Qcil Frequently Asked Questions (FAQs)

1. Strategy and Growth

Q: What are Qcil's expansion plans?

A: Qcil's current facility is operating above 80% capacity and demand for its products is growing. Qcil is expanding its manufacturing footprint with the construction of a second facility within its premises at Luzira Industrial Park. This new facility will significantly increase production capacity and introduce injectable manufacturing capabilities. It will also enable Qcil to enter new therapeutic areas, including tuberculosis, sickle cell anaemia, and reproductive health, strengthening its ability to serve patients across Uganda and the broader region. This approach ensures operational continuity, supports portfolio diversification, and future-proofs Qcil's manufacturing infrastructure.

Q: What therapeutic areas will be the focus of the new facility?

A: Qcil's new manufacturing facility is a strategic investment aimed at increasing the local supply of critical medicines, particularly for treatment and/or maintenance of HIV/AIDS, malaria, tuberculosis, sickle cell anaemia, reproductive health, diabetes, and hypertension.

Q: What is the status of the launch of oncology treatments?

A: Oncology remains part of Qcil's growth strategy. The Company is commencing production of Hydroxyurea, a product that is widely used in oncology for the treatment of certain cancers, including chronic myeloid leukaemia (CML) and head and neck cancers. Hydroxyurea is also a primary treatment for sickle cell anaemia, one of the most prevalent genetic disorders in Africa. In Uganda alone, an estimated 150,000 people are living with sickle cell disease, with approximately 20,000 new cases recorded annually. Tragically, up to 80% of affected children die before the age of five due to limited access to timely diagnosis and treatments.

This launch represents a continuation of Qcil's strategy of improving regional self-sufficiency in the treatment of the local disease burden and marks Qcil's first step into oncology-related therapeutics, laying the foundation for future expansion into broader cancer care.

Q: What opportunities is Qcil pursuing in terms of market expansion?

A: Qcil is pursuing strategic market expansion through several initiatives aimed at increasing access to quality, affordable medicines in the region. These include the establishment of a new sales and distribution office in Zambia and the expansion of its private market portfolio to cover antibiotics, gastrointestinal treatments, anti-allergics, and reproductive health products. These efforts are designed to reduce reliance on imports, strengthen regional supply chains, and capture underserved market segments.

Q: How does Lenacapavir fit into Qcil's HIV strategy?

A: Lenacapavir, a long-acting injectable for HIV prevention, aligns with Qcil's strategy to expand access to innovative, prevention-focused therapies.

While Qcil does not currently manufacture Lenacapavir, the injectable capabilities of its new facility position the Company to produce such advanced treatments locally as the HIV landscape evolves.

Q: Is Qcil considering any mergers or acquisitions to grow market share?

A: Qcil remains open to strategic partnerships, mergers, or acquisitions that align with its growth objectives, including with regard to enhancing market share, increasing operational efficiency, and expanding product portfolio.

Q: How is Qcil responding to the potential withdrawal of USAID and other institutional funding?

A: Qcil is actively monitoring the potential withdrawal of institutional funding and has implemented proactive measures to safeguard operations and ensure an uninterrupted supply of essential medicines.

These include diversifying revenue streams, expanding into private and export markets, and scaling manufacturing capacity.

The Company remains well-positioned to manage funding shifts while continuing to deliver value to its shareholders and the public health system.

Q: How does Qcil balance expatriate expertise with building local talent, and what is the approach to staff retention?

A: Over 99% of Qcil's nearly 600 person workforce is Ugandan. We hire based on merit, and expatriates are engaged only where specialised skills are not yet available locally, with structured knowledge transfer requirements. Alongside this, we invest heavily in internships, graduate programmes, and leadership development to grow local talent and ensure long-term retention. In 2025 alone, over 110 university students from both Uganda and Namibia have been trained by Qcil in world-class pharmaceutical manufacturing skills. To reinforce commitment and reward performance, Qcil has also launched various new benefits and incentives.

Q: How does Qcil ensure compliance and achieve success in public tender participation?

A: Qcil participates in public tenders through open, competitive, and transparent procurement processes conducted by government and multilateral agencies. Qcil competes on merit, driven by its globally benchmarked pricing, reliable on-time, in-full delivery performance, and World Health Organization (WHO) -prequalified quality standards.

Qcil's pricing is guided by international market benchmarks to maintain competitiveness, while all products meet or exceed the standards of the National Drug Authority (NDA) and WHO. This combination of cost efficiency, proven manufacturing quality, and strict adherence to regulatory and ethical requirements has enabled Qcil to secure and sustain major public offtake agreements across the region.

Q: What is the relevance of patent applications for Qcil?

A: Patents are an important legal consideration in the pharmaceutical industry, as they define the exclusivity period during which certain medicines cannot be legally manufactured or sold by others. Patents promote continued investment in innovation.

As a producer of generic medicines, Qcil does not typically file patents but closely monitors existing patent landscapes to ensure compliance with intellectual property laws. Qcil has access to patented and other products through various means, including licensing and partnerships. Our strategic strengths lie in our world-class quality standards (as evidenced by our WHO-prequalification), efficient manufacturing, technical and regulatory expertise, and proven reliability, demonstrated through our on-time, in-full delivery performance and ability to supply during emergencies. These are strengths that set us apart as a manufacturer focused on production excellence and access, rather than on patent ownership.

Q: How important is FDA approval compared to WHO-prequalification for Qcil?

A: FDA approval is primarily required for access to the United States market, where Qcil does not currently operate or export. Our foremost priority remains WHO-prequalification, the globally recognized benchmark for supplying medicines to African and international public health programmes. Qcil was the first company in Sub-Saharan Africa outside South Africa to achieve WHO-prequalification for antiretroviral medicines, a milestone that affirms our commitment to world-class standards.

To further enhance our global competitiveness, Qcil's second manufacturing facility under construction has been designed to meet both FDA and WHO compliance standards. This strategic investment positions the Company to access new export markets and donor programmes that require FDA or equivalent stringent regulatory approvals in the future.

Qcil's WHO-prequalification was reaffirmed following WHO's tri-annual audit in May 2025. This was the first WHO audit following Cipla Limited's exit and reinforced the consistent quality, safety, and regulatory excellence that is embedded across all operations.

2. Financing and Capital Allocation

Q: Why is Qcil funding the new facility through debt instead of a rights issue or share sale?

A: The Board evaluated several financing options and concluded that debt offers a lower cost of capital, is the least dilutive choice for shareholders and preserves the Company's ability to pay dividends. Equity raises are typically priced at discounts to the prevailing market price and, therefore, would dilute existing shareholders at a discounted share price.

Q: How large is the loan facility Qcil has secured and what benefits does it provide?

A: Qcil has secured a USD 51 million debt facility, comprising a USD 36 million term loan and a USD 15 million revolving working capital facility. The financing package was structured to align with the Company's cash flow capacity and long-term growth strategy.

The USD 36 million term loan was obtained through a competitive process, with favourable repayment terms that allow the Company to complete its expansion efficiently while maintaining liquidity and meeting its financial obligations.

The USD 15 million revolving working capital facility replaces Qcil's prior working capital facility and provides flexibility to draw funds as needed to finance raw-material procurement and inventory buildup for new product launches, as well as to bridge payment cycles under large public health contracts.

Q: Given the depreciation of the US Dollar, has Qcil leveraged this to secure better loan terms?

A: Qcil's functional currency is the US Dollar, which aligns with the majority of its cost base and revenue streams, minimizing foreign exchange risk. Qcil secured attractive loan terms through a competitive process involving development finance institutions and commercial banks.

3. Dividend and Shareholder Value

Q: How have Qcil's dividends evolved in recent years?

A: Qcil has progressively increased dividend payouts in recent years, reflecting its strengthening financial position and ongoing commitment to shareholder value.

- FY23: UGX 2.5 per share
- FY24: UGX 5.7 per share
- FY25: UGX 13.5 per share

The FY25 declaration marks the highest dividends in Qcil's history. All dividends are paid net of applicable withholding tax.

Qcil's dividend policy is detailed on our website.

Q: What is being done to improve the share price?

A: Qcil's share price is influenced by market dynamics, including limited liquidity on the Uganda Securities Exchange, which can distort fair value.

The Board and management remain focused on driving performance and growth, as reflected in the strong FY25 results and record dividends declaration.

Since the March 2023 announcement of Africa Capitalworks' acquisition from Cipla Limited, the share price has risen from UGX 55.0 to UGX 118.0 by September 2025, albeit on limited trading volume.

4. Governance and Board Matters

Q: Can shareholders nominate individuals to become Directors of Qcil?

A: Yes, shareholders may nominate individuals for consideration as Directors of Qcil. All Director nominations are reviewed by the Nominations Committee, which evaluates candidates based on governance experience, technical expertise, and regulatory suitability.

Appointments to the Board are subject to shareholder approval at the Annual General Meeting (AGM) and are guided by Qcil's Articles of Association and the Companies Act.

Q: How does Board rotation work?

A: In line with good governance, one-third of Non-Executive Directors retire at each AGM. Those with the longest tenure since the last election are prioritized for rotation and may stand for re-election, if eligible.

This promotes accountability and Board refreshment while preserving institutional knowledge.

Q: How does the Board balance dividend distributions with workforce costs and Directors' fees to ensure sustainable returns to shareholders?

A: The Board remains committed to maintaining a disciplined cost structure while ensuring that Qcil attracts and retains the talent required to deliver on its long-term growth strategy. Workforce costs and Directors' fees are regularly reviewed, benchmarked, and governed to align with Qcil's financial performance and shareholder returns, while supporting operational efficiency and sustainable growth.

The consistent rise in profits and dividend payouts demonstrates that value is being delivered to shareholders alongside prudent cost management.

5. Shareholder and Stakeholder Engagement

Q: Can Qcil offer shareholder discounts on medicines?

A: The Company primarily manufactures prescription-only medicines that are distributed through public health systems and donor-funded programs, often at no cost to patients.

Regulatory frameworks prohibit direct sales to individuals, and patient safety requires medical oversight and controlled distribution. As such, shareholder discounts are not feasible within the current business model and compliance environment.

Q: Why was the FY25 AGM held virtually and not physically?

A: The decision to hold Qcil's AGM virtually was based on a combination of strategic, operational, and shareholder engagement considerations.

A virtual format enables broader participation from shareholders across geographies, particularly given the dispersed nature of Qcil's investor base, with over 75% of shareholders residing outside of Uganda. It also reduces logistical complexity and costs associated with physical meetings, while maintaining compliance with the Companies Act, which permits AGMs to be held in physical, virtual, or hybrid formats.

Q: How does Qcil engage with communities and contribute to public health beyond its core business?

A: Qcil has a long-standing commitment to community health and social responsibility. In FY25, the Company donated antimalarial medicine and contributed to the funding of medical camps in Uganda. These outreach programmes provided over 3,200 patients with free healthcare services, including malaria testing and treatment, diabetes screenings, antenatal care, and general consultations. During the year, Qcil also partnered with Mengo Hospital to host its annual medical camp in Luzira, where community members received malaria treatment, screenings for hypertension and respiratory conditions, and support for maternal health. In addition, Qcil continues to run regular disease awareness campaigns, such as Malaria Day drives, HIV education initiatives, and non-communicable disease awareness programs, alongside broader philanthropic partnerships and environmental sustainability projects.

6. Sustainability and ESG Leadership

Q: How is Qcil demonstrating leadership in ESG reporting and compliance?

A: Qcil is among the market leaders in ESG compliance and reporting within Uganda's manufacturing sector. We are one of the first companies in the region to adopt the IFRS Sustainability Disclosure Standards (IFRS S1 and S2) – the new global sustainability reporting framework developed by the International Sustainability Standards Board (ISSB).

In Uganda, the Institute of Certified Public Accountants of Uganda (ICPAU) has already issued a roadmap indicating that these standards will become mandatory for listed companies by 2027. By integrating ESG disclosures in accordance with IFRS S1 and S2 well ahead of this timeline, Qcil is setting the benchmark for transparency, accountability, and sustainable business practices in the pharmaceutical industry.

Our proactive approach not only strengthens investor confidence and stakeholder trust but also aligns Qcil with evolving international expectations on sustainability, governance, and performance reporting.

Q: What ESG goals is Qcil striving to achieve, and what progress has been made so far?

Qcil's sustainability strategy is built around clear, measurable environmental goals that reinforce our commitment to responsible growth and operational efficiency. Our key ESG objectives are to:

- Achieve water neutrality by 2028, expanding wastewater recycling capacity from 15% to 30%.
- Attain carbon neutrality by 2030, with a 50% reduction in Scope 1 and Scope 2 emissions by 2028.
- Source 50% of total energy from renewable sources by 2030, primarily through solar power installations.
- Achieve zero waste-to-landfill by 2025 through advanced waste segregation, recycling, and reuse initiatives.
- Expand biodegradable packaging solutions to reduce plastic waste in our supply chain.
- Strengthen supplier sustainability assessments to promote ethical and environmentally responsible sourcing.

Considerable progress has already been made. In FY25, Qcil cut total water consumption by 26%, reduced landfill waste by over 50%, and lowered greenhouse gas emissions by over 1,200 tons. These achievements demonstrate that Qcil is not only setting ambitious ESG targets but is delivering measurable results that contribute to a sustainable pharmaceutical ecosystem.

Q: How is Qcil aligning its operations and sustainability initiatives with the United Nations Sustainable Development Goals (UN SDGs)?

Qcil's sustainability strategy is directly aligned with the UN SDGs, reinforcing our role as a responsible manufacturer supporting public health and sustainable industrial growth. The Company's operations and initiatives contribute meaningfully to the following priority SDGs:

- SDG 3 – Good Health and Well-Being: Through the local manufacture of high-quality, affordable medicines that improve access to life-saving treatments.
- SDG 6 – Clean Water and Sanitation: By reducing water consumption by 26% year-on-year and recycling over 11,000 m^3 of treated wastewater.

- SDG 8 – Decent Work and Economic Growth: By creating skilled employment opportunities, promoting safe working conditions, and supporting inclusive economic growth.
- SDG 9 – Industry, Innovation and Infrastructure: Through continuous investment in modern, efficient, and compliant pharmaceutical manufacturing facilities.
- SDG 12 – Responsible Consumption and Production: By advancing waste reduction, circular resource use, and sustainable packaging.
- SDG 13 – Climate Action: By targeting carbon neutrality by 2030, powered in part by renewable energy expansion and logistics optimisation.

Qcil's contribution to these goals reflects our broader commitment to building sustainable value across health, environment, and industry, while supporting national and regional development priorities.