extensive expertise in General Management, Business Leadership, Manufacturing, and Supply Chain Management. He worked with Unilever for 21 plus years during which he held various leadership positions in different countries; namely Ghana, Kenya and South Africa, including a role as Operations Excellence Director of Unilever South Africa and a Regional Director role with responsibility across the Africa, Middle East and Turkey Region. Daniel joined Adcock Ingram of South Africa in 2012 and was appointed Managing Director of Ayrton Drug Manufacturing Ltd (Adcock Ingram's Ghanaian subsidiary) in December 2012. He is currently the Chief Executive Officer of the DAS Plc.

MR. HENRY OTU OCANSEY (CHIEF FINANCE OFFICER)

Henry Otu Ocansey holds an Executive MBA in Finance (University of Ghana) and B.Sc. Admin in (Accounts/Finance) from (GIMPA). Henry joined Dannex Limited in 2000, as a Management Accountant and was appointed chief Accountant in 2004 and Head of Finance in 2006. Prior to him joining Dannex Limited he worked with Pharmaplast Limited initially as a Cost Accountant and later as a Management Accountant. He is a seasoned, experienced executive in the General Management field, an Accountant with a background in Commercial, Audit Management and Finance.

MR. KAFUI NTOW (CHIEF HUMAN RESOURCE OFFICER)

Kafui Ntow has over 15years experience in FMCG industries where he served in diverse roles in Project Management, Engineering, Manufacturing, Supply Chain and HR. He joined Dannex Ayrton Starwin PLC in January 2021. Prior to that he served as Compensation and Benefits

Manager (West Africa) and HR Business Partner (Ghana) for Fan Milk (Danone) Limited. He previously worked with Unilever Ghana Limited, Guinness Ghana Breweries Plc (Diageo) and PBC Ghana Limited.

MR. FRANCIS GEORGE EKUMAH (CHIEF SALES AND MARKETING OFFICER)

Francis George Ekumah is a Pharmacist with over 16 years' experience in Pharmaceutical Sales and Marketing, Product Development and Project leadership. He joined Dannex Limited in 2011 and has served in various leadership positions. He holds an MBA in Marketing from University of Ghana, Bachelor of Pharmacy from KNUST and a Post Graduate Certificate in Project Management from The Graduate School of Governance and Leadership in Accra.

MR. VICTOR TORNYIE (CHIEF QUALITY AND REGULATORY AFFAIRS OFFICER)

Victor Tornyie has over 15years experience in Pharma industries where he has served in diverse roles in Quality, Regulatory Affairs, R&D and Project Management. He joined Dannex Ltd in October 2015. Prior to that, he worked with African Global Pharma (affiliate of Global Pharma Inc, Canada) and Danadams Pharmaceuticals Limited.

MR. JOSEPH SKUGGEN (CHIEF SUPPLY CHAIN OFFICER)

Mr. Joseph Skuggen has served in diverse roles in Supply Management, Maintenance, Manufacturing and Project Management functions. He has 25 years of work experience with Unilever Ghana Ltd and 5 years with Ayrton Drug Manufacturing Ltd in the Supply Chain environment. He is a chartered member of the Chartered Institute of Procurement and Supply UK, and holds a MSc in Supply Chain Management from Roehampton University, UK.

BIOGRAPHICAL INFORMATION OF DIRECTORS

Age	Number of directors
41 – 60 years	4
Above 60 years	5

Role of the Board

The Directors are responsible for the long term success of the Company, determining the strategic direction of the Company and reviewing operating, financial and risk performance. There is a formal schedule of matters reserved for the board of directors, including approval of the Company's annual business plan, the Company's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the Company's dividend policy, transactions involving the issue or purchase of Company shares, borrowing powers, appointments to the Board, alterations to the memorandum and articles of association, legal actions brought by or against the Company, and the scope of delegations to Board Committees and the Executive Committee. Responsibility for the development of policy and strategy and operational management is delegated to an Executive Committee, which as at the date of this report includes the executive directors and four (4) senior managers.

Internal control systems

The Directors have overall responsibility for the Company's internal control systems and annually review their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the Company as at the reporting date and no significant failings or weaknesses were identified during this review.

Directors' performance evaluation

Every year the performance and effectiveness of the Board of Directors ("the Board"), its committees and individual directors is evaluated. The evaluation is conducted by the completion of detailed and

comprehensive written survey questionnaires. The results of the evaluation are shared with all members of the Board. Overall, it was noted that the board of directors and its committees were operating in an effective manner and performing satisfactorily, with no major issues identified.

Conflicts of interest

The Company has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed, and authorisations sought as appropriate. During the year, no such conflicts arose, and no such authorisations were sought.

Board balance and independence

The composition of the Board of Directors and its Committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The Board Chairman is not independent and all Non Executive Directors, with the exception of one of the Non Executive Directors are independent as pertains to the management of the company. The continuing independence and objective of the judgement of the Non Executive Directors is being reviewed by the Board of Directors.

Capacity building of directors to discharge their duties

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in depth knowledge about the Company's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Company operates. Programmes of strategic and other reviews, together with the other training programmes provided during the year, ensure that Directors continually update their skills, knowledge and familiarity with the Company's businesses. This further provides insights about the industry and other developments to enable them fulfill their role effectively on the Board and committees of the Board.

Auditor

The Audit Committee has responsibility delegated from the board of directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. KPMG has been appointed as auditor of Dannex Ayrton Starwin Plc and this is the Company's third period of audit. Prior to the merger of the three entities, KPMG was the auditor of Dannex Limited for 4 years and Starwin Products Limited for over 10 years. KPMG does not provide non audit services to the Company.

AUDIT FEES

The audit fee for the year is GHS 344,973 (2021: GHS 275,000).

GOING CONCERN CONSIDERATION AND SUBSEQUENT EVENTS

The Company reported a loss before tax of GHS (4,786,329) (2021: profit before tax of GHS 3,133,677) for the year ended 31 December 2022. This was mainly due to exchange loss of GHS 9,149,301 suffered in 2022.

The depreciation of the Ghana Cedi also had an adverse impact on the Company's current liabilities which are mainly driven by foreign currency denominated payables to overseas suppliers. Most of the Company's raw and packaging materials are imported and paid for in foreign currencies.

The Ghana Cedi equivalent of the payables increased drastically due to the depreciation, thereby, increasing the current liabilities. Current liabilities, therefore, exceeded current assets by GHS 627,388 as at 31 December 2022. (2021: net current asset of GHS 2,880,180).

APPROVAL OF THE REPORT OF THE DIRECTORS

The report of the directors of Dannex Ayrton Starwin PLC was approved by the board of directors on

21st APRIL 2023 and signed on their behalf by:




NIK AMARTSEFIO

Signature

NIK AMARTSEFIO

Name



DANIEL ARAGYI KISSI

Signature

DANIEL ARAGYI KISSI

Name

Subsequent to the reporting date, the Company has put in place robust plans for business operations for the next 12 months to mitigate the situation:

- Grow underlying sales volumes to grow our topline profitably
- Source some raw materials locally
- Drive cost optimisation across the business
- Manage working capital efficiently to generate cashflows to meet obligations as they fall due
- Strengthen liquidity by prioritising /reprioritising expenses, capital expenditure.
- Strengthen employee engagement and two way communication to further strengthen teamwork and further galvanise all employees around the set objectives
- Sell off equity investments

Subsequent to the reporting date, a GHS 2,000,000 concessionary loan has been secured from the majority shareholder out of which GHS 610,000 has been disbursed. The balance is expected to be received during the course of 2023.

Based on the plans and actions indicated above, Directors expect the Company to continue as a going concern. In the event that the company's plans do not come to fruition, a material uncertainty exists which may cast significant doubt about the company's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis of accounting applicable to a going concern. This basis assumes that funds will be available to finance future operations of the Company and the realization of assets and the settlement of liabilities would occur in the ordinary course of business.



PMF

PETROLEUM JELLY BP

For: Baby nappy rash, minor burns wounds, detergent hands and other minor skin irritations





**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DANNEX AYRTON STARWIN PLC**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dannex Ayrton Starwin PLC ("the Company"), which comprise the statement of financial position at 31 December 2022, and statements of profit or loss and other comprehensive income, changes in equity and of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 21 - 61

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Dannex Ayrton Starwin PLC at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 32 of the financial statements, which indicates that the Company reported a loss before tax of GHS (4,786,329) during the year ended 31 December 2022 and, as of that date, the Company's current liabilities exceeded its current assets by GHS 627,388. As stated in Note 32, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition (GHS95,792,613)	
Refer to Note 7 to the financial statements	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Revenue is measured based on the consideration specified in a contract with a customer.</p> <p>The Company recognises revenue when goods are delivered to a customer and thus control has been transferred. There may be a time lag between issue of invoices and receipts of goods close to the year end. Revenue may be recorded when control has not been transferred to the customer.</p>	<p>Our principal audit procedures included the following:</p> <ul style="list-style-type: none"> Identifying relevant controls over the revenue recognition process for all the revenue streams, evaluating the design and implementation, and testing the operating effectiveness of these controls; For a sample of significant sales transactions, tracing the transactions back to source documents to ensure that the transactions actually occurred, and the amounts were accurate;



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DANNEX AYRTON STARWIN PLC**

Revenue Recognition cont'd	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
	<ul style="list-style-type: none"> • Performing predictive analysis on individual product lines of the company; • Performing gap analysis on revenue details for the period; • Assessing whether sales transactions on either side of the balance sheet date as well as credit notes issued after year end had been recorded in the appropriate accounting period; and • Evaluating the adequacy of the Company's disclosures on revenue recognition in the financial statements in accordance with the applicable financial reporting framework.

Existence, accuracy and valuation of inventory (GHS 25,141,953)	
Refer to Note 18 to the financial statements	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Company keeps many inventory lines with significant values for the relevant segments.</p> <p>Inventory may not be measured appropriately due to non-existence, obsolescence or inaccurate unit costs assigned to items with significant values.</p>	<p>Our principal audit procedures included the following:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation and testing the operating effectiveness of controls over management's review and approval of inventory issue, inventory three-way match and system calculation of weighted average cost; • Observing year-end inventory counts and checked for obsolescence and that the physical quantities agree with the system quantities per the Company's records. • On a sample basis, recomputing the unit cost of inventory used in the year-end inventory valuation by agreeing the costs to supporting documentation such as purchase invoices and landed costs; • Enquiring into identified slow moving inventory and assessing reasonableness of impairment allowance recognised on such inventory; and • Considering the adequacy of disclosures in relation to inventory recognised in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992), Corporate Information which we obtained at the date of this report and Appendix 1: Extract of Dannex Ayrton Starwin Plc Code of Ethics. The Chairman's statement, Managing Director's statement, Audit Committee's report and Corporate Governance statement which we expect to be available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated

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A.K. Sarpong
A.O. Akolo
F. Dennis
L. Amidu

N.D. Hartley
N.A. Ayivor
J. Coleman
K.S. Barnieh

D.S. Adoteye
K. Frempong-Kore
E. Addico
J.E. Annobil



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DANNEX AYRTON STARWIN PLC**

Other Information (cont'd)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DANNEX AYRTON STARWIN PLC**

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019, (Act 992).

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, so far as appears from our examination of those books.

The statements of financial position and comprehensive income are in agreement with the accounting records and returns.

We are independent of the Company under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The engagement partner on the audit resulting in this independent auditor's report is **Labaran Amidu (ICAG/P/1472)**.

KPMG

For and on behalf of:
KPMG: (ICAG/F/2023/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELINKPE
P. O. BOX GP 242
ACCRA

21 April 2023

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DANNEX AYRTON STARWIN PLC STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2022

	Notes	2022 GHS	2021 GHS
ASSETS			
Property, plant and equipment	14	25,651,135	21,211,034
Intangible assets	15	90,491	200,446
Equity investment at FVOCI	16	2,416,650	2,416,650
Deferred tax assets	17(d)	<u>4,907,937</u>	<u>3,877,343</u>
Non current assets		<u>33,066,213</u>	<u>27,705,473</u>
Inventories	18	25,141,953	18,266,002
Current tax assets	17(b)	882,623	818,360
Trade and other receivables	19	15,596,600	15,520,507
Cash and bank balances	20	<u>462,883</u>	<u>1,256,736</u>
Current assets		<u>42,084,059</u>	<u>35,861,605</u>
Total assets		<u>75,150,272</u>	<u>63,567,078</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	21	33,058,701	33,058,701
Fair value reserves	21(b)	321,098	321,098
Retained earnings		<u>(25,163,517)</u>	<u>(21,712,488)</u>
Total equity		<u>8,216,282</u>	<u>11,667,311</u>
Lease liabilities	14(c)(v)	1,340,325	116,466
Loans and borrowings	23	17,176,758	13,203,189
Employee benefits obligations	22	3,354,626	2,943,147
Deferred tax liabilities	17(d)	<u>2,350,834</u>	<u>2,655,540</u>
Non current liabilities		<u>24,222,543</u>	<u>18,918,342</u>
Lease liabilities	14(c)(v)	1,033,061	24,000
Bank overdraft	20	10,866,198	9,802,018
Current tax liabilities	17(b)	—	—
Loans and borrowings	23	5,824,272	8,634,104
Employee benefits obligations	22	622,655	622,655
Trade and other payables	24	24,365,261	13,552,271
Due to related companies	25	<u>—</u>	<u>346,377</u>

Current liabilities	<u>42,711,447</u>	<u>32,981,425</u>
Total liabilities	<u>66,933,990</u>	<u>51,899,767</u>
Total equity and liabilities	<u>75,150,272</u>	<u>63,567,078</u>

The notes on pages 27 - 61 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 21 April 2023 and signed on its behalf by:



MARK ANARTEIPIO

.....
DIRECTOR



.....
DIRECTOR

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 GHS	2021 GHS
Revenue	7	95,792,613	74,530,831
Cost of sales	8	<u>(45,070,953)</u>	<u>(35,543,875)</u>
Gross profit		50,721,660	38,986,956
Other operating income	11	634,685	617,107
Selling and distribution expenses	9	(11,964,360)	(9,494,450)
General and administrative expenses	10	(39,202,321)	(23,702,882)
Impairment reversal on trade receivables	27	49,719	137,845
Results from operating activities		239,383	6,544,576
Finance costs	12	<u>(5,025,712)</u>	<u>(3,410,899)</u>
Net finance costs	12	(5,025,712)	(3,410,899)
(Loss)/Profit before tax		(4,786,329)	3,133,677
Income tax credit/(expense)	17(a)	1,335,300	1,747,995
(Loss)/Profit after tax		(3,451,029)	4,881,672
Other comprehensive income, net of tax		—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(3,451,029)</u>	<u>4,881,672</u>
Basic/Diluted (loss)/earnings per share (GHS per share)	13	(0.0407)	0.0576

The notes on pages 27 - 61 are an integral part of these financial statements.

DANNEX AYRTON STARWIN PLC STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital GHS	Fair value reserves GHS	Other reserves GHS	Retained earnings GHS	Total equity GHS
Balance at 1 January 2021		33,058,701	321,098	184,405	(26,778,565)	6,785,639
Total comprehensive income						
Profit for the year		—	—	—	4,881,672	4,881,672
Total comprehensive income		—	—	—	4,881,672	4,881,672
Other comprehensive income						
Changes in fair value on financial asset at FVOCI		—	—	—	—	—
Remeasurement of employee benefits		—	—	(184,405)	184,405	—
Total other comprehensive income		—	—	(184,405)	184,405	—
Balance at 31 December 2021		<u>33,058,701</u>	<u>321,098</u>		<u>(21,712,488)</u>	<u>11,667,311</u>
Balance at 1 January 2022		33,058,701	321,098		(21,712,488)	11,667,311
Total comprehensive income						
Loss for the year		—	—	—	(3,451,029)	(3,451,029)
Total comprehensive income		—	—	—	(3,451,029)	(3,451,029)
Other comprehensive income						
Total other comprehensive income		—	—	—	—	—
Balance at 31 December 2022		<u>33,058,701</u>	<u>321,098</u>	—	<u>(25,163,517)</u>	<u>8,216,282</u>

The notes on pages 27 - 61 are an integral part of these financial statements.

DANNEX AYRTON STARWIN PLC STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 GHS	2021 GHS
Cash flows from operating activities			
(Loss)/profit for the year		(3,451,029)	4,881,672
Adjustments for:			
Depreciation	14 (a)	2,225,623	1,847,836
Amortisation of intangible assets	15	207,204	319,807
Unrealised exchange difference		9,086,986	416,666
Dividend income		(280,050)	(220,474)
Finance costs	12	4,106,755	2,779,556
Profit on disposal of property, plant and equipment	14(b)	(52,650)	(100,797)
Tax expense	17(a)	<u>(1,335,300)</u>	<u>(1,747,995)</u>
		10,507,539	8,176,271
Changes in:			
Inventories		(6,875,951)	(4,620,242)
Trade and other receivables		(76,093)	(1,804,578)
Trade and other payables		4,141,023	(352,906)
Amount due to/from related party		(346,377)	(527,784)
Employee benefit obligations		<u>411,479</u>	<u>(814,746)</u>
Cash generated from operating activities		7,761,620	56,015
Interest paid	12	(4,151,119)	(2,381,020)
Income taxes paid	17b	(28,160)	(1,809,934)
Net cash used in operating activities		3,582,341	(4,134,939)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	14(b)	52,650	102,940
Acquisition of property, plant and equipment	14	(6,607,511)	(1,838,976)
Acquisition of intangible assets	15	(97,249)	(125,024)
Net cash used in investing activities		<u>(6,652,110)</u>	<u>(1,861,060)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings	23	6,862,705	5,330,326
Repayment of loans and borrowings	23	(5,846,096)	(3,129,755)
Dividends received		280,050	220,474
Payment on lease liabilities	14(c)(v)	<u>(51,307)</u>	<u>(8,711)</u>
Net cash from financing activities		<u>1,245,352</u>	<u>2,412,334</u>
Net decrease in cash and cash equivalents		(1,824,417)	(3,583,665)

Cash and cash equivalents at 1 January		(8,545,282)	(4,958,993)
Effect of exchange rate fluctuations on cash held		(33,616)	(2,624)
Cash and cash equivalents at 31 December		(10,403,315)	(8,545,282)
Cash and cash equivalents	20	462,883	1,256,736
Bank overdraft	20	(10,866,198)	(9,802,018)
Cash and cash equivalents at 31 December	20	(10,403,315)	(8,545,282)

The notes on pages 27 - 61 are an integral part of these financial statements.



DANNEX AYRTON STARWIN PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. REPORTING ENTITY

Dannex Ayrton Starwin PLC (“the Company”) is a company incorporated and domiciled in Ghana. The Company’s registered office can be found on page 2 of the annual report. The Company is primarily involved in the manufacturing and sale of pharmaceutical products. The financial statements comprise the individual financial statements of the Company as at and for the year ended 31 December 2022. Dannex Ayrton Starwin is listed on the Ghana Stock Exchange.

2. BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards) and its interpretations adopted by the International Accounting Standards Board (IASB) and in a manner required by the Companies Act, 2019 (Act 992). The Company is in compliance with the requirements of the Companies Act, 2019 (Act 992).

Details of the Company’s accounting policies are included in Note 6.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Ghana Cedi (GHS) which is the Company’s functional currency. All amounts have been rounded to the nearest Ghana Cedi, unless otherwise indicated.

4. EMPLOYEE BENEFITS

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company’s accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 22 – measurement of other long term benefit obligation, key actuarial assumptions;
Note 17(ii) – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized; and
Note 27 – measurement of Expected Credit Loss (ECL) allowance for trade receivables: key assumptions in determining the expected credit loss rate.

(i) Measurement of fair values

When measuring fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the following inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 27(b)(ii) Financial instruments.

5. BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost convention except for the following material items:

Financial assets classified as equity investments at FVOCI, measured at fair value.

Employee benefit obligations recognised at the present value of the defined benefit obligations.

6. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been adopted and applied in these financial statements, unless otherwise stated.

6.1 Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

6.2 Revenue from customers

The Company generates revenue primarily from the sale of pharmaceutical products. The Company sells its products primarily to two categories of customers:

Open Market: Pharmaceutical Wholesalers, Pharmacies and Licensed OTC Sellers.

Institutions: Hospitals, Clinics, Regional Health Directorates and Regional Medical Stores.

The Company recognises revenue at a point in time when the goods are delivered and have been accepted by the customer who acknowledges receipt by signing a waybill or the invoice. The Company considers its sale of goods as a single performance obligation. Invoices are generated as and when the pharmaceutical products are sold. Invoices are usually payable within 60 days. Returned goods, which are usually faulty and near expiry products, are replaced.

6.3 Employee benefits

(i) Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which the Company pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

a. Social security contribution

Under a national pension scheme, the Company contributes 13% of employee's basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Company's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

b. Tier 3 Pension fund and saving scheme

The Company has a Tier 3 Pension fund for staff and management under which the Company contributes 6.5% of employee's basic salary to the scheme.

(iii) Other long term benefits

The Company's obligation in respect of long term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the rate on long dated Government of Ghana bonds. Remeasurement are recognised in profit or loss in the period in which they arise.

6.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each

part of an item of property, plant and equipment. Freehold land is not depreciated. The estimated useful lives for the current and comparative period are as follows:

Right of use assets	50 – 91 years
Buildings	2% – 3%
Laboratory, plant and machinery	10% – 20%
Motor vehicle	20% – 25%
Furniture and equipment	15% – 20%
Computer equipment	25% – 33.3%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the Company from either their use or disposal. Gains or losses on derecognition of an item of property and equipment are determined by comparing the proceeds from disposal, if applicable, with the carrying amount of the item and are recognised directly in profit or loss.

Property, plant and equipment under construction are stated at initial cost and depreciated from the date the asset is available for use over its estimated useful life. Cost of capital work in progress includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when they become ready for its intended use.

6.5 Intangible assets

Intangible assets (Computer software and trademarks) that are acquired by the Company are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

Amortisation is charged to profit or loss on a straight line basis over the estimated useful lives of intangible assets. Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years. Trademark is amortised over an expected useful life of 3 years.

6.6 Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the selling price less costs to sell. Cost is determined using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

6.7 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: the contract involves the use of identified asset this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and the Company has the right to direct the use of the asset. The company has the right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either: the Company has the right to operate the asset; or the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company as a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

The Company recognises a right of use asset and a lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs attributable to the lease contract and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The Company as a Lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of:

Fixed repayment, including in substance fixed payments

The effects of prepayments or rent free periods

Contractually stipulated increases in rent payments

Lease payments in an optional renewal period if the Company is reasonably certain to exercise an exercise option.

The lease liability is measured at amortised cost using the effective interest method. A re measurement of the lease liability and right of use asset is required under the following circumstances:

- (a) A change in future lease payment amount due to a market rent review;
- (b) A change in fixed future lease payment amount due to rent being linked to an inflation index;
- (c) A change in expected lease term (e.g. no longer expect to exercise extension option or now expect to exercise an early termination option).

When the lease liability is re measured in this way, a corresponding adjustment is made to the current amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company presents right of use asset in property and equipment and lease liabilities in the statement of financial position.

Short term leases and leases of low value assets

The Company has elected not to recognise right of use assets and lease liabilities for leases of low value

assets and short term leases of property that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

6.8 Cash and cash equivalents

Cash and cash equivalents as presented in the statement of financial position comprise cash on hand, bank balances and highly liquid investments with maturities of three months or less in money market instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

6.9 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair values plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

(a) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPTL:

it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(b) Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes: the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(c) Financial assets – assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers: contingent events that would change the amount or timing of cash flows; terms that may adjust the contractual coupon rate, including variable rate features; prepayment and extension features; and terms that limit the Company's claim to cash flows from specified assets (e.g. non recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

1. Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method.

The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

1. Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Other financial liabilities comprise trade and other payables, related party payables and bank overdraft

(iii) Derecognition a. Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets. In these cases, transferred assets are not derecognised.

b. Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non cash assets transferred or liabilities assumed) is recognised in profit or loss.

(c) Impairment (i) Non derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12 month ECLs. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when: the debtor is unlikely to pay its credit obligations to the Company in full due to bankruptcy there are adverse changes in the payment status of debtors the financial asset is more than 90 days past due (For trade receivables for open market customers, default is 183 days and above. For institutional customers 365 days and above)

The Company considers a debt security to have low credit risk when its credit rating is equivalent to the globally understood definition of "investment grade". Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data: significant financial difficulty of the borrower or issuer; the financial asset is more than 90 days past due (For trade receivables for open market customers, default is 183 days and above. For institutional customers 365 days and above). the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; it is probable that the borrower will enter bankruptcy or other financial reorganisation;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Bad debt recovery

Recoveries are recognised when cash is received and presented in sundry income.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

6.10 Finance cost

Finance costs comprise interest expense on borrowings, bank charges and interest expense on lease liability recognised in profit or loss.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying assets are recognised in profit or loss using the effective interest method. The Company has presented interest expense on the lease liability separately from the depreciation charge for the right of use asset.

6.11 Income tax

Income tax expense on profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable or receivable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to

investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences, differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

6.12 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the

Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of equity shares outstanding after adjustment for the effects of all dilutive potential equity shares.

6.13 Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

6.14 Segment reporting

Operating segments reflect the Company's management structure and the way financial information is regularly reviewed by the Chief Executive Officer. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer (Chief Operating Decision Maker (CODM)). The Company operates as a single unit that manufactures Syrups, Tablets, Creams, Suspensions, Disinfectants, Lozenges, Powders, Capsules and Emulsions.

6.15 New standard and interpretation issued not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2023 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Standard/Interpretation		Effective date Periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2023
IFRS 17 amendments	Insurance Contracts	1 January 2023
IFRS 17 amendment	Initial Application of IFRS 17 and IFRS 9—Comparative Information	1 January 2023
IAS 1 amendment	Classification of liabilities as current or non current	1 January 2024
IAS 8 amendment	Definition of Accounting Estimates	1 January 2023
IAS 1 and IFRS Practice Statement 2 amendment	Disclosure Initiative: Accounting Policies	1 January 2023
IAS 12 amendment	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
IFRS 16 amendment	Lease Liability in a sale and leaseback	1 January 2024
IAS 1 amendment	Non current Liabilities with Covenants	1 January 2024

IFRS 17 Insurance Contracts (and its related amendments)

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model (“general model”) for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity’s financial statements.

The Initial Application of IFRS 17 and IFRS 9 – Comparative Information amendment adds a new transition option to IFRS 17 (the ‘classification overlay’) to alleviate operational complexities and one time accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of IFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with IFRS 9 Financial Instruments. The Company is not likely to be impacted by this new standard.

The amendments are to be applied retrospectively from the effective date.

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following: The definition of a change in accounting estimates is replaced with a definition of accounting estimates.

Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

Entities develop accounting estimates if accounting

policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The IAS Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The Company is yet to assess the potential impact on the financial statements.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Classification of liabilities as current or non current and Non current Liabilities with Covenants (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. After reconsidering certain aspects of the 2020 amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non current. Additional disclosure is also required for non

current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The Company is yet to assess the potential impact on the financial statements. The amendments are to be applied retrospectively from the effective date.

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The Company is yet to assess the potential impact on the financial statements. The amendments are effective from 1 January 2023 but may be applied earlier.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendment to IAS 12)

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The Company is yet to assess the potential impact on the financial statements.

The amendments are effective from 1 January 2023 but may be applied earlier.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendments confirm the following: On initial recognition, the seller lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction.

After initial recognition, the seller lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The Company is yet to assess the potential impact on the financial statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller lessee will need to apply the amendments retrospectively to sale and leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale and leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

7. REVENUE

(a) Revenue stream

The Company generates revenue primarily from the sale of pharmaceutical products

	2022 GHS	2021 GHS
Revenue from sale of goods– point in time	<u>95,792,613</u>	<u>74,530,831</u>

(b) Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary customer profiles and timing of revenue recognition (which is at a point in time).

Type of customer	2022 GHS	2021 GHS
Open market	91,861,050	71,959,578
Institutions	<u>3,931,563</u>	<u>2,571,253</u>
Type of customer	<u>95,792,613</u>	<u>74,530,831</u>

8. COST OF SALES	2022 GHS	2021 GHS
Cost of raw material consumed and changes in finished goods and work in progress	32,360,058	25,026,819
Depreciation of property, plant and equipment	1,236,427	749,592
Staff Cost Note 10(i)	7,475,254	6,628,931
Overheads	<u>3,999,214</u>	<u>3,138,533</u>
	<u>45,070,953</u>	<u>35,543,875</u>

9. SELLING AND DISTRIBUTION EXPENSES	2022 GHS	2021 GHS
Advertising and promotion	1,055,162	1,183,166
Depreciation of property, plant and equipment	317,669	19,975
Other selling and distribution expenses	2,397,640	1,417,656
Hotel Accommodation and allowances	1,172,122	1,014,814
Motor Vehicle Expenses	3,116,288	2,345,549
Staff cost Note 10(i)	2,355,359	2,129,671
Short term leases	136,876	122,678
Rate and insurance	391,236	382,883
Repairs and maintenance	<u>1,022,008</u>	<u>878,058</u>
	<u>11,964,360</u>	<u>9,494,450</u>

10. GENERAL AND ADMINISTRATIVE EXPENSES	2022 GHS	2021 GHS
Auditor's remuneration	344,973	275,000
Amortisation	207,205	319,807
Covid 19 expenses	52,659	102,230
Communication expenses	902,618	596,547
Depreciation	671,527	1,078,269
Directors' remuneration	6,854,865	3,846,467
Donations	82,706	23,311
Exchange difference	9,149,301	828,674
Legal and professional expenses	981,197	508,759
Other general & admin expenses	1,544,645	683,417
Penalties and fines	693,102	12,636
Repairs and maintenance	2,428,693	1,329,726
Short term leases	273,752	251,231
Rate and insurance	418,721	438,978
Sanitation	349,776	337,054
Security	706,689	687,441
Subscriptions and renewals	253,677	313,983
Staff costs Note 10(i)	12,534,675	11,488,712
Travelling and transport	471,249	317,266
Utilities	<u>280,291</u>	<u>263,374</u>
	<u>39,202,321</u>	<u>23,702,882</u>

(i) Staff costs under cost of sales, selling and distribution and general and administrative expenses:	2022 GHS	2021 GHS
Cost of sales	7,475,254	6,628,931
Selling and distribution expenses	2,355,359	2,129,671
General and administrative expenses	<u>12,534,675</u>	<u>11,488,712</u>
	<u>22,365,288</u>	<u>20,247,314</u>
This is made up of:		
Salaries and wages	20,069,681	18,404,242
Retirement benefit costs:		
• Tier 3 pension contributions	715,319	720,910
• Social Security contributions	1,427,822	1,410,857
Other long term benefits:		
• Other long term benefits See Note: 22	<u>152,465</u>	<u>(288,695)</u>
	<u>22,365,287</u>	<u>20,247,314</u>
The average number of employees at the end of the period	634	661

11. OTHER OPERATING INCOME	2022 GHS	2021 GHS
Sundry income	301,985	295,836
Dividend Income	280,050	220,474
Profit on disposal of property, plant and equip't	<u>52,650</u>	<u>100,797</u>
	<u>634,685</u>	<u>617,107</u>

Included in sundry income is bad debt recovered and proceeds from scraps.

12. FINANCE COSTS	2022 GHS	2021 GHS
Finance costs		
Interest on loans and borrowings	(4,106,755)	(2,779,556)
Interest expense on leases	(146,978)	(16,030)
Bank charges	<u>(771,979)</u>	<u>(615,313)</u>
	<u>(5,025,712)</u>	<u>(3,410,899)</u>

13. EARNINGS PER SHARE

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted average number of equity shares outstanding.

	2022 GHS	2021 GHS
Loss/(profit) attributable to equity holders	(3,451,029)	4,881,672
Weighted average number of equity shares in issue Note 21(a)	84,765,899	84,765,899
Basic/Diluted (loss)/earnings per share (GHS per share)	(0.0407)	0.0576

At the reporting date, the basic earnings per share was the same as diluted earnings per share as there were no outstanding shares on conversion which could increase the weighted average number of equity shares in issue.

14. PROPERTY, PLANT & EQUIPMENT

2022	Leasehold land and Building, Freehold land GHS	Plant and Machinery GHS	Furniture and Equipment GHS	Motor Vehicles GHS	Computer Equipment GHS	Under Construction GHS	Total GHS
Cost							
At 1 January 2022	17,835,281	7,724,774	3,706,361	4,283,019	1,816,033	3,053,874	38,419,342
Additions	423,758	222,007	1,853,297	3,536,169	332,867	239,413	6,607,511
Disposals/write-off	-	(16,266)	-	(94,687)	-	-	(110,953)
Balance at 31 December 2022	<u>18,259,039</u>	<u>7,930,515</u>	<u>5,559,658</u>	<u>7,724,501</u>	<u>2,148,900</u>	<u>3,293,287</u>	<u>44,915,900</u>
Accumulated Depreciation							
At 1 January 2022	2,585,027	6,865,395	2,851,640	3,410,022	1,438,012	-	17,150,096

Charge for the year	550,545	397,800	486,770	535,027	255,480	-	2,225,622
Release on disposals/write off	=	(16,266)	=	(94,687)	=	=	(110,953)
Balance at 31 December 2022	<u>3,135,572</u>	<u>7,246,929</u>	<u>3,338,410</u>	<u>3,850,362</u>	<u>1,693,492</u>	<u>=</u>	<u>19,264,765</u>
Carrying Amounts							
At 31 December 2022	<u>15,123,467</u>	<u>683,586</u>	<u>2,221,248</u>	<u>3,874,139</u>	<u>455,408</u>	<u>3,293,287</u>	<u>25,651,135</u>

There was no indication of impairment of property, plant and equipment held by the Company at the reporting date and 31 December 2021. The Company's leasehold land and building, plant, equipment and machinery have been used as security for loan and overdraft facility held with EXIM Bank and GCB Bank Limited. Carrying amount of assets used as collateral for the loan is GHS 10,108,075.

Right-of-use assets are included in leasehold land and building, freehold land and motor vehicle with carrying amounts of GHS 9,766,306 and GHS 2,947,326 respectively.

2021	Leasehold land and Building, Freehold land GHC	Plant and Machinery GHC	Furniture and Equipment GHC	Motor Vehicles GHC	Computer Equipment GHC	Under Construction GHC	Total GHC
Cost							
At 1 January 2021	17,763,664	7,347,873	3,113,736	4,542,798	1,543,501	3,053,874	37,365,446
Additions	71,617	395,726	592,925	478,653	300,055	-	1,838,976
Disposals/Write-off	-	(18,825)	(300)	(738,432)	(18,589)	-	(776,146)
Balance at 31 December 2021	<u>17,835,281</u>	<u>7,724,774</u>	<u>3,706,361</u>	<u>4,283,019</u>	<u>1,815,967</u>	<u>3,053,874</u>	<u>38,419,276</u>
Accumulated Depreciation							
At 1 January 2021	2,076,470	6,437,226	2,623,852	3,771,864	1,225,180	-	16,134,592
Charge for the year	566,703	446,994	228,088	376,590	229,460	-	1,847,835
Release on disposals/Write-off	-	(18,825)	(300)	(738,432)	(16,628)	-	(774,185)
Balance at 31 December 2021	<u>2,643,173</u>	<u>6,865,395</u>	<u>2,851,640</u>	<u>3,410,022</u>	<u>1,438,012</u>	<u>-</u>	<u>17,208,242</u>
Carrying Amounts							
At 31 December 2021	<u>15,192,108</u>	<u>859,379</u>	<u>854,721</u>	<u>872,997</u>	<u>377,955</u>	<u>3,053,874</u>	<u>21,211,034</u>

(a)

Depreciation

Depreciation has been charged in the financial statements as follows:

	2022 GHS	2021 GHS
Cost of sales	1,236,427	749,592
Selling and distribution expenses	317,669	19,975
General and administrative expenses	<u>671,527</u>	<u>1,078,269</u>
	<u>2,225,623</u>	<u>1,847,836</u>

(b) Disposal of property, plant and equipment	2022 GHS	2021 GHS
Cost	110,953	776,146
Accumulated depreciation	<u>(110,953)</u>	<u>(774,185)</u>
Carrying amount	-	1,961
Proceeds of sale	<u>(52,650)</u>	<u>(102,940)</u>
Profit on disposal of property, plant and equipment	<u>(52,650)</u>	<u>(100,979)</u>

(c) Leases

(i) Leases as a lessee

The Company leases land and buildings and motor vehicles. The land leases typically run for a period of 50 to 91 years and buildings for a period of 1 to 2 years. For lease of buildings that run for a period of 1 year, the Company has elected not to recognise right-of-use and lease liabilities for these leases because they are short-term leases. During the year, the Company entered into new lease agreements to acquire new motor vehicles for a period of 5 years.

(ii) Right-of-use assets

Right-of-use assets are presented as part of property, plant and equipment.

Cost	Land & Buildings GHS	Motor Vehicles GHS	Total GHS
Balance at 1 January 2022	10,365,219	-	10,365,219
Additions	<u>365,881</u>	<u>3,018,598</u>	<u>3,384,479</u>
Balance at 31 December 2022	<u>10,731,100</u>	<u>3,018,598</u>	<u>13,749,698</u>
Balance at 1 January 2021	10,318,623	-	10,318,623
Additions	<u>46,596</u>	-	<u>46,596</u>
Balance at 31 December 2021	<u>10,365,219</u>	-	<u>10,365,219</u>
Accumulated depreciation			
Balance at 1 January 2022	628,512	-	628,512
Charge for the year	<u>336,282</u>	<u>71,272</u>	<u>407,555</u>
Balance at 31 December 2022	<u>964,794</u>	<u>71,272</u>	<u>1,036,067</u>
Balance at 1 January 2021	342,211	-	342,211
Charge for the year	<u>286,301</u>	-	<u>286,301</u>
Balance at 31 December 2021	<u>628,512</u>	-	<u>628,512</u>
Carrying amount			
At 31 December 2022	<u>9,766,306</u>	<u>2,947,326</u>	<u>12,713,632</u>
At 31 December 2021	<u>9,736,707</u>	<u>-</u>	<u>9,736,707</u>

(iii) Amount recognised in the statement of profit or loss	2022 GHS	2021 GHS
Interest on lease liabilities	146,978	16,030
Expenses relating to short-term leases	410,628	350,906
(iv) Amounts recognised in the statement of cash flows		
Total cash outflow for leases*	<u>198,285</u>	<u>24,741</u>

(v) Lease liabilities included in the statement of financial position at 31 December	2022 GHS	2021 GHS
Balance at beginning	140,466	149,177
Interest on lease liabilities	146,978	16,030
Additional lease	2,284,227	-
Principal payments	(51,307)	(8,711)
Interest payments	(146,978)	(16,030)
Balance at 31 December	<u>2,373,386</u>	<u>140,466</u>
Less than one year	1,033,061	24,000
More than one year	<u>1,340,325</u>	<u>116,466</u>
	<u>2,373,386</u>	<u>140,466</u>

**Short term lease and interest on lease payments are classified as operating activities*

Extension options

Some leases of office premises contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement due date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is significant event or significant changes in circumstances within its control.

The Company has assessed that all contractual extension options will be exercised and have therefore included all potential future lease payments in the calculation of the lease liability.

15. INTANGIBLE ASSETS

Cost	Software GHS	Trademark GHS	Total GHS
Balance at 1 January 2022	925,602	304,677	1,230,279
Additions	<u>97,249</u>	-	<u>97,249</u>
Balance at 31 December 2022	<u>1,022,851</u>	<u>304,677</u>	<u>1,327,528</u>
Balance at 1 January 2021	800,578	304,677	1,105,255
Additions	<u>125,024</u>	-	<u>125,024</u>
Balance at 31 December 2021	<u>925,602</u>	<u>304,677</u>	<u>1,230,279</u>
Accumulated amortisation			
Balance at 1 January 2022	725,156	304,677	1,029,833
Charge for the year	<u>207,204</u>	-	<u>207,204</u>
Balance at 31 December 2022	<u>932,360</u>	<u>304,677</u>	<u>1,237,037</u>
Balance at 1 January 2021	405,349	304,677	710,026
Charge for the year	<u>319,807</u>	-	<u>319,807</u>
Balance at 31 December 2021	<u>725,156</u>	<u>304,677</u>	<u>1,029,833</u>
Carrying amount			
At 31 December 2022	<u>90,491</u>	=	<u>90,491</u>
At 31 December 2021	<u>200,446</u>	=	<u>200,446</u>

16. EQUITY INVESTMENTS AT FVOCI

	2022 GHS	2021 GHS
Balance at beginning	2,416,650	2,416,650
Net change in fair value	=	=
Balance at 31 December	<u>2,416,650</u>	<u>2,416,650</u>

This relates to the value of 374,955 equity shares (0.169% of shareholding) in Stanbic Bank Ghana Limited. The Company designated these investments at FVOCI because these equity securities represent investments that the Company intends to hold for long term strategic purposes. There was no material changes in value based on valuation done on the investment.

No strategic investments were disposed of during 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

An amount of GHS 280,050 (2021: GHS 220,474) was received as dividend during the year.

17. INCOME TAXES

(a) Amounts recognised in profit or loss	2022 GHS	2021 GHS
Current tax expense		
Current year income tax expense	-	(289,273)
Deferred tax -	1,335,300	2,037,268
Total income tax expense	<u>1,335,300</u>	<u>1,747,995</u>

(b) Current tax assets and liabilities	Balance at 1 Jan	Charge for the year	Payments/tax credits during the year	Balance at 31 Dec
	GHS	GHS	GHS	GHS
2022				
Income tax				
Up to 2020	(630,897)	-	-	(630,897)
2021	(187,463)	-	(31,001)	(218,464)
<u>2022</u>	<u>=</u>	<u>=</u>	<u>(33,262)</u>	<u>(33,262)</u>
Total	<u>(818,360)</u>	<u>=</u>	<u>(64,263)</u>	<u>(882,623)</u>

	Balance at 1 Jan	Charge for the year	Payments/tax credits during the year	Balance at 31 Dec
	GHS	GHS	GHS	GHS
2021				
Income tax				
Up to 2020	761,180	289,273	(1,681,350)	(630,897)
2021	=	=	(187,463)	(187,463)
Total	<u>761,180</u>	<u>289,273</u>	<u>(1,868,813)</u>	<u>(818,360)</u>

Taxes paid comprise of utilisation of tax credits amounting to GHS 36,103 and payments amounting GHS 28,160.

Tax positions up to the 2020 year of assessment have been agreed with the tax authorities. The remaining tax position is subject to agreement with the tax authorities.

(c) Reconciliation of effective tax rate	2022 %	2022 GHS	2021 %	2021 GHS
(loss)/Profit before tax		(4,786,329)		3,133,677
Income tax using domestic tax rate	25.00	(1,196,582)	25.00	783,419
Expenses not deductible for tax purposes	(62.24)	2,978,855	(51.54)	(1,615,070)
Tax exempt income	65.13	(3,117,304)	(29.24)	(916,344)
Tax expenses	27.89	(1,335,031)	(55.78)	(1,747,995)

(d) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2022			2021		
	Assets	Liabilities	Total	Assets	Liabilities	Total
	GHS	GHS	GHS	GHS	GHS	GHS
Property, plant and equipment	-	(1,746,671)	(1,746,671)	-	2,051,377	2,051,377
Employee benefit obligations	931,844	-	931,844	(891,451)	-	(891,451)
Equity investment	-	(604,163)	(604,163)	-	604,163	604,163
Tax losses	1,344,714	-	1,344,714	(1,988,418)	-	(1,988,418)
Inventories	128,335	-	128,335	-	-	-
Finance costs	2,068,651	-	2,068,651	(550,921)	-	(550,921)
Trade receivables	434,393	-	434,393	(446,553)	-	(446,553)
	4,907,937	(2,350,834)	2,557,103	(3,877,343)	2,655,540	(1,221,803)

(i) Movements in temporary differences during the year	Balance at 1 January	Recogn'd in profit or loss	Balance at 31 December
	GHS	GHS	GHS
For the year ended 31 December 2022			
Property, plant and equipment	(2,051,377)	304,706	(1,746,671)
Employee benefit obligations	891,451	40,393	931,844
Equity investment	(604,163)	-	(604,163)
Tax losses	1,988,418	(643,704)	1,344,714
Inventories	-	128,335	128,335
Finance costs	550,921	1,517,730	2,068,651
Trade receivables	446,553	(12,160)	434,393
	1,221,803	1,335,300	2,557,103
For the year ended 31 December 2021			
Property, plant and equipment	(2,539,849)	488,472	(2,051,377)
Employee benefit obligations	1,123,461	(232,010)	891,451
Equity investment	(604,163)	-	(604,163)
Tax losses	620,266	1,368,152	1,988,418
Inventories	2,632	(2,632)	-
Finance costs	-	550,921	550,921
Trade receivables	582,188	(135,635)	446,553
	(815,465)	2,037,268	1,221,803

(ii) Tax losses carried forward	2022	2021
Tax losses carried forward	GHS	Expiry
2019	2,273,127	2024
2020	2,840,200	2025

The company made a loss in the current year. Based on the entity's performance, management considered it probable that future taxable profits would be available against which the tax losses can be utilised. Management's ten years' forecasts shows that profits would be made in subsequent years.

18. INVENTORIES

See accounting policy in Note	2022 GHS	2021 GHS
Raw and packaging materials	16,173,418	9,907,734
Work-in-progress	192,762	638,347
Consumable spares	1,013,433	1,675,805
Finished goods	7,762,340	6,044,116
	<u>25,141,953</u>	<u>18,266,002</u>

The value of raw and packaging materials was determined after writing down the inventory cost due to obsolescence of GHS 513,341 (2021: GHS 1,093,218). The write-downs and reversals are included in cost of sales. There was a reversal of GHS 579,877 in the current year. Inventory recognised in cost of sales is GHS 45,070,953 (2021:35,543,875).

19. TRADE AND OTHER RECEIVABLES

	2022 GHS	2021 GHS
Trade receivables	14,609,803	14,782,153
Impairment allowance	(1,737,571)	(1,787,290)
Trade receivables, net	12,872,232	12,994,863
Staff receivables	367,214	601,818
Other receivables	234,135	238,303
Prepayments	2,123,019	1,685,523
	<u>15,596,600</u>	<u>15,520,507</u>

The maximum amount due from employees of the Company during the year amounted to approximately GHS 367,214 (2021: GHS 601,818).

Included in the staff receivables is an amount of GHS 80,622 (2021: GHS 236,303) relating to advances and accountable imprest to management staff.

Credit and market risks, and impairment losses

Information about the Company's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 27.

20. CASH AND CASH EQUIVALENTS AND BANK OVERDRAFT	2022 GHS	2021 GHS
Bank balances	373,862	1,142,237
Cash balances	89,021	114,499

Cash and cash equivalents in the statement of financial position	462,883	1,256,736
Bank Overdrafts*	(10,866,198)	(9,802,018)
Cash and cash equivalents in the statement of cash flows	(10,403,315)	(8,545,282)

*Included in bank overdrafts are credit facilities of GHS 12,000,000 (2021: GHS 12,000,000 at the rate of 10% (2021: 10%) obtained from GCB Bank Limited that are used to finance working capital and importation of raw materials. These facilities are payable on demand and expire 12 months from the date of disbursement. The facility will expire on 31 May 2023.

At the reporting date, the Company recorded a bank ledger balance of GHS (10,350,471) (2021: GHS 1,142,237) in its statement of financial position as compared to the bank statements balance of GHS (9,504,877) (2021: GHS 941,942). The transactions making up the difference between the bank ledger balance and the bank statements balance amounting to GHS (987,459) (2021: GHS 200,295), which includes various reconciling items such as un-presented cheques, uncredited lodgements and unresolved debit and credit items on the bank statements.

Subsequent to the year end, reconciling items amounting to GHS (665,245) (2021: 180,544) were resolved and reflected in the financial statement as appropriate.

21. STATED CAPITAL AND RESERVES

(a) Stated capital

See accounting policy in Note 6.9	No. of Shares	Proceeds		
Authorized	2022	2021	2022 GHS	2021 GHS
Equity shares of no par value	<u>500,000,000</u>	<u>500,000,000</u>		
Issued				
For cash	<u>84,765,899</u>	<u>84,765,899</u>	<u>33,058,701</u>	<u>33,058,701</u>

There is no share in treasury and no call or instalment unpaid on any share. Additionally, there are no called-up shares.

Holders of these shares are entitled to dividend as declared from time to time and are entitled to one vote per share of general meetings of the Company.

Based on the share exchange ratio of 3.13 Ayrton Shares for 1 Dannex Ayrton Starwin Plc Share, 12.50 Starwin Shares for 1 Dannex Ayrton Starwin Plc Shares and 1 Dannex Shares for 1 Dannex Ayrton Starwin Plc Shares, the following shares were issued:

To Starwin Products Limited shareholders: a total of 5,959,808 Dannex Ayrton Starwin Plc shares

To Ayrton Drug Manufacturing Ltd shareholders: a total of 31,962,142 Dannex Ayrton Starwin Plc shares

To Dannex Plc shareholders: a total of 46,843,949 Dannex Ayrton Starwin Plc shares

Therefore, the total number of issued shares of the merged entity was 84,765,899 shares. The entitlement list for all shareholders of the three (3) companies as at the book closure date was prepared by the financial advisor and sponsoring broker and verified by NTHC Registrars.

(b) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of equity securities designated at FVOCI.

(c) Retained earnings

From the inception of the Company, retained earnings comprise the net amount after the equity share exchange as part of the merger arrangement between Dannex Limited, Ayrton Drug Manufacturing Limited and Starwin Products Limited. Subsequently, it represents the accumulation of profit or losses and gain from the remeasurement of employee benefit obligations.

22. EMPLOYEE BENEFITS OBLIGATION

(a) Other long term benefits

Long service award is an unfunded scheme to reward staff for their continuous and dedicated service to the Company. Staff who serve for ten years and above are awarded with cash donations. The plan is not funded. The awards vary depending on the number of years served by employees who meet the qualifying criteria.

(b) End of Service

It was a defined benefit scheme to provide employees with a lump sum on retirement, resignation or death having served the Company for a minimum of ten (10) years. End of Service Benefit was curtailed in 2021. Related liability was not settled but reversed.

For the other long term benefits, a full and independent actuarial valuation was carried out at the end of the period using the Projected Unit Credit Method in accordance with IAS 19 revised.

	Long service award GHS	End of service** GHS	Net defined liability GHS
Balance at 1 January 2022	3,565,802	-	3,565,802
Included in profit or loss			
Current service cost	402,371	-	402,371
Past service cost/(credit)	-	-	-
Interest cost	531,075	-	531,075
Actuarial loss arising from financial assumptions	15,310	-	15,310
Actuarial loss/(gain) arising from other sources	<u>(265,216)</u>	=	<u>(265,216)</u>
	<u>4,249,342</u>	-	<u>4,249,342</u>

Included in OCI - Remeasurement loss/ (gain):	Long service award GHS	End of service GHS	Net defined liability GHS
Actuarial loss arising from financial assumptions	-	-	-
Actuarial gain arising from other sources	-	-	-
Benefits paid	<u>(272,061)</u>	=	<u>(272,061)</u>
Balance at 31 December 2022	<u>3,977,281</u>	-	<u>3,977,281</u>

Balance at 1 January 2021	1,722,820	2,657,728	4,380,548
Included in profit or loss			
Current service cost	225,219		225,219
Past service cost/(credit)		(2,657,728)	(2,657,728)
Interest cost	262,040		262,040
Actuarial loss arising from financial assumptions	194,874		194,874
Actuarial gain arising from other sources	<u>1,417,727</u>		<u>1,417,727</u>
	<u>2,099,860</u>	<u>(2,657,728)</u>	<u>(557,868)</u>
Included in OCI - Remeasurement loss/(gain):			
Actuarial loss arising from financial assumptions			
Actuarial gain arising from other sources			
Benefits paid	<u>(256,878)</u>	=	<u>(256,878)</u>
Balance at 31 December 2021	<u>3,565,802</u>		<u>3,565,802</u>

	2022 GHS	2021 GHS
Less than one year	622,655	622,655
More than one year	<u>3,354,626</u>	<u>2,943,147</u>
	<u>3,977,281</u>	<u>3,565,802</u>

The actuarial assumptions at the period-end were as follows:	2022	2021
Discount rate	19.00%	17.00%
General inflation	16.00%	12.50%
Salary inflation	16.00%	14.00%

Withdrawal rates (See table below): - 2022 and 2021	Males	Females
Age		
Less than 30	5%	5%
Age 30 to 39	4%	4%
Age 40 to 49	3%	3%
Age 50 to 60	2%	2%
Greater than 60	-%	-%

Sensitivity analysis

Reasonable changes at the reporting date to the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligations by the amounts shown below. Although the analysis does not take account of the full distribution of cash flow expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

	2022 GHS	2022 GHS	2022 GHS	2022 GHS
	Increase	Decrease	Increase	Decrease
	End of service benefits		Long service awards	
Discount rate (1% movement)	-	-	3,769,757	4,206,804
Withdrawal rate (10% movement)	-	-	3,901,477	-
Salary rate (1% movement)	-	-	4,213,005	3,761,058
Mortality (1% movement)	-	-	3,729,327	-

	2021 GHS	2021 GHS	2021 GHS	2021 GHS
	Increase	Decrease	Increase	Decrease
	End of service benefits		Long service awards	
Discount rate (1% movement)	-	-	3,383,783	3,768,783
Withdrawal rate (10% movement)	-	-	3,499,135	-
Salary rate (1% movement)	-	-	3,773,636	3,376,636
Mortality (1% movement)	-	-	3,351,113	-

23. LOANS AND BORROWINGS

The Company has the following secured facilities with local banks at the reporting date:

	2022 GHS	2021 GHS
Ghana Exim Bank Loan (Restructured) (Note 1 below)	10,943,475	9,186,903
GCB Bank PLC (Note 2 below)	12,057,555	12,650,390
Total	23,001,030	21,837,293
Current	5,824,272	8,634,104
Non- Current	17,176,758	13,203,189

Note 1

This is a GHS 33,750,000 loan facility obtained from Ghana Exim Bank in January 2018 by the legacy Company Dannex Limited. The purpose of the loan is to augment working capital and to refinance existing loans at a nominal rate of 8%. The interest rate was revised to 13.5% in May 2020 for the undisbursed amount of GHS 8,500,000. The loan facility was restructured in August 2022 and matures in 2027. The loan was secured by a mortgage over landed commercial properties previously owned by erstwhile Ayrton Drug Manufacturing Limited.

Note 2

This is a GHS 20,689,397 (2021: GHS 20,689,397) loan facility obtained from GCB Bank Plc in July 2020 at a nominal interest rate of 10% and matures in 2025 under the Ministry of Trade and Industries' Industrial Revitalisation Programme (Stimulus Package thereby qualifying for an interest subsidy of 50% on the applicable interest of 20%. The purpose of the loan is to refinance outstanding loans with GCB Bank PLC, Zenith Bank Ghana Limited and Ecobank Ghana PLC and financing of some capital expenditures.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Opening balance GHS	Additions GHS	Capital repayments GHS	Interest costs GHS	Interest paid GHS	2022 Closing balance GHS
31 December 2022						
Ghana Exim Bank Loan (restructured)	9,186,903	4,722,222	(2,965,654)	1,480,188	(1,480,184)	10,943,475
Lease facility	140,466	2,284,227	(51,307)	146,978	(146,978)	2,373,386
GCB Bank PLC	12,650,390	2,140,483	(2,880,442)	1,215,791	(1,068,667)	12,057,555
	<u>21,977,759</u>	<u>9,146,932</u>	<u>(5,897,403)</u>	<u>2,842,957</u>	<u>(2,695,829)</u>	<u>25,374,416</u>

31 December 2021

Ghana Exim Bank Loan (restructured)	7,048,516	3,777,777	(1,881,905)	574,962	(332,447)	9,186,903
Lease facility	149,177	-	(8,711)	16,030	(16,030)	140,466
GCB Bank PLC	11,716,566	1,552,549	(1,247,850)	1,223,798	(594,673)	12,650,390
	<u>18,914,259</u>	<u>5,330,326</u>	<u>(3,138,466)</u>	<u>1,814,790</u>	<u>(943,150)</u>	<u>21,977,759</u>

24. TRADE AND OTHER PAYABLES

See accounting policy in Note 6.9	2022 GHS	2021 GHS
Trade payables	15,076,725	6,667,911
Other payables	5,178,043	3,060,307
Accrued expenses**	<u>4,110,493</u>	<u>3,824,053</u>
	<u>24,365,261</u>	<u>13,552,271</u>

**Included in balance is GHS 791,645 (2021: GHS 767,571) relating to accrued unpaid leave as at period end. Information about the Company's exposure to currency and liquidity risks is included in Note 27.

25. RELATED PARTY TRANSACTIONS

Dannex Ayrton Starwin Plc (DAS Plc) is 60.04% owned by Equatorial Cross Acquisitions Limited (ECA), which is ultimately owned by Nik Amarteifio, 17.14% owned by Social Security and National Insurance Trust (SSNIT). The remaining are owned by a number of individual shareholders. Shareholding information disclosed at Note 33.

In the course of the year, the following transactions took place with related parties.

	2022 GHS	2021 GHS
(i) Amounts due to related parties		
Equatorial Cross Acquisitions	—	<u>346,377</u>

There are no terms to the related party transactions, and they are not secured. Amount due to Equatorial Cross Acquisitions was paid during the year.

(ii) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including any Director (whether executive or otherwise) of the Company.

(a) Key management personnel compensation included the following:

Short term employee benefits	2022 GHS	2021 GHS
Executive Directors	6,339,722	3,611,781
Non Executive Directors	515,143	234,686
Other key management personnel	<u>5,791,257</u>	<u>1,730,635</u>
	<u>12,646,122</u>	<u>5,577,102</u>
Other Long term employee benefits		
Executive Directors and key management staff	—	<u>252,688</u>
Total employee benefit	<u>12,646,122</u>	<u>5,829,790</u>

(b) There is a personal guarantee by Nik Amarteifio, the Board Chairman of the Company as collateral for obtaining the GCB Bank PLC loan facility.

(c) The Company guarantees loan taken by management staff under an approved staff loan scheme with Ecobank Ghana. An amount of GHS 1,503,922 (2021: GHS 1,503,922) has been drawn down.

(iii) Other related party transactions.

1. Alex Bonney, a member of the Board, provides HR consultancy services for the Company, an amount of GHS 64,864 (2021: GHS 64,864) was paid to him during the period as consultancy fees. No amount was outstanding at the end of the year.
2. Benjamin Agyeman, a member of the Board, provides Financial consultancy services for the Company, an amount of GHS 115,297 (2021: GHS Nil) was paid to him during the period as consultancy fees. No amount was outstanding at the end of the year.

(iv) Directors' shareholding

The Directors named below held the following number of shares in the company as at the reporting date and at 31 December 2021:

Name of Director	No. of shares	% of issued capital
Nik Amarteifio (ECA) *	50,891,061	60.0
Amarteorkor Amarteifio	<u>3,207,604</u>	<u>3.8</u>
	<u>54,098,665</u>	<u>63.8</u>

*Shares held through Equatorial Cross Acquisitions.

26. SEGMENT REPORTING

Operating segments reflect the Company's management structure and the way financial information is regularly reviewed by the Chief Executive Officer. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer. The Company operates as a single business unit that manufactures Syrups, Tablets, Creams, Suspension, Disinfectant, Lozenges, Powders, Capsules and Emulsion.

Revenue by Product

	2022 GHS	2021 GHS
Syrups	53,943,969	40,902,635
Tablets	21,426,217	18,735,404
Creams/ointments	6,870,962	5,205,412
Suspensions	4,151,622	3,050,310
Disinfectants	1,466	4,836
Powders	8,481,409	6,035,095
Capsules	466,998	369,136
Emulsions	<u>449,970</u>	<u>228,003</u>
	<u>95,792,613</u>	<u>74,530,831</u>

All sales are made in Ghana and no individual customer contributed 10% or more to revenue. Segment revenue is based on the geographical location of customers, whilst segment asset is based on the geographical location of the assets. The Company's non-current assets amounting to GHS 33,066,213 (2021: GHS 27,705,473) are in Ghana.

Major Customer

There was no revenue for transactions with a single external customer amounting to 10% of the Company's total revenue during the period.

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

a. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non financial assets and liabilities. The Company regularly reviews significant unobservable inputs and valuation adjustments.

The Company recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Carrying amount

	Note	FVOCI	Financial assets at amortised cost	Other financial liabilities	Total
31 December 2021		GHS	GHS	GHS	GHS
Financial assets measured at fair value					
Equity Investment at FVOCI	16	2,416,650	-	-	2,416,650
Financial assets not measured at fair value					
Trade and other receivables*	19	-	13,834,984	-	13,834,984
Cash and cash equivalents	20	=	<u>1,142,237</u>	=	<u>1,142,237</u>
Total assets		=	<u>14,977,221</u>	=	<u>14,977,221</u>
Financial liabilities not measured at fair value					
Bank overdraft	20	-	-	9,802,018	9,802,018
Loans and borrowings	23	-	-	21,837,293	21,837,293
Trade and other payables**	24	-	-	12,124,545	12,124,545
Due to related party	25	=	=	<u>346,377</u>	<u>346,377</u>
Total liabilities		=	=	<u>44,110,233</u>	<u>44,110,233</u>

	Note	FVOCI GHS	Financial assets at amortised cost GHS	Other financial liabilities GHS	Total GHS
31 December 2022					
Financial assets measured at fair value					
Equity Investment at FVOCI	16	2,416,650	-	-	2,416,650
Financial assets not measured at fair value					
Trade and other receivables*	19	-	13,473,581	-	13,473,581
Cash and cash equivalents	20	=	<u>373,862</u>	=	<u>373,862</u>
Total assets		=	<u>13,847,443</u>	=	<u>13,847,443</u>

Financial liabilities not measured at fair value					
Bank overdraft	20	-	-	10,866,198	10,866,198
Loans and borrowings	23	-	-	23,001,030	23,001,030
Trade and other payables**	24	-	-	21,825,531	21,825,531
Due to related party	25	=	=	=	=
Total liabilities		=	=	<u>55,692,759</u>	<u>55,692,759</u>

*Trade and other receivables is less prepayments.

**Trade and other payables is less all statutory payables such as PAYE, withholding taxes, and social security.

b. Measurement of fair values

i. Fair value hierarchy

31 December 2021 and 31 December 2022	Level 1 GHS	Level 2 GHS	Level 3 GHS
Equity Investment at FVOCI	-	2,416,650	-

ii. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring financial instruments.

Financial instruments not measured at fair value

Type	Valuation technique
Other financial liabilities	The valuation model considers the present value of future cashflows, discounted at the market rates of interest at the reporting date.
Financial assets measured at FV	This is determined by the comparable companies approach.

c. Financial risk management

This Company has exposure to the following risks arising from financial instruments:

	Page
• Credit risk (See Note c.ii)	63
• Liquidity risk (See Note c.iii)	65
• Market risk (See Note c.iv)	67

i. Risk management framework

The Company has developed a comprehensive risk management process to facilitate control and monitoring of these risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management of financial risk is centralized at the Company's corporate group level, where financial risk is managed in accordance with the policies and procedures established at the Group level, in order to protect profit and cash flows.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Company's exposure to risk is influenced mainly by the individual characteristics of each customer, the industry and country in which the customers operate. In monitoring customer credit risk, customers are grouped according to their credit characteristics; including whether they are open market customers (wholesalers, retailers) or institutional customers.

The Company has credit control policies which cover procedures for accepting new customers, setting credit limits, dealing with overdue amounts and delinquent payers. Credit exposure on trade receivable is covered by customers issuing post dated cheques to cover amount owed. The

Company does not require collateral in respect of trade and other receivables.

The maximum exposure to credit risk for accounts receivable at the reporting date by type was:

	2022 GHS	2021 GHS
Trade and other receivables	14,609,803	14,782,153
Staff receivables	367,214	601,818
Other receivables	234,135	238,303
	<u>15,211,152</u>	<u>15,622,274</u>

Impairment

The aging of accounts receivable at the reporting date was:

Open market customers

	2022				2021			
	Weighted loss rate	Carrying amount	Impairment	Credit impaired	Weighted loss rate	Carrying amount	Impairment	Credit impaired
		GHS	GHS			GHS	GHS	
Current (not past due)	1.33	7,440,457	(99,024)	No	3.08	8,412,963	(259,119)	No
1- 60 days past due	3.27	2,802,077	(91,508)	No	5.53	2,883,239	(159,443)	No
61- 120 days past due	7.22	863,551	(62,315)	No	10.51	940,370	(98,833)	No
121- 182 days past due	17.78	293,093	(52,108)	No	22.00	189,005	(41,581)	No
More than 183 days due	66.95	906,260	(606,697)	Yes	63.76	739,201	(471,315)	Yes
		<u>12,305,438</u>	<u>(911,652)</u>			<u>13,164,778</u>	<u>(1,030,291)</u>	

Institutional customers - NHIA Accredited Institutions

	2022				2021			
	Weighted loss rate	Carrying amount	Impairment	Credit impaired	Weighted loss rate	Carrying amount	Impairment	Credit impaired
		GHS	GHS			GHS	GHS	
Current (not past due)	14.04	400,157	(56,200)	No	17.67	281,752	(49,786)	No
1- 60 days past due	19.32	410,952	(79,402)	No	21.03	129,970	(27,333)	No
61- 120 days past due	24.64	147,729	(36,403)	No	25.46	132,760	(33,801)	No
121- 182 days past due	30.59	170,435	(52,134)	No	29.44	85,726	(25,238)	No
183 - 243 days past due	38.83	55,320	(21,483)	No	38.37	86,949	(33,362)	No

244 - 305 days past due	48.13	34,462	(16,588)	No	45.68	51,519	(23,534)	No
306 - 365 days past due	68.18	13,365	(9,112)	No	64.88	34,467	(22,362)	No
More than 365 days due	100.00	505,516	(505,516)	Yes	100.00	529,536	(529,536)	Yes
		<u>1,737,936</u>	<u>(776,838)</u>			<u>1,332,679</u>	<u>(744,952)</u>	
Regional Medical Stores								
Current (not past due)	10.00	<u>490,806</u>	<u>(49,081)</u>		4.40	<u>284,695</u>	<u>(12,527)</u>	
Total		<u>14,534,180</u>	<u>(1,737,571)</u>			<u>14,782,152</u>	<u>(1,787,770)</u>	

The company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency or write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics. These rates are multiplied by scalar factors to reflect current conditions. Scalar factors are based on actual and forecasted GDP growth and inflation rates which are as follows: Actuals- GDP growth rate of 3.59% and inflation rate of 31.70%; Forecasts GDP growth rate of 2.84% and inflation of 17.4%.

Impairment losses on financial assets recognised in profit or loss were as follows:

	2022 GHS	2021 GHS
Opening balance	1,787,244	1,925,089
Impairment expense (reversal) on trade receivables	<u>(49,719)</u>	<u>(137,845)</u>
Closing balance	<u>1,737,525</u>	<u>1,787,244</u>

Cash and cash equivalents

The Company held cash and cash equivalents of GHS 462,883 (2021: GHS 1,256,736) at the reporting date. The cash and cash equivalents are held with reputable banks and other financial institutions regulated by the Bank of Ghana and available on demand or upon maturity for short term investments.

iii. Liquidity risk

Liquidity risk is the risk that the Company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The Company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due. Financial assets the entity uses to manage its liquidity are its cash and cash equivalents and trade receivables.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Contractual cash flows

	Carrying Amount	Total	6 mths or less	6 - 12 mths	More than 12 mths
31 December 2022	GHS	GHS	GHS	GHS	GHS
Non-derivative financial liabilities					
Trade and other payables	21,825,531	21,825,531	21,825,531	-	-
Lease liabilities	2,373,386	4,755,802	552,579	552,579	3,650,644
Bank overdraft	10,866,198	10,866,198	10,866,198	-	-
Loans and borrowings	<u>23,001,030</u>	<u>30,394,057</u>	<u>5,349,446</u>	<u>5,349,446</u>	<u>19,695,165</u>
Balance at 31 December 2022	<u>58,066,145</u>	<u>67,841,588</u>	<u>38,593,754</u>	<u>5,902,025</u>	<u>23,345,809</u>
Non-derivative financial assets					
Cash and Cash Equivalents	462,883	462,883	462,883	-	-
Trade and other receivables	<u>13,473,581</u>	<u>13,473,581</u>	<u>13,473,581</u>	=	=
Balance at 31 December 2022	<u>13,936,464</u>	<u>13,936,464</u>	<u>13,936,464</u>	=	=
31 December 2021					
Non-derivative financial liabilities					
Trade and other payables	12,124,545	12,124,545	12,124,545	-	-
Due to related party	346,377	346,377	346,377	-	-
Lease liabilities	140,466	140,466	140,466	-	-
Bank overdraft	9,802,018	9,802,018	-	-	-
Loans and borrowings	<u>21,837,293</u>	<u>24,578,099</u>	<u>5,611,603</u>	<u>5,611,603</u>	<u>13,354,893</u>
Balance at 31 December 2021	<u>44,250,699</u>	<u>46,991,505</u>	<u>18,222,991</u>	<u>5,611,603</u>	<u>13,354,893</u>
Non-derivative financial assets					
Cash and Cash Equivalents	1,256,736	1,256,736	1,256,736	-	-
Trade and other receivables	<u>13,834,984</u>	<u>13,834,984</u>	<u>13,834,984</u>	=	=
Balance at 31 December 2021	<u>15,091,720</u>	<u>15,091,720</u>	<u>15,091,720</u>	=	=

iv. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Company is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions primarily are denominated are US dollars (USD), Great British Pound (GBP) and Euro (EUR).

Balances shown in GHS equivalents	31 December 2022			31 December 2021		
	EUR	USD	GBP	EUR	USD	GBP
Cash and cash equivalents	270	6,190	-	270	6,190	-
Trade and other payables	(1,054)	(813,710)	(7,226)	(1,054)	(813,710)	(7,226)
Net statement of financial position exposure	(784)	(807,520)	(7,226)	(784)	(807,520)	(7,226)

The following significant exchange rates are applied during the year:

	Average Rate		Reporting Date	
	2022	2021	2022	2021
GBP 1	11.4023	8.3029	13.2968	8.6643
EUR 1	9.7485	7.1314	11.7645	7.2614
USD 1	9.4208	5.9973	11.0000	6.4000

Sensitivity analysis

A 10% weakening of the cedi against the following currencies at 31 December 2021 would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

Effect in GHS dollars

	Effect on profit or loss/equity	
	2022 GHS	2021 GHS
GBP	(9,608)	(6,261)
EUR	(922)	(569)
USD	(888,272)	(516,813)
	(898,802)	(523,643)

A 10% strengthening of the cedi against the above currencies would have exact opposite effect on equity and profit or loss by the same amount shown above.

The Company's exposure to exchange rate risk is in respect of amount due to foreign suppliers for imports of various international transactions. The Company manages foreign exchange risk by estimating forward looking rates in its Annual Planning process based on projected depreciation of the Cedi against the major trading currencies. The system is set up with trigger points for review of the rates to aid in the management of the risk.

Equity price risk Sensitivity analysis

For investments classified as fair value through other comprehensive income, a 3% increase in the equity prices at the reporting date would have increased equity by the amounts shown below. An equal change in the opposite direction would also decrease equity by the amounts shown below.

	Effect on profit or loss/equity	
	2022 GHS	2021 GHS
Equity	72,500	72,500

Interest rate risk

At the reporting date the interest rate profile of the company's interest bearing financial instruments was:

	Carrying amounts	
Fixed rate instruments	2022 GHS	2021 GHS
Bank overdraft	10,866,198	9,802,018
Loans and borrowings	(23,001,030)	(21,837,293)
	<u>12,134,832</u>	<u>12,035,275</u>

The Company does not account for any fixed rate financial assets or financial liabilities, at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis

A change of 100 basis points in interest rate at the reporting date would have an increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency rates remain constant.

The analysis is performed on the same basis for 2021:

	2022		2021	
	100BP Increase	100BP Decrease	100BP Increase	100BP Decrease
Cash flow sensitivity (GHS)	(121,348)	121,348	(120,353)	120,353

28. CAPITAL COMMITMENTS

The Company had no commitments for capital expenditure at the reporting date and at 31 December 2021.

29. CONTINGENT LIABILITIES

A labour suit filed by two plaintiffs contesting their summary dismissal and termination of appointment respectively by the Defendant ("Starwin" now DAS Plc). The case of the plaintiffs is that their dismissal and termination of appointment by DAS Plc was wrongful. They are therefore praying the Court to award damages and cost against DAS Plc in respect of same. Apart from damages and cost, the second plaintiff is also praying the Court to order DAS Plc to pay the sum of GHS 14,805.95 being allowances due him for serving as acting Managing Director, the sum of GHS 5,833.97 being one month salary in lieu of notice and the monetary value of 100 litres of fuel (approximately GH¢430.00) which ought to have been supplied to him by DAS Plc but was not.

Trial has commenced, with cross examination of the 1st Plaintiff completed at the last court sitting, and cross examination of the next Plaintiff Witness is to continue on the 22 March 2023.

In the unlikely event that the court delivers Judgment in favour of the Plaintiffs, the potential liability of the company shall not exceed GH¢100,000.

30. SUBSEQUENT EVENTS

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate directly to the financial statements and the effect is material. There were no events after 31 December 2022 that require disclosure in the financial statements.

31. CAPITAL MANAGEMENT

The Company's policy is to develop a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital using a ratio of adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total liabilities less cash and cash equivalents. Adjusted equity comprises all components of equity as shown in the statement of financial position.

Management reviews its capital management approach on an ongoing basis and believes this approach given the size of the Company is reasonable.

The adjusted net debt to equity ratio for the Company at 31 December is as follows:

	2022 GHS	2021 GHS
Total liabilities	66,933,990	51,899,767
Cash and bank balances	(462,883)	(1,256,736)
Net	<u>66,471,107</u>	<u>50,643,031</u>
Total equity	<u>8,216,282</u>	<u>11,667,311</u>
Gearing	<u>8.09</u>	<u>4.34</u>

32. GOING CONCERN CONSIDERATION AND SUBSEQUENT EVENTS

The Company reported a loss before tax of GHS (4,786,329) (2021: profit before tax of GHS 3,133,677) for the year ended 31 December 2022. This was mainly due to exchange loss of GHS 9,149,301 suffered in 2022.

The depreciation of the Ghana Cedi also had an adverse impact on the Company's current liabilities which are mainly driven by foreign currency denominated payables to overseas suppliers. Most of the Company's raw and packaging materials are imported and paid for in foreign currencies.

The Ghana Cedi equivalent of the payables increased drastically due to the depreciation, thereby, increasing the current liabilities. Current liabilities, therefore, exceeded current assets by GHS 627,388 as at 31 December 2022. (2021: net current asset of GHS 2,880,180).

Subsequent to the reporting date, the Company has put in place robust plans for business operations for the next 12 months to mitigate the situation:

- Grow underlying sales volumes to grow our topline profitably
- Source some raw materials locally
- Drive cost optimisation across the business
- Manage working capital efficiently to generate cashflows to meet obligations as they fall due
- Strengthen liquidity by prioritising / reprioritising expenses, capital expenditure
- Strengthen employee engagement and two way communication to further strengthen teamwork and further galvanise all employees around the set objectives
- Sell off equity investments

Subsequent to the reporting date, a GHS 2,000,000 concessionary loan has been secured from the majority shareholder out of which GHS 610,000 has been disbursed. The balance is expected to be received during the course of 2023.

Based on the plans and actions indicated above, Directors expect the Company to continue as a going concern. In the event that the company's plans do not come to fruition, a material uncertainty exists which may cast significant doubt about the company's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis of accounting applicable to a going concern. This basis assumes that funds will be available to finance future operations of the Company and the realization of assets and the settlement of liabilities would occur in the ordinary course of business.

33. SHAREHOLDING INFORMATION (i) Number of Shares in issue

Earnings per share are based on 84,765,899 weighted average number of equity shares in issue during the year

(ii) Number of Shareholders

The Company had 84,765,899 equity shares at the reporting date and at 31 December 2021 distributed as follows:

Holding	No. of Holders	Total Holding	% Holding
1-1000	7,713	1,897,609	2.24
1001-5000	660	1,339,515	1.58
5001-10000	64	463,948	0.55
10001 and over	84	81,064,827	95.63
	<u>8,521</u>	<u>84,765,899</u>	<u>100.00</u>

(iii) List of twenty shareholders as at the reporting date and 31 December 2021

Shareholders	No. of shares	% of issued capital
Equatorial Cross Acquisitions (ECA)	50,891,061	60.04
Social Security and National Insurance Trust	14,525,554	17.14
Yaw Opare-Asamoah	6,546,034	7.72
Amarteorkor Amarteifio	3,207,604	3.78
Mirfield Properties	1,621,318	1.91
Jacob Amekor Blukoo-Allotey	394,485	0.47
Worldwide Securities Limited	233,362	0.28
Starwin Products Limited	202,490	0.24
E.H. Boehene Foundation	198,041	0.23
International Central Gospel Church – Christ Temple	166,400	0.20
Teachers Fund	142,852	0.17
Sylvia Stella Amissah	113,298	0.13
Comfort Asiedu	106,811	0.13
Godfried Ampofo	106,811	0.13
Albert Gyang Boehene	100,385	0.12
Estate of Bernard Forson	98,043	0.12
Estate of P.I.A Quaye	87,672	0.10
Worldwide Securities Ltd Trust A/C	87,636	0.10
Starwin Trust Fund	86,782	0.10
Estate of Patrick Okai	77,386	0.09
Reported Totals	78,994,025	93.20
Not reported	5,771,874	6.80
Reported Totals	<u>84,765,899</u>	<u>100.00</u>

(iv) Directors' shareholding

The Directors named below held the following number of shares in the Company as at the reporting date and at 31 December 2021:

Name of Director	No. of shares	% of issued capital
Nik Amarteifio	50,891,061	60.04
Amarteorkor Amarteifio	3,207,604	3.78
	<u>54,098,665</u>	<u>63.82</u>

Shares held through Equatorial Cross Acquisitions

Appendix 1

EXTRACT OF DANNEX AYRTON STARWIN PLC CODE OF ETHICS

- 1. Purpose**

To ensure staff have detailed understanding of company's minimum standards of operation and the expectations of customers and stakeholders at all times.
- 2. Standards of Practice**
 - 2.1 Bribery and Corruption**

Any payments or gifts other than business expenses which intends to induce or influence someone or public official in the performance of his legitimate duty is prohibited by the company. Guidance should be sought from CEO and CHRO in contrary to this directive.
 - 2.2 Records Keeping**

Detailed records of all gifts received must be logged onto the NAV or be kept in in written form by authorized employees and the HR Department notified. Records dealings should be prepared with strict accuracy.
 - 2.3 Treatment of Customers**

All employees are entreated to know the obligations of the business towards customers and to understand and meet their expectations. Open and clear communication is to vital to this.
 - 2.4 Suppliers**

Suppliers are to be treated fairly in accordance with agreed terms of trade.
 - 2.5 Competition**

DAS Plc will compete fairly with competitors and their parties. Employees should be confidential and not divulge or share trade secrets with its competitors.
- 3. Corporate Governance**

DAS Plc complies with legal and regulatory requirements to protect shareholder interest and the business.
- 3.1 Compliance with Law**

All managers are to be aware of laws and regulations affecting their area of operations and ensure to take legal advice where appropriate.
- 3.2 Accounting Standards and Records**

All accounts documentation must be in conformity with regulatory requirements.
- 3.3 External Reporting**

All statements or reports to regulators, govt. agencies or stakeholders should always be correct timely and not misleading. Only authorized persons are permitted to represent DAS Plc on all external matters.
- 3.4 Policies Procedures**

Management are to ensure to the compliance and management of risks policy and procedures by staff and as well manage risk associated with these policies.
- 4. Our Commitment to our employees**

DAS Plc is committed to achieve a work environment in which team spirit, goals and values, fairness dignity and respect are maintained by all employees.
- 4.1 Labour Act**

DAS Plc will always act in compliance with the Labour Act 65.
- 4.2 Harassment**

All unwanted behavior will be not be countenanced under any circumstances. CHRO should be notified of such behavior.
- 4.3 Equal Opportunity**

All employees will be given equal opportunities for advancement based on their performance ability and aptitude.
- 4.4 Health and Safety**

DAS Plc provides the highest priority on Health and Safety of all employees. Methods of operations will constantly be reviewed to protect workers. Leaders should be role models in ensuring high standards of Health and Safety.
- 4.5 Pre employment screening and selection**

DAS Plc will apply rigorous pre employment screening and selection to protect interest of employees and customers.

5. Good Corporate Citizen

DAS Plc is committed to being a good corporate citizen by taking account of the socio economic environment of the business.

5.1 Environment

Will conduct business with respect to the environmental requirements. Activities that will have a negative impact on the environment will be avoided.

5.2 Corporate Social Responsibility

DAS Plc is fully committed in supporting and assisting charitable activities which have positive impact in communities and society.

6. Employee Commitment

Employees must be committed and promote the interest of the business at all times.

6.1 Confidential Information

Confidential information except information required by law must not be used for personal gain but for advancement of the business. Disclosure of confidential information is not permitted unless otherwise authorized for legitimate business.

6.2 Conflict of Interest

Any activity that conflicts with the interest of the company must be avoided.

6.3 Social Networking

Employees who engages in social networking on behalf to the business must conduct themselves in accordance with DAS Plc values and policies.



PROXY FORM

For use by Dannex Ayrton Starwin Plc shareholders at the Annual General Meeting to be held virtually on 7th September, 2023 at 10.30am (GMT)

I/We, (Note 1) _____ of _____ being the holder(s) of Dannex Ayrton Starwin Plc Shares, hereby appoint the Chairman of the meeting (Note 2) _____ as my/our proxy to act for me/us at the Annual General Meeting (the "AGM") to be held virtually on 7th September, 2023 at 10:30am (GMT) for or the purpose of considering and, if thought fit, approving the proposed resolutions referred to in the notice convening such meeting. At the AGM (and every adjournment thereof), the proxy is to vote for me/us on my behalf for or against the resolutions to be proposed at the AGM (and at any adjournment thereof) as indicated below.

IMPORTANT: Please indicate with an "X" in the appropriate box opposite the resolution how you wish your vote to be cast .

	RESOLUTION	FOR	AGAINST
1.	To receive and adopt the Reports of the Directors, the Auditors and the Financial Statements for the year ended 31 December, 2022.		
2.	To authorize the Directors to fix the remuneration of the Auditors		
3	To consider and approve an upward review of the limits of the Company's Overdraft Facility and Import Finance Facility (together hereinafter referred to as "the Facilities") with GCB Bank Limited, (both approved at the 2nd AGM) from Six Million Ghana Cedis (GHS6,000,000.00) to Ten Million Ghana Cedis (GHS10,000,000.00) for each Facility which amounts are, reckoned together with other existing facilities and deferred interest, in excess of the company's stated capital.		
4	To approve the dissolution of Ayrton Drug Manufacturing Limited and Starwin Products Limited pursuant to the merger.		

Dated _____2023 (Signature) _____

To facilitate arrangements for AGM, please tick here (without commitment on your part) if you propose to attend the AGM (having not appointed a proxy above) or if your proxy is to attend the meeting on your behalf.

This form of proxy should be read in conjunction with the accompanying Circular which contain important information regarding Dannex Artyon Starwin Plc.

Notes:

1. Full name(s) and address(s) to be inserted in BLOCK CAPITALS.
2. If any person other than the Chairman is to be appointed as proxy, strike out the words “the Chairman of the Meeting”, add the name and address of the proxy preferred in the blank space provided and initial the alteration. the person to whom this proxy is given need not be a shareholder of Dannex Ayrton Starwin Plc but must attend the said meeting in person to represent you. Appointment of a proxy will not prevent a shareholder from attending and voting at the Meeting (or any adjournment thereof) in person.
3. In the case of joint shareholders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority is determined by the order in which the names stand in the Dannex Ayrton Starwin Plc Register in respect of the joint holding. In the case of a corporation, this proxy must be given under its common seal or be signed on its behalf by an attorney or officer duly authorized.
4. In order to be valid, this form of proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority certified notari ally or in some other way approved by the directors of Dannex Ayrton Starwin Plc must be duly executed and deposited at the offices of NTHC Registrars, 18 Gamel Nasser Avenue, Ringway Estates, P. O. Box KIA 9563, Airport, Accra, Ghana not later than 3.00 pm (GMT) on 4th September, 2023. FAILURE TO DEPOSIT THE FORM OF PROXY AS REQUIRED WILL RESULT IN YOUR PROXY APPOINTMENT BEING INVALID.
5. Any alterations made to this form of proxy should be initiated by the person who signs it.
6. Please indicate with an “X” how you wish to vote cast. Unless instructed, the proxy will vote, or abstain from voting, at his or her discretion. On any motion to amend the above resolutions, to propose a new resolution, to adjourn the AGM, or any other motion put to the AGM (other than to approve the above resolutions), the proxy will act at his/her/their discretion.

SPECIAL NOTE: YOU ARE REQUESTED TO SIGN AND DATE THE ABOVE PROXY FORM .





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Email: drug.safety@dasplcgh.com

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