



QUALITY CHEMICAL INDUSTRIES LIMITED

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

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 2025.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	6 months ended 30 Sep 2025 (unaudited) UShs 000	6 months ended 30 Sep 2024 (unaudited) UShs 000
Revenue	148,184,720	152,240,313
Cost of sales	(84,813,382)	(93,512,877)
Gross profit	63,371,338	58,727,436
Other income	2,205	62,936
General and administrative expenses	(29,902,573)	(26,940,914)
(Impairment allowance)/reversal of impairment allowance	(482,384)	78,719
Operating profit	32,988,586	31,928,177
Finance income	3,768,104	2,059,251
Finance costs	(2,893,496)	(2,103,673)
Profit before tax	33,863,194	31,883,755
Taxation	(9,994,047)	(9,830,249)
Profit for the period	23,869,147	22,053,506
Other comprehensive income	-	-
Total comprehensive income for the period	23,869,147	22,053,506
Basic and diluted earnings per share (UShs)	6.54	6.04

CONDENSED STATEMENT OF FINANCIAL POSITION

	At 30 Sep 2025 (Unaudited) UShs 000	At 31 Mar 2025 (Audited) UShs 000
ASSETS		
Non-current assets		
Property, plant, equipment and right-of-use assets	53,041,677	56,173,656
Capital work-in-progress	10,232,696	3,885,421
Intangible assets	3,106,227	1,054,870
	66,380,600	61,113,947
Current assets		
Inventories	77,347,459	90,525,972
Trade and other receivables	37,807,394	42,270,404
Cash in hand and at bank	54,453,508	34,989,806
	169,608,361	167,786,182
TOTAL ASSETS	235,988,961	228,900,129
EQUITY AND LIABILITIES		
EQUITY		
Share capital	45,648,865	45,648,865
Capital reserve	2,275,000	2,275,000
Proposed dividend	15,338,019	21,911,455
Retained earnings	125,186,535	116,655,407
	188,448,419	186,490,727
LIABILITIES		
Non-current liabilities		
Deferred tax liability	231,031	1,136,000
Lease liabilities	128,235	175,596
	359,266	1,311,596
Current liabilities		
Lease liabilities	98,508	103,145
Trade and other payables	47,082,768	40,994,661
	47,181,276	41,097,806
TOTAL LIABILITIES	47,540,542	42,409,402
TOTAL EQUITY AND LIABILITIES	235,988,961	228,900,129

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 2024 (Audited)	45,648,865	2,275,000	14,972,828	125,303,269	188,199,962
Profit for the period	-	-	-	22,053,506	22,053,506
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	45,648,865	2,275,000	14,972,828	147,356,775	210,253,468
Proposed dividend	-	-	12,781,682	(12,781,682)	-
Dividend paid	-	-	(4,972,828)	-	(4,972,828)
Transaction with owners of the Company	-	-	(2,191,146)	(12,781,682)	(14,972,828)
Balance as at 30 September 2024 (Unaudited)	45,648,865	2,275,000	12,781,682	134,575,093	195,280,640
Balance as at 1 April 2025 (Audited)	45,648,865	2,275,000	21,911,455	116,655,407	186,490,727
Profit for the period	-	-	-	23,869,147	23,869,147
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	45,648,865	2,275,000	21,911,455	140,524,554	210,359,874
Proposed dividend	-	-	15,338,019	(15,338,019)	-
Dividend paid	-	-	(21,911,455)	-	(21,911,455)
Transaction 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

CONDENSED STATEMENT OF CASH FLOWS

	6 months ended 30 Sep 2025 (Unaudited) UShs 000	6 months ended 30 Sep 2024 (Unaudited) UShs 000
Operating activities		
Profit before tax	33,863,194	31,883,755
Adjustment for:		
- Reversal of impairment/(impairment allowance)	482,384	(78,719)
- Depreciation	4,691,298	4,877,672
- Amortisation	667,896	206,041
- (Reversal of provision)/provision for obsolete stock	(374,171)	(2,211,714)
- Interest expense	84,714	115,040
- Interest income	(2,364,376)	(1,748,498)
Changes in:	37,050,939	33,043,577
- Inventories	13,552,684	7,613,434
- Trade and other receivables	4,780,626	(15,600,526)
- Trade and other payables	(4,810,909)	(10,383,765)
Cash generated from operating activities	50,573,340	14,672,720
Interest paid on bank overdraft	(60,048)	(101,859)
Payment of interest on lease liabilities	(24,666)	(13,181)
Tax paid	-	(5,291,636)
Net cash generated from operating activities	50,488,626	9,266,044
Cash flows from investing activities		
Interest received	1,564,376	1,748,498
Purchase of property, plant and equipment	(1,559,319)	(235,422)
Additions to capital work-in-progress	(6,347,275)	(1,150,101)
Net cash from/(used in) investing activities	(9,061,471)	362,975
Cash flows from financing activities		
Dividends paid	(21,911,455)	(14,972,828)
Repayment of lease liability	(51,998)	(76,896)
Net cash used in financing activities	(21,963,453)	(15,049,724)
Net change in cash in hand and at bank	19,463,702	(5,420,705)
Cash and cash equivalents at 1 Apr	34,989,806	53,451,182
Cash in hand and at bank at 30 Sep	54,453,508	48,030,477



QUALITY CHEMICAL INDUSTRIES LIMITED

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

Basis of Preparation

The unaudited interim financial statements of the Company for the six months ended 30 September 2025 (financial statements) were prepared in accordance with IFRS Accounting Standards. The financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended 31 March 2025.

Financial Performance

Qcil delivered strong results for the six months ended 30 September 2025 (H1 FY26), underpinned by consistent operational execution, enhanced manufacturing efficiencies, favourable product mix, and disciplined cost management.

This performance was achieved despite the appreciation of the Ugandan Shilling (UShs) against the United States Dollar (USD), which had a translation effect on reported results. In H1 FY26, the average exchange rate appreciated by 4.3% to UShs3,591 per USD from UShs3,751 in H1 FY25. The closing rate strengthened by 5.4%, falling to UShs3,505 in H1 FY26 from UShs3,705 in H1 FY25.

Revenue

Qcil generated revenues of UShs148.2 billion (H1 FY25: UShs152.2 billion), representing a year-on-year decline of 2.6%. The reduction was mainly driven by lower export sales and the translation impact of the stronger Ugandan Shilling. (On a constant currency basis, using the average exchange rate prevailing in H1 FY25, revenues for H1 FY26 would have amounted to UShs154.6 billion, a 1.6% increase.)

Gross Profit Margin

The gross profit margin increased from 38.6% in H1 FY25 to 42.4% in H1 FY26. This was primarily driven by manufacturing efficiencies, effective raw material cost containment and a shift in product mix, which more than offset the translation impact of the stronger Ugandan Shilling.

The current gross margin reflects, inter alia, global competition and dynamic pricing for our products and key inputs, such as active pharmaceutical ingredients, and product mix. Shareholders should exercise caution in assuming that these margins will be sustained.

General and Administrative Expenses

General and administrative expenses rose by 11.0% to UShs29.9 billion, primarily reflecting higher staff costs driven by inflationary pressures and salary adjustments.

Finance Income and Costs

Qcil recorded a net finance income of UShs0.9 billion, a notable improvement from the net finance cost of UShs0.1 billion reported in H1 FY25. Finance costs were mainly attributed to foreign exchange losses.

To mitigate the impact of currency fluctuations, Qcil continues to employ prudent treasury management strategies, ensuring resilience and stability in its overall financial performance.

Profit before Tax

Profit before tax rose by 6.2% compared to H1 FY25, mainly due to the increase in gross profit margin. This benefit was partially offset by higher general and administrative expenses compared to H1 FY25.

Cash Flow

Qcil generated strong operating cash flows of UShs51.4 billion in H1 FY26, a sharp increase from UShs9.3 billion generated in H1 FY25. This growth reflects improved working capital management and stronger cash conversion, with a net inflow of UShs24.4 billion from inventories, receivables, and payables.

Cash flows from financing activities recorded a net outflow of UShs22.0 billion, due to the dividend payout and investment outflows of UShs10.0 billion for ongoing capacity expansion projects. As a result, Qcil closed the period with cash and cash equivalents of UShs54.5 billion, up from UShs48.0 billion a year earlier, reflecting a strong liquidity position to support continued growth.

Dividends

The Board of Directors recommends the payment of an interim dividend of UShs4.2 per share (H1 FY25: UShs3.5 per share). The interim dividend will be paid on or before 5 December 2025 to shareholders whose names appear on the Company's share register at close of business on 25 November 2025.

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

The dividend payout has been determined with reference to the Company's dividend policy, including consideration of Qcil's net profit, cash reserves and projected full year performance and cash requirements. Shareholders should note that this interim dividend does not set a precedent for future distributions. For example, the Company is in a growth phase and may reinvest in its operations and capacity to drive long-term value creation.

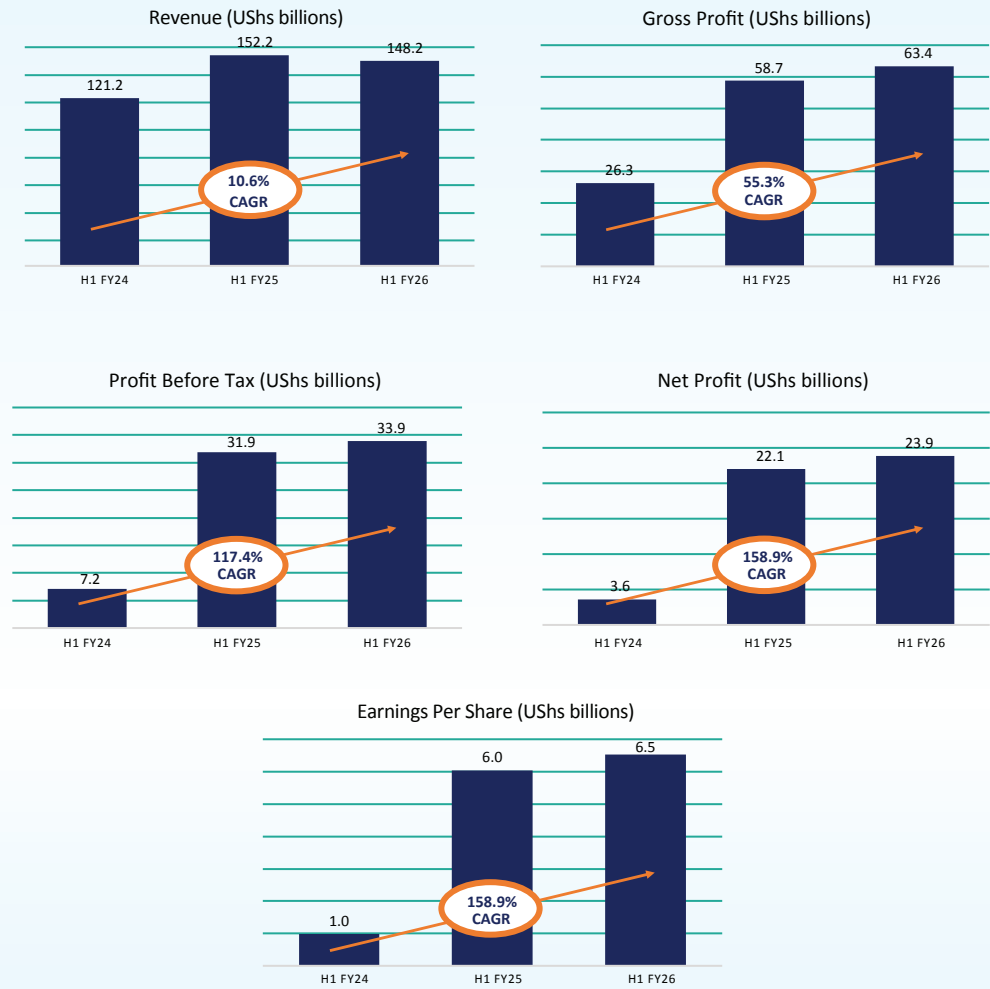
Outlook

The Board and management are committed to maintaining the momentum achieved in H1 FY26. Management will continue to focus on securing new orders, controlling costs, and driving further efficiency gains.

During H1 FY26, Qcil continued to execute on its growth agenda with the introduction of 16 new products in the private market. These launches advance the Company's mission to improve treatment outcomes through accessible, affordable, and high-quality medicines. The new portfolio spans key therapeutic segments, including anti-malarials, anti-diabetics, anti-hypertensives, anti-fungals, anti-allergics, and antibiotics.

Qcil remains steadfast in its mission to expand access to affordable, high-quality, and life-saving medicines across Uganda and the wider African continent. In line with this commitment, construction has commenced on a second manufacturing facility at the Company's Luzira premises. The new plant will significantly increase production capacity, support entry into new therapeutic areas, and introduce a state-of-the-art injectable production line. These additions will enhance Qcil's competitive position across public and private markets, further reinforcing its strategic diversification efforts.

With disciplined execution and continued strategic investment, Qcil is well-positioned to sustain its growth trajectory and deliver greater value and impact to patients, partners, and shareholders across Africa.



Message from the Directors

A copy of the unaudited interim financial statements can be obtained from Qcil's Registrar; M/s Uganda Securities Exchange Nominees Ltd located at 4th Floor, Block A, UAP Nakawa Business Park, Plot 3-4 New Port Bell Road, Kampala, Uganda, and on the Company's website: www.qcil.com

Abbreviations

FY25	Financial year ended 31 March 2025
FY26	Financial year ending 31 March 2026
H1	Period from 1 April to 30 September
H2	Period from 1 October to 31 March

The unaudited interim financial statements were approved by the Board of Directors on 30 October 2025.

Emmanuel Katongole
Chairman & Co-Founder

Ajay Kumar Pal
Chief Executive Officer