QUALITY CHEMICAL INDUSTRIES LIMITED

Summary Unaudited Interim Financial Statements for the Six Months Ended 30 September 2026

Quality Chemical Industries Limited



Emmanuel Katongole
Chairman & Co-Founder



Ajay Kumar Pal
Chief Executive Officer

The Directors of Quality Chemical Industries Limited (Qcil or the Company) present the summary unaudited interim financial statements for the six months ended 30 September 2026.

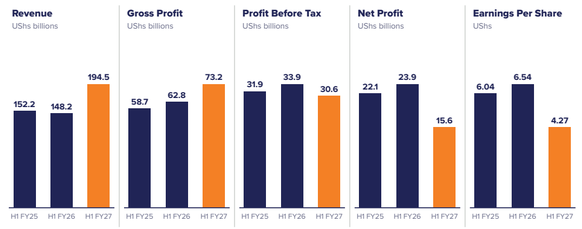
H1 FY27 AT A GLANCE

REVENUE
UShs194.5 bn
+31% vs H1 FY26

GROSS PROFIT
UShs73.2 bn
+17% vs H1 FY26

EARNINGS PER SHARE
UShs4.27
-35% vs H1 FY26

01 FINANCIAL HIGHLIGHTS: H1 FY25 TO H1 FY27



02 CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	6 months ended 30 Sep 2026 (Unaudited) UShs '000	6 months ended 30 Sep 2025 (Unaudited) UShs '000
Revenue	194,515,706	148,184,720
Cost of sales	(121,340,670)	(85,391,374)
Gross profit	**73,175,036**	**62,793,346**
Other operating income	30,233	2,205
General and administrative expenses	(42,013,597)	(27,791,638)
Selling and distribution costs	(2,498,857)	(1,532,943)
Reversal of impairment/(impairment allowance)	954,923	(482,384)
Net foreign exchange differences from operating activities	314,747	(1,247,944)
Operating profit	**29,962,485**	**31,740,642**
Interest income on cash placements	528,554	2,364,376
Net foreign exchange differences from investing activities	130,000	(146,400)
Profit before financing and income taxes	**30,621,039**	**33,958,618**
Interest expense on borrowings and lease liabilities	(63,883)	(84,714)
Net foreign exchange differences from financing activities	(5,320)	(10,710)
Profit before tax	**30,551,836**	**33,863,194**
Income tax expense	(14,944,258)	(9,994,047)
Profit	**15,607,578**	**23,869,147**
Other comprehensive income	-	-
Total comprehensive income	**15,607,578**	**23,869,147**
Basic and diluted earnings per share (UShs)	**4.27**	**6.54**

03 CONDENSED STATEMENT OF FINANCIAL POSITION

	At 30 Sep 2026 (Unaudited) UShs '000	At 31 Mar 2026 (Audited) UShs '000
ASSETS		
Non-current assets		
Property, plant, equipment and right-of-use assets	56,178,430	48,812,755
Capital work-in-progress	9,735,632	20,129,059
Intangible assets	9,643,921	2,440,110
Deferred tax asset	1,966,853	1,279,604
	77,524,836	**72,661,528**
Current assets		
Inventories	81,167,346	91,358,503
Trade and other receivables	89,867,974	52,324,199
Cash in hand and at bank	10,515,079	22,448,923
	181,550,399	**166,131,625**
TOTAL ASSETS	**259,075,235**	**238,793,153**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	45,648,865	45,648,865
Capital reserve	2,275,000	2,275,000
Proposed dividend	7,303,818	23,372,219
Retained earnings	120,766,636	112,462,876
	175,994,319	**183,758,960**
LIABILITIES		
Non-current liabilities		
Lease liabilities	44,424	92,525
Current liabilities		
Lease liabilities	110,930	106,518
Trade and other payables	82,925,562	54,835,150
	83,036,492	**54,941,668**
TOTAL LIABILITIES	**83,080,916**	**55,034,193**
TOTAL EQUITY AND LIABILITIES	**259,075,235**	**238,793,153**

04 CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital UShs '000	Capital reserve UShs '000	Proposed dividend UShs '000	Retained earnings UShs '000	Total equity UShs '000
Balance as at 1 April 2025 (Audited)	**45,648,865**	**2,275,000**	**21,911,455**	**116,655,407**	**186,490,727**
Profit	-	-	-	23,869,147	23,869,147
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**23,869,147**	**23,869,147**
Proposed dividend	-	-	15,338,019	(15,338,019)	-
Dividend paid	-	-	(21,911,455)	-	(21,911,455)
Transactions with owners of the Company	**-**	**-**	**(6,573,436)**	**(15,338,019)**	**(21,911,455)**
Balance as at 30 September 2025 (Unaudited)	**45,648,865**	**2,275,000**	**15,338,019**	**125,186,535**	**188,448,419**
Balance as at 1 April 2026 (Audited)	**45,648,865**	**2,275,000**	**23,372,219**	**112,462,876**	**183,758,960**
Profit	-	-	-	15,607,578	15,607,578
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**15,607,578**	**15,607,578**
Proposed dividend	-	-	7,303,818	(7,303,818)	-
Dividend paid	-	-	(23,372,219)	-	(23,372,219)
Transactions with owners of the Company	**-**	**-**	**(16,068,401)**	**(7,303,818)**	**(23,372,219)**
Balance as at 30 September 2026 (Unaudited)	**45,648,865**	**2,275,000**	**7,303,818**	**120,766,636**	**175,994,319**

05 CONDENSED STATEMENT OF CASH FLOWS

	6 months ended 30 Sep 2026 (Unaudited) UShs '000	6 months ended 30 Sep 2025 (Unaudited) UShs '000
Operating activities		
Operating profit	29,962,485	31,740,642
Adjustment for:		
- (Reversal of impairment)/impairment allowance	(954,923)	482,384
- Depreciation	5,055,753	4,691,298
- Amortisation	2,043,715	667,896
- Reversal of provision for obsolete stock	(854,073)	(374,171)
	35,252,957	**37,208,049**
Changes in:		
- Inventories	11,045,230	13,552,684
- Trade and other receivables	(36,588,852)	3,980,626
- Trade and other payables	21,836,083	(4,810,909)
Cash generated from operating activities	**31,545,418**	**49,930,450**
Tax paid	(9,377,178)	-
Net cash generated from operating activities	**22,168,240**	**49,930,450**
Cash flows from investing activities		
Interest received on cash placements	528,554	2,364,376
Realised net foreign exchange differences from cash placements	130,000	(146,400)
Purchase of property, plant and equipment	(2,967,329)	(1,559,319)
Purchase of intangible assets	(1,976,286)	(2,719,253)
Additions to capital work-in-progress	(6,331,912)	(6,347,275)
Net cash used in investing activities	**(10,616,973)**	**(8,407,871)**
Cash flows from financing activities		
Dividends paid	(23,372,219)	(21,911,455)
Repayment of lease liability	(49,009)	(62,708)
Payment of interest on lease liabilities	(18,502)	(24,666)
Payment of interest on overdraft	(45,381)	(60,048)
Net cash used in financing activities	**(23,485,111)**	**(22,058,877)**
Net change in cash in hand and at bank	**(11,933,844)**	**19,463,702**
Cash in hand and at bank at 1 April	22,448,923	34,989,806
Cash in hand and at bank at 30 September	**10,515,079**	**54,453,508**

06 MANAGEMENT-DEFINED PERFORMANCE MEASURE (EBITDA)

EBITDA
Management uses EBITDA to assess the Company's operating performance. EBITDA is calculated as operating profit before depreciation and amortisation, adjusted for net foreign exchange gains or losses arising from investing and financing activities.

EBITDA is a management-defined performance measure and is not defined under IFRS Accounting Standards. It may therefore not be comparable with similarly titled measures reported by other entities.

Calculation and reconciliation to operating profit

	6 months ended 30 Sep 2026 (Unaudited) UShs '000	6 months ended 30 Sep 2025 (Unaudited) UShs '000
Operating profit	29,962,485	31,740,642
Add: depreciation expense	5,055,753	4,691,298
Add: amortisation expense	2,043,715	667,896
Add/(subtract): net foreign exchange gains/(losses)	124,680	(157,110)
EBITDA	**37,186,633**	**36,942,726**

07 BASIS OF PREPARATION

The unaudited interim financial statements of the Company for the six months ended 30 September 2026 (the financial statements) are extracts from the books of the Company. The financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended 31 March 2026 available on the Company's website: ***www.qcil.com***.

08 FINANCIAL PERFORMANCE

Qcil delivered strong top-line growth in the six months ended 30 September 2026, with revenue increasing by 31% to UShs194.5 billion and gross profit rising by 17% to UShs73.2 billion.

Reported profit was reduced by UShs11.5 billion, net of tax, as a result of two exceptional, non-trading items: a capital gains tax (CGT) charge and a provision for ongoing High Court litigation.

Excluding these items, profit after tax would have been UShs27.1 billion, representing a 14% increase compared with H1 FY26.

Revenue
The growth in revenue was driven mainly by higher order volumes from local customers. ARV sales increased by 35%, contributing an additional UShs40.0 billion, while ACT sales increased by 12%, contributing an additional UShs3.8 billion. The private market segment maintained its momentum, with sales growing by 65%, albeit off a low base.

During the period, Qcil also recorded its first commercial sales from the newly commissioned Hydroxyurea factory, an important step in diversifying the Company's product portfolio.

Gross Profit and Gross Profit Margin
The benefit of strong sales growth to gross profit was partly offset by price reductions on key products, which reduced the gross profit margin from 42.4% in H1 FY26 to 37.6% in H1 FY27.

Gross margins are influenced by market pricing, input costs and product mix, and may vary between reporting periods.

General and Administrative Expenses
General and administrative expenses increased to UShs42.0 billion (H1 FY26: UShs27.8 billion). This includes a provision of UShs9.6 billion reflecting the accounting impact of a legal dispute, which is before the High Court. Should the Company succeed in defending its position, the provision will be reversed, with a corresponding positive impact on results in the period of reversal.

The remaining 16.5% increase in general and administrative expenses primarily reflected higher levels of business activity and inflationary pressures on operating costs during the period.

Selling and Distribution Costs
Selling and distribution costs increased by 63% to UShs2.5 billion (H1 FY26: UShs1.5 billion), primarily reflecting increased private market activity during the period, including new product launches, higher sales volumes and increased investment in product promotion and market support.

Operating Profit
Operating profit decreased by 6% to UShs30.0 billion (H1 FY26: UShs31.7 billion), as growth in gross profit was offset by the UShs9.6 billion litigation provision and higher operating costs.

The decline was partially mitigated by a net reversal of impairment allowances on previously impaired receivables of UShs1.0 billion (H1 FY26: net impairment charge of UShs0.5 billion) and net foreign exchange gains from operating activities of UShs0.3 billion (H1 FY26: net foreign exchange losses of UShs1.2 billion).

Income Tax Expense
Income tax expense increased to UShs14.9 billion (H1 FY26: UShs10.0 billion), including a one-off charge of UShs4.8 billion arising from a capital gains tax dispute with the tax authorities.

The CGT was assessed on Qcil under sections 74(2) and 78(h) of the Income Tax Act, Cap. 338, following Cipla Ltd's sale of its 51.18% shareholding in Qcil in November 2023. The Company contested the assessment, but the matter was ultimately determined against Qcil. The charge is non-recurring and is unrelated to the Company's operating activities.

Excluding the one-off CGT charge, income tax expense would have been UShs10.1 billion, giving an effective tax rate of 33% compared with the reported rate of 49%.

Profit
Profit before tax decreased by 10% to UShs30.6 billion (H1 FY26: UShs33.9 billion), while profit after tax decreased by 35% to UShs15.6 billion (H1 FY26: UShs23.9 billion). As a result, earnings per share decreased to UShs4.27 (H1 FY26: UShs6.54).

EBITDA
EBITDA remained broadly stable at UShs37.2 billion, up 1% from UShs36.9 billion in H1 FY26. Strong revenue growth and the resulting increase in gross profit were largely offset by lower gross margins and higher operating expenses. Consequently, the EBITDA margin decreased to 19.1% from 24.9% in H1 FY26.

Depreciation and amortisation increased to UShs7.1 billion from UShs5.4 billion in H1 FY26, reflecting continued investment in manufacturing capacity and intangible assets.

Cash Flow
Qcil generated net operating cash flows of UShs22.2 billion in H1 FY27 (H1 FY26: UShs49.9 billion). The decrease mainly reflects a UShs36.6 billion increase in trade and other receivables, driven primarily by higher sales and the timing of collections during the period rather than any delay in customer payments. These receivables remain within agreed credit terms. This was partly offset by a net inflow of UShs32.9 billion from the management of inventories and payables. The Company also paid tax of UShs9.4 billion during the period (H1 FY26: nil).

Net cash used in investing activities amounted to UShs10.6 billion, mainly for ongoing capacity expansion projects. Financing activities recorded a net outflow of UShs23.5 billion, primarily reflecting payment of the FY26 final dividend of UShs23.4 billion.

As a result, Qcil closed the period with cash in hand and at bank of UShs10.5 billion (30 September 2025: UShs54.5 billion).

09 DIVIDEND AND OUTLOOK

Dividend
The Board of Directors approved the payment of an interim dividend of UShs2.0 per share (H1 FY26: UShs4.2 per share). The interim dividend will be paid on or before 14 December 2026 to shareholders whose names appear on the Company's share register at close of business on 9 December 2026.

The dividend will be subject to withholding tax, at a rate that may vary depending on the shareholder's domicile.

The dividend payout has been determined with reference to the Company's dividend policy, taking into consideration Qcil's net profit, cash reserves, projected full year performance and cash requirements. Future distributions will continue to balance returns to shareholders with investment in the Company's operations and capacity to support sustainable long-term growth and value creation.

Outlook
Qcil remains committed to expanding access to affordable, high-quality, life-saving medicines across Uganda and the wider African continent. Our priorities are to grow the order book across public and private markets while maintaining cost discipline and operational efficiency to drive profitable growth.

Our long-term strategy remains on track, with construction of our third manufacturing facility and research and development centre at the Luzira site progressing on schedule for completion in the first quarter of FY29. The new facility will significantly expand production capacity and support diversification into new therapeutic areas. Together with the newly commissioned Hydroxyurea factory, this investment will strengthen our competitive position, broaden our revenue base and unlock new growth opportunities.

We continue to strengthen our product pipeline. Qcil has secured licences to develop, manufacture and supply two innovator medicines:

- Alimatravir, an investigational medicine for HIV prevention licensed from MSD and currently in Phase III clinical trials.
- Baloxavir, an antiviral treatment for influenza and an important pandemic preparedness product, licensed from Roche through the Medicines Patent Pool.

These licences mark Qcil's entry into innovator medicines and reinforce our role in strengthening Africa's health security.

In the short term, the operating environment is expected to remain challenging. Inflation, continued depreciation of the Shilling and ongoing supply chain difficulties are raising input and procurement costs, while the wider economic slowdown may weigh on demand.

The Board and management remain confident that our strengthened manufacturing base, expanding portfolio and continued focus on cost discipline position Qcil well to manage these headwinds and deliver on its growth strategy.

10 APPROVAL

Approval of Interim Financial Statements
The unaudited interim financial statements were approved by the Board of Directors on 17 November 2026.



Emmanuel Katongole
Chairman & Co-Founder



Ajay Kumar Pal
Chief Executive Officer

ABBREVIATIONS

ACT	Artemisinin-based combination therapy
ARV	Antiretroviral
EBITDA	Earnings before interest, tax, depreciation and amortisation
FY25	Financial year ended 31 March 2025
FY26	Financial year ended 31 March 2026
FY27	Financial year ending 31 March 2027
FY29	Financial year ending 31 March 2029
H1	Period from 1 April to 30 September
H2	Period from 1 October to 31 March
MSD	Merck Sharp & Dohme, an American pharmaceutical company
UShs	Uganda Shillings

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