BRIEF TO SHAREHOLDERS

Proposed GHS 250 Million Medium-Term Note Programme to fund a new cGMP - compliant manufacturing facility

1. Purpose and summary

Dear Shareholder,

The Board of Directors of Dannex Ayrton Starwin PLC (DAS or DAS PLC) is considering raising up to **GHS 250 million** through a Medium-Term Note (MTN) Programme to finance **a new manufacturing facility (the project) compliant with current Good Manufacturing Practice (cGMP) standards**. This brief explains the regulatory reason for the project, the options considered by the Board and the justification for the current proposal. It also sets out the main terms, costs and risks of the proposed MTN, and the approvals required.

In summary:

- The Ghana Food and Drugs Authority (FDA) requires all pharmaceutical manufacturers in Ghana to operate from cGMP-compliant facilities.
- The cost estimates procured and assessments made favour building and equipping a new facility over upgrading the existing facilities.
- The Board considers an MTN programme, listed on the Ghana Fixed Income Market, and issued in tranches aligned with project phasing, the most suitable way to fund the new cGMP compliant facilities. If approved, it is expected that Tranche 1 (about GHS 50 million) could launch in March 2027 and list around mid-April 2027.

2. Background: the FDA cGMP requirement

The FDA has directed all local pharmaceutical manufacturers to operate factories that comply fully with cGMP standards. Continued licensing to manufacture pharmaceutical products depends on meeting this standard.

- **Legal basis.** Under the Public Health Act, 2012 (Act 851), pharmaceutical products may be manufactured only in premises licensed by the FDA. The FDA's Guideline on GMP requirements for Drug Manufacturing Facilities (FDA/MFD/GDL-01/02, effective 26 September 2024) requires premises to be "*located, designed, constructed, adapted and maintained*" to suit the operations carried out. Essentially, all pharmaceutical manufacturing facilities should be cGMP compliant.

- **What the cGMP standard covers.** The standard sets requirements for Facility Design and Layout (suitable location and size, logical flow of operations, segregated areas, dedicated high-risk areas, etc.), Environmental and Air-Handling Systems (HVAC), Surfaces, Utilities and Sanitisation (smooth, cleanable surfaces, suitable water systems, compressed air systems, sanitary drainage, pest and rodent control, etc.), Personnel, Equipment and Quality Systems, and a well-equipped Quality Control Laboratory, among others.
- **Consequences.** The Guideline rates premises on a Critical, "Major" or "Minor" deficiency criteria. Facilities with critical and/or multiple major deficiencies risk sanctions such as restriction of product portfolio, suspension of manufacturing licences or even manufacturing licence withdrawal.
  The FDA's assessment of DAS's existing facilities has cited critical and major deficiencies which need to be addressed.
- **Industry roadmap.** The Ghana GMP Roadmap developed by the FDA requires all manufacturers to be cGMP compliant. The FDA's baseline assessments rated most local plants as high-risk, primarily on account of premises.
- **Commercial importance.** cGMP status is also a prerequisite for WHO prequalification, donor and international tenders, and exports.

3. Options considered

The Board considered two options. On a whole-life basis, taking into account compliance, disruption and useful life, the assessment favours building a new manufacturing facility.

	Upgrade existing facilities	**Build new cGMP facility**
Disruption to production	**Prolonged;** Production lines shut down in phases, requiring stock build-up to ensure business continuity during plant shutdowns, which will tie up working capital and require warehouse space rental	Minimal; existing plants run until switch-over
Compliance outcome	**Partial compliance;** The existing structures cannot be modified to fully accommodate cGMP layout and flow requirements due to structural limitations (height, size, structural integrity, location, etc.) to achieve full compliance.	Designed to cGMP standards from the outset.
Capacity and growth	Limited	Room for future expansion (new lines, exports, etc.)
Useful life	Shorter	Long-term asset

Upgrading existing facilities will require extensive structural changes to buildings not designed in line with cGMP standards, and, because of the structural limitations noted above, would still achieve only partial compliance. A new facility costs more upfront but provides full compliance, flexibility for future expansion, avoids extended shutdowns, and supports the revenue growth on which the financing plan is based.

The proposed new facility would be constructed on land already owned by DAS PLC (next to the existing Head Office) and will be constructed with minimal interruption of activities in the existing facilities. The new facility will be built and equipped in phases, and each tranche of notes will be drawn in accordance with project phasing. This avoids the payment of interest on money not yet required or utilised.

4. Why an MTN, and its proposed terms

An MTN programme allows borrowing from the capital market but avoids diluting existing shareholders, as a rights issue would, and it offers longer tenors than are typically available from bank loans. As a GSE-listed company, DAS PLC already meets SEC and GSE disclosure standards, which should ease the process.

Term	**Proposal (indicative)**
Programme size	Up to GHS 250 million
Instrument	Unsecured notes, admitted on the GSE Fixed Income Market (GFIM)
Tranches	4–5, aligned with project phasing; Tranche 1: GHS 50 million
Tenor	4–5 years per tranche
Coupon	Fixed, semi-annual; 15.0%–17.0% indicative for Tranche 1, to be set by bookbuild at the GoG yield curve plus a credit spread (182-day T-bill: 6.26% at the 30 October 2026 tender); 16%–19% across the programme
Repayment	Amortising over the last 2 years, or bullet payment backed by a sinking fund
Use of proceeds	Construction and equipping of the new cGMP facility
Issuance cost	2.5%–3.5% below the 5% regulatory cap

5. Affordability and key risks

Under management's base case, DAS PLC can service the notes comfortably. Debt service cover stays above the 1.20x investor minimum every year. The Board's advisers propose the following safeguards:

- Build the sinking fund in 2027–2030, while cash cover is strong, and stagger tranche maturities.
- Align tranches with project phasing.
- A prudent dividend policy during construction and repayment, which may mean lower dividends in some years; consider a cash sweep and a GHS 15–20m standby facility.

Other risks include cost overruns or delays, currency depreciation raising imported equipment and input costs, reliance on public-sector and NHIS payment cycles, and higher interest rates on later tranches.

6. Indicative timeline and approvals

If approved, Tranche 1 would require about 16 to 20 weeks, from mandate signing on 2nd December 2026 and is expected to launch with the offer opening on 23March 2027, with listing on the GFIM around 16 April 2027. Later tranches would follow from about Month 13 under the same registered programme.

Milestone	Indicative date
Mandate signed; advisers appointed	By 2 December 2026 (legal counsel and reporting accountant by 11 December; trustee and tax adviser by 18 December 2026)
Structure agreed	7 December 2026 – 15 January 2027
First draft Programme Prospectus	By 15 January 2027 (finalised by 29 January 2027)
SEC filing	1 February 2027 (GSE/GFIM listing application: 8 February 2027)
SEC approval	12 March 2027 (GSE/GFIM listing approval: 19 March 2027)
Investor roadshow	Pre-marketing 11 January – 5 March 2027; offer open 23 March – 6 April 2027
Tranche 1 close and GFIM listing	Settlement 7–12 April 2027; GFIM listing 16 April 2027

The approval and registration of the Programme Prospectus as well as the GSE/GFIM listing approval will be required prior to issuance of the Notes.

7. Conclusion

Shareholders, you would no doubt recall that in July, 2025, and at an Extraordinary General Meeting of Shareholders, you authorized a refinancing of the company's existing facilities as well as approved corporate borrowing from SG Bank. We wish to report that although approval was given by shareholders, Directors did not access the proposed

facility for a number of reasons including the fact that cGMP compliance is a matter of greater importance.

In the present circumstances, the Board believes that a new cGMP-compliant facility is essential to protect DAS PLC's manufacturing licence, product registrations, and future growth. An MTN programme appears to be the most suitable means of funding it without diluting your shareholding. The Board will keep the issuance under close review and ensure that the benefits for which the MTN issuance is embarked on accrue to the Company.

Shareholders with questions may contact the Company Secretary.

Yours faithfully,

NIK AMARTEIFIO

CHAIRMAN OF THE BOARD OF DIRECTORS