Quality Chemical Industries Limited
Life after well

20 YEARS

FY2019

AVAILABILITY AND AFFORDABILITY

ENSURING ACCESS TO NEW PRODUCTS

BUILDING PRIVATE MARKET SEGMENT ACROSS THE REGION

LIFE AFTER WELL

INVESTING in IMPACT

ANNUAL REPORT

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Welcome to the Quality Chemical Industries Limited (Qcil) Annual Report for FY25/26. This Report serves as our primary communication to stakeholders and provides a comprehensive view of our performance during the year. It is designed to meet the information needs of shareholders, investors, regulators and partners, while remaining relevant to a broader range of stakeholders. Our aim is to present a balanced, transparent and integrated perspective on Qcil's performance, position and progress over the reporting period, as well as our forward-looking perspectives.

THEME FOR THE FY25/26 ANNUAL REPORT:
INVESTING IN IMPACT

The theme of this year's Report, Investing in Impact, captures our commitment to creating lasting value that extends beyond financial returns. It highlights the positive contribution our investments make to people, communities, industries and the broader economy, while showcasing the outcomes achieved through responsible stewardship and purposeful capital allocation. The theme speaks to our focus on delivering meaningful, measurable results and demonstrates how our activities support sustainable growth, shared prosperity and long-term value creation for all stakeholders.

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ABOUT THIS REPORT

REPORTING STANDARDS AND COMPLIANCE

This Report has been prepared in accordance with the International Integrated Reporting Framework (IIRF) and the Global Reporting Initiative (GRI) Standards. It provides a structured and integrated view of Qcil's strategy, governance, risks and performance, and explains how value is created across our key capitals.

During the year, Qcil continued to strengthen its reporting by enhancing the integration of Environmental, Social and Governance (ESG) disclosures. These disclosures align with evolving global best practice and focus on the issues most material to our stakeholders and long-term business performance.

ASSURANCE

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and comply with the Companies Act Cap. 106. Sustainability-related disclosures have been prepared with reference to applicable sustainability reporting frameworks and are not currently subject to external assurance unless otherwise stated.

REPORTING SCOPE AND BOUNDARY

The Report covers the financial year from 1 April 2025 to 31 March 2026, unless otherwise stated. It reflects Qcil's performance, progress and strategic priorities, providing both a retrospective view and a forward-looking perspective. This Report presents material insights into our strategy across the short, medium and long term, along with our business model, operating context, stakeholder interests, principal risks and opportunities and overall performance.

NAVIGATING THIS REPORT

The Report is structured to provide a comprehensive overview of Qcil's business operations and strategic direction, linking performance with governance, risk and long-term value creation.

STRATEGIC OVERVIEW
VISION, PURPOSE, AND BUSINESS MODEL

OPERATIONAL ACHIEVEMENTS
KEY MILESTONES AND PERFORMANCE HIGHLIGHTS

SUSTAINING VALUE CREATION THROUGH GOOD GOVERNANCE
GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

FINANCIAL PERFORMANCE
FINANCIAL STATEMENTS AND GOVERNANCE

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CAPITALS

MANUFACTURED | HUMAN | SOCIAL & RELATIONSHIP | NATURAL | FINANCIAL | INTELLECTUAL

OUR APPROACH TO MATERIALITY

Qcil applies a double materiality approach to identify and prioritise the matters most relevant to our ability to create sustainable value. This approach is informed by the GRI Standards, IFRS S1 and S2, and the Sustainability Accounting Standards Board (SASB) Biotechnology and Pharmaceuticals Standard, ensuring alignment with leading global reporting frameworks. Material matters are identified through the consideration of both financial and impact dimensions:

FINANCIAL MATERIALITY

SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES THAT MAY INFLUENCE Qcil's FINANCIAL PERFORMANCE, POSITION AND FUTURE CASH FLOWS OVER THE SHORT, MEDIUM AND LONG TERM.

IMPACT MATERIALITY

THE MOST SIGNIFICANT POSITIVE AND NEGATIVE IMPACTS OF Qcil's OPERATIONS ON THE ECONOMY, ENVIRONMENT AND SOCIETY, INCLUDING EFFECTS ON STAKEHOLDERS ACROSS THE VALUE CHAIN.

In FY24/25, Qcil undertook a structured materiality assessment through an independently facilitated workshop. Senior Management evaluated material matters in the context of:

- **Our business model, including key revenue streams, cost drivers and critical resources**
- **Dependencies, trade-offs and impacts across all capitals**
- **The operating environment, including emerging risks and opportunities**
- **Stakeholder interests and expectations**
- **Strategic priorities and implications for long-term sustainability and growth**

This process reflects Qcil's integrated thinking approach, linking material matters to strategy, risk management, performance and governance oversight. Material matters are reviewed on an ongoing basis through Management structures and Board oversight processes to ensure continued relevance in a dynamic operating environment.

All information presented in this Report relates to matters considered material, as they have the potential to influence stakeholder assessments of Qcil's performance, strategy and long-term value creation.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements relating to Qcil's financial position, performance, strategy, operations and prospects. These statements are based on current expectations, assumptions and projections and are subject to risks and uncertainties, as they relate to events and depend on circumstances that may occur in the future. Several factors could cause actual results or outcomes to differ materially from those expressed or implied in these forward-looking statements. As a result, such statements have not been reviewed or reported on by Qcil's external auditors. Forward-looking statements included in this Report are informed by Qcil's business plans and internal forecasts as at the date of publication.

BOARD APPROVAL

The Board has overseen the preparation of this Report and confirms that it presents a balanced and transparent view of performance, risks and strategic direction. The Board has approved the Report for distribution to stakeholders. The Board acknowledges its responsibility for ensuring the integrity of this Integrated Report. The Board is satisfied that the Report was prepared in line with the Integrated Reporting Framework. This report was approved by the Board on 29 June, 2026.

INTRODUCTION TO Qcil

Qcil is a publicly listed pharmaceutical company established in Uganda in 2005. As a leading regional manufacturer of HIV/AIDS and malaria treatments, the Company is dedicated to providing high-quality, affordable medicines that support sustainable access to essential healthcare. Through its operations, Qcil plays a vital role in strengthening health systems and improving health outcomes across the region.

The Company's purpose, "***Life after Well***", reflects a belief that good health is the foundation for individuals and communities to live productive, fulfilling lives. This purpose goes beyond the manufacture of medicines; it shapes the Company's approach to innovation, responsible production, and meaningful engagement with stakeholders, ensuring that its work contributes to wider societal wellbeing.

At the heart of Qcil's philosophy is a commitment to expanding access to effective healthcare solutions while fostering resilience and long-term vitality. "***Life after Well***" embodies the Company's ambition to not only treat illness but to enhance quality of life, driving a positive impact that endures well beyond the point of care.

2005

- Quality Chemical Industries Limited is incorporated in Uganda as a joint venture between Quality Chemicals Limited and Cipla Limited.

FY09/10

- Qcil becomes the first WHO prequalified facility in the region for antiretrovirals and artemisinin-based combination therapies.
- Signed contract to supply the Global Fund, becoming the first African manufacturer to do so.

FY13/14

- Cipla acquires a controlling stake and the Company is renamed Cipla Quality Chemical Industries Limited (CiplaQcil).

FY15/16

- The business is converted to a public company.

FY18/19

- The Company commissions a new warehouse strengthening storage and distribution capability.
- The Company is listed on the Uganda Securities Exchange (USE), offering shares to individual and institutional investors through an initial public offering (IPO).

FY19/20

- The Company commissions a quality control laboratory, enhancing testing capability and regulatory compliance.

FY23/24

- The Company is renamed Quality Chemical Industries Limited (Qcil).
- Africa Capitalworks (ACW) acquires a 51.18% stake in the Company from Cipla.

FY24/25

- Secured a debt facility to support the development of the second manufacturing facility.
- Launch of private market segment.

FY25/26

- Completion of Factory 3 (Hydroxyurea Plant).
- Celebrated 20 years of excellence.
- Started construction of Factory 2.

WHO WE ARE

Qcil's HISTORY AND EVOLUTION

Qcil was established on 10 June, 2005 as a joint venture between Quality Chemicals Limited (QCL) and Cipla Limited to address the critical shortage of local pharmaceutical manufacturing capacity in Sub-Saharan Africa. The region carries a high burden of HIV/AIDS and malaria and remains heavily reliant on imported medicines. Qcil was founded to produce high-quality, affordable antiretrovirals (ARVs) and artemisinin-based combination therapies (ACTs). Early Government of Uganda investment incentives supported the establishment and growth of the Company.

In 2010 Qcil became the first pharmaceutical manufacturing facility in Sub-Saharan Africa outside South Africa to obtain World Health Organization (WHO) prequalification for ARVs and ACTs, enabling participation in global procurement programmes and significantly broadening access to life-saving treatments. Following Cipla's acquisition of a controlling stake, the Company was renamed Cipla Quality Chemical Industries Limited. Qcil became a public company in 2016 and listed on the Uganda Securities Exchange (USE) in 2018, demonstrating its commitment to strong governance and transparency.

In November 2023, Africa Capitalworks SSA 3 acquired Cipla's shareholding, prompting a return to the original name, Quality Chemical Industries Limited, in February 2024. This marked the beginning of a renewed trajectory focused on operational independence, regional expansion and long-term value creation. In 2024, the Board approved the construction of a second manufacturing facility at its premises to increase capacity, diversify into new product lines including injectables, and expand into therapeutic areas such as tuberculosis (TB) treatment, further strengthening regional pharmaceutical self-sufficiency.

In line with its commitment to bridge the gap between accessibility, availability and affordability, specifically for infectious diseases, the Company constructed and commissioned its Factory 3 as a brownfield expansion to produce treatment for sickle cell disease as a dedicated factory.

In FY25/26, the Company launched 15 new products in various therapeutic categories. Today, Qcil is one of Sub-Saharan Africa's leading pharmaceutical manufacturers, supplying essential medicines to 14 countries and holding regulatory approvals in 31 markets.

This supports improved healthcare access, strengthens local pharmaceutical manufacturing and contributes to more resilient healthcare across the continent.

OUR PURPOSE
LIFE AFTER WELL

Qcil's purpose is to improve lives through access to quality, affordable medicines, while enabling individuals and communities to move beyond treatment towards sustained wellbeing and productivity.

The concept of "*Life after Well*" reflects a broader ambition to support not only recovery but also the ability to lead healthy, active and fulfilling lives. This perspective informs the Company's approach to manufacturing, innovation and stakeholder engagement, ensuring that its products and operations contribute meaningfully to long-term health outcomes.

OUR VISION

TO BECOME A CENTRE OF EXCELLENCE IN THE MANUFACTURING OF QUALITY, AFFORDABLE MEDICINES.

OUR MISSION

TO PROVIDE AFFORDABLE AND EFFICACIOUS MEDICINES IN A SUSTAINABLE WAY TO IMPROVE THE QUALITY OF LIFE.

OUR CORE VALUES AND COMMITMENT

Qcil's CORPORATE PHILOSOPHY IS GUIDED BY A SET OF FUNDAMENTAL VALUES THAT DRIVE STRATEGIC DECISION-MAKING AND OPERATIONAL EXCELLENCE.

PASSIONATE ABOUT QUALITY

We uphold the highest international regulatory standards to ensure our pharmaceutical products meet stringent safety and efficacy benchmarks, reinforcing our commitment to patient wellbeing.

PRIORITISING AVAILABILITY

We ensure consistent and reliable availability to essential medicines across our markets by strengthening, local manufacturing, supply-chain resilience and responsiveness to healthcare needs.

COMMITTED TO AFFORDABILITY

Through cost-efficiency and strategic partnerships, we make high-quality, life-saving medicines affordable to a broader population, improving public-health outcomes.

DRIVEN BY INNOVATION

We challenge the status quo with continued innovation across product, process and business model to deliver a superior patient outcome and sustainable growth.

FOUNDED ON TRUST

Transparency, ethical governance and accountability underpin our operations, supporting long-term partnerships and maintaining stakeholder confidence.

Qcil's COMMITMENT

Qcil's commitment extends beyond pharmaceutical production to improving healthcare outcomes, strengthening local capabilities and supporting regional economic development, positioning the Company to deliver sustained value while advancing Africa's healthcare agenda.

STATEMENT FROM THE CHAIRMAN

DEAR SHAREHOLDERS AND STAKEHOLDERS,

IT IS MY PRIVILEGE TO PRESENT THIS STATEMENT FOR THE YEAR ENDED 31 MARCH 2026 – A YEAR IN WHICH QUALITY CHEMICAL INDUSTRIES LIMITED CONTINUED TO GROW WITH PURPOSE, TO INVEST WITH DISCIPLINE, AND TO HOLD FIRM TO THE CONVICTION ON WHICH IT WAS FOUNDED: THAT AFRICA CAN, AND SHOULD, MANUFACTURE THE QUALITY, AFFORDABLE MEDICINES ITS PEOPLE DEPEND ON. OUR PURPOSE, *"LIFE AFTER WELL"*, REMAINS THE MEASURE AGAINST WHICH WE JUDGE EVERY DECISION WE TAKE.

CELEBRATING TWENTY YEARS

In October 2025, we celebrated twenty years since the founding of Quality Chemical Industries Limited, two decades in which a bold idea grew into a trusted manufacturer of life-saving medicines for Uganda and markets across Africa. We chose to mark the occasion not by looking back, but by looking forward: by breaking ground on our second manufacturing facility, a fitting symbol of a Company whose ambitions for the next twenty years are greater still.

We were deeply honoured by the distinguished guests who joined us to mark the occasion. His Excellency the President of Uganda, Yoweri Kaguta Museveni, was represented by the Rt. Hon. Thomas Tayebwa, Deputy Speaker of the Parliament of Uganda, who inaugurated the site and delivered the President's remarks. We were equally privileged to welcome the then Minister of Health, Hon. Dr. Jane Ruth Aceng Ocero, and the Permanent Secretary of the Ministry of Health, Dr. Diana Atwine. Their presence was a humbling recognition of the role this Company has come to play in our nation's industrial growth and public-health security and a reminder of the responsibility that role carries.

The celebration also gave us the platform for a launch close to the heart of our mission: our newly developed paediatric treatment for HIV/AIDS. Children are too often overlooked in the fight against this disease, and yet their need is among the most urgent. With this medicine locally made and affordable, we are determined that the youngest among us will not be left behind, for in safeguarding their health we are defending the very future of our nation.

OUR STRATEGY

Our strategy is built on three enduring commitments – **Availability, Affordability and Accessibility** – and this year we advanced each of them deliberately.

On availability, we kept essential medicines flowing reliably to the markets that depend on us, sustaining strong manufacturing performance and continuity of supply through a period of considerable external change.

On affordability, we adjusted our pricing in line with international benchmarks while continuing to improve manufacturing efficiency, so that locally made medicines remain accessible to the patients and health systems we serve.

On accessibility, we accelerated the growth of our business. Our portfolio has now grown to 25 products as of 31 March, 2026, and we continued to broaden it into new therapeutic areas deepening our presence in Uganda's private market.

Two strategic investments will define Qcil's next chapter. During the year we commenced construction of our second manufacturing facility, financed through a USD 36 million term loan. Expected to be completed within approximately 24 months, it will expand our established antiretroviral and antimalarial capacity, enable entry into tuberculosis and other category treatments, and introduce an injectable production line in response to evolving patient treatment preferences. Alongside this, we completed the qualification of our Hydroxyurea facility, through which we will manufacture Sikurea, our treatment for sickle cell disease, ahead of commercial launch in the coming financial year. For a condition that affects so many families across our continent, a locally made and affordable therapy speaks directly to our Company's purpose.

NAVIGATING A CHANGING ENVIRONMENT

We pursued this strategy against a demanding external backdrop. Geopolitical developments and global supply-chain pressures raised the cost of imported raw materials and inputs across our industry. Through disciplined procurement and careful cost management, we contained these pressures and protected our margins. We remain fully alert, however, to the fact that such pressures are a continuing stress on the business, and we monitor them closely and respond proactively, where possible, as conditions change.

The financing of global health programmes is also undergoing significant change, and shifts in international donor funding are reshaping long-standing procurement dynamics across our sector. We deeply value our donor and development partners, who remain important customers and collaborators in our shared mission of expanding access to medicine, and we will continue to serve their programmes with the quality and reliability they expect. At the same time, we are responding to this evolving landscape by deepening our direct relationships with African governments and by growing our private market. Broadening our base of demand will enable Qcil to remain resilient whatever the funding environment.

FINANCIAL PERFORMANCE AND DIVIDENDS

This strategic progress was matched by a strong financial performance. Revenue rose to UShs 290.5 billion, from UShs 267.1 billion, while profit for the year increased to UShs 56.4 billion, from UShs 40.7 billion. Gross profit had a positive increase as a direct result of the cost discipline described above. The full recovery, completed during the year, of long-outstanding receivables from the Government of Zambia, which had been fully provided for in earlier years, further strengthened the quality of our balance sheet. The Company closed the year with no drawn debt and a robust liquidity position to support the investment programme ahead.

Reflecting this performance, the Board has recommended a final dividend of UShs 6.4 per share, bringing the total dividend for the year to UShs 16.6 per share, compared with UShs 13.5 in the prior year. A continuation of our commitment to delivering meaningful and sustainable returns to our shareholders.

GOVERNANCE AND RISK OVERSIGHT

A year of significant investment is a year in which governance matters most. The Board, which brings together the Company's founders, key shareholders, executive leadership and independent non-executive directors, maintained close oversight of strategy, capital allocation and risk throughout the year. Through the Audit and Risk Committee, supported by internal audit and our integrated risk management framework, we kept active watch over the risks most material to Qcil; among them input-cost and currency volatility, the concentration of our customer base, the recoverability of receivables, and the execution of our major construction programme.

The financing of the new facility was deliberately structured to preserve the strength of our balance sheet and to protect shareholders through the investment cycle. As a company listed on the Uganda Securities Exchange, we continued to meet our obligations under the applicable governance codes and to report in accordance with IFRS Accounting Standards.

SUSTAINABILITY

Sustainability is integral to how we operate, not separate from it, and it is an area in which the Board takes particular pride. On the environment, we continued to pursue our long-term goals of water neutrality by 2028, carbon neutrality by 2030, and the elimination of waste to landfill through sustained investment in energy efficiency, water recovery and responsible waste management. Socially, we remained committed to extending access to care in underserved communities, consistent with the public-health mission at the heart of this Company. And in governance, we held ourselves to the standards expected of a listed company, embedding ESG considerations into the Board's oversight of strategy and risk. For us, sustainability is inseparable from our purpose of building a healthier, more self-reliant Africa.

LOOKING AHEAD

We look to the year ahead with confidence and a clear set of priorities: to bring our second facility toward production, to launch Sikurea to the patients awaiting it, to grow our private market portfolio and register more products across Africa, and to extend our reach into new therapeutic areas. Challenges will remain in costs, in funding access and in a shifting global health landscape, but the Board is confident that our strategy, and the discipline with which we are executing it, position Qcil to meet them with strength.

APPRECIATION

On behalf of the Board of Directors, I extend my sincere appreciation to our shareholders, our government and donor partners, our customers, regulators and suppliers, and to our management and staff, whose dedication turns our purpose into medicine that reaches those who need it. Together, we continue to build a healthier, more self-reliant Africa.

EMMANUEL KATONGOLE
Co-Founder and Chairman

CELEBRATING 20 YEARS

Quality Chemical Industries Limited
Life after well

OUR OPERATING CONTEXT

Qcil operates within a dynamic and evolving environment shaped by macroeconomic conditions, shifting health financing, regulatory change, competitive pressures, technological disruption and growing environmental and social expectations. Understanding these forces is central to how we position the business, manage risk and allocate resources. The sections below outline the six key dimensions of our operating context and how we are responding to each.

1. MACROECONOMIC CONDITIONS

Uganda and the broader East African region continue to provide a relatively stable platform for investment and long-term planning. Economic growth across the region has been supported by improvements in infrastructure, regional integration and governance frameworks. At a continental level, momentum behind the African Continental Free Trade Area is gradually improving intra-African trade flows and creating opportunities for locally based manufacturers to access broader markets.

However, the macroeconomic environment remains challenging in several respects. Global geopolitical tensions, including ongoing conflicts in key trade corridors and the reconfiguration of global supply chains, have introduced volatility into input costs, freight pricing and currency markets. For Qcil, this is most acutely felt through the cost of imported active pharmaceutical ingredients and specialised packaging materials, which are predominantly sourced from Asia and Europe.

Inflationary pressures have also persisted across the region, affecting energy costs, labour and logistics. While Qcil's domestic revenue base and Uganda Shilling-denominated cost base provide some natural offset, the Company remains exposed to imported inflation through its supply chain. Disciplined procurement, cost management and operational efficiency are embedded priorities in response.

TREND	Qcil RESPONSE
• Currency volatility and imported inflation increasing input costs	• Operational efficiency and cost discipline embedded as core management priorities; USD-denominated revenues provide a natural hedge against USD-denominated input costs
• Global supply chain reconfiguration affecting availability and pricing of raw materials	• Selective multi-source procurement strategies and strengthened supplier relationships to reduce dependency on single-source suppliers and close monitoring of inventory
• Regional economic integration creating expanded market opportunities	• Ongoing product registration across African markets and participation in regional procurement mechanisms to grow the export revenue base
• Inflationary pressure on energy, labour and logistics costs	• Continued focus and monitoring of productivity across functions to contain the cost space.

2. PHARMACEUTICAL MARKET AND STATUTORY CONDITIONS

HEALTH FINANCING

The global health financing environment is undergoing a significant and structural shift. Historically, a substantial proportion of pharmaceutical procurement across Sub-Saharan Africa has been funded through international donor mechanisms, including PEPFAR, USAID, the President's Malaria Initiative and the Global Fund to Fight AIDS, Tuberculosis and Malaria. These programmes have been critical to sustaining demand for ARVs and ACTs across the region, and Qcil has been a direct beneficiary of this procurement architecture.

DEMAND AND SUPPLY

Underlying demand for essential medicines across Sub-Saharan Africa remains strong and is growing. The region continues to carry a disproportionate share of the global burden of HIV, malaria and tuberculosis, and demographic growth is expanding the patient population. At the same time, increasing urbanisation and changing disease patterns are driving growth in non-communicable disease segments, including cardiovascular conditions, diabetes and respiratory illness. This dual disease burden creates a substantial and expanding addressable market for manufacturers.

SUPPLY CHAIN

Qcil's supply chain for active pharmaceutical ingredients and packaging materials is concentrated in China and India, which are the dominant global suppliers of pharmaceutical raw materials. This concentration creates exposure to geopolitical risk, trade policy changes, shipping disruptions and quality variability. Global supply chain pressures experienced in recent years have reinforced the importance of supply chain resilience as a strategic priority. The Company is actively working to broaden its supplier base, introduce alternative sourcing arrangements for critical inputs and strengthen inventory management practices to reduce the risk of production disruption.

TREND	Qcil RESPONSE
• Reduction in donor funding and shifting procurement dynamics	• Expansion into private market segments and deepening of business-to-government relationships to diversify revenue streams
• Growing demand across communicable and non-communicable disease segments	• Broadening product portfolio into new therapeutic categories including cardiovascular, diabetes and OTC products
• Supply chain concentration in China and India	• Multi-source procurement strategy, supplier diversification and strengthened inventory management
• Manufacturing capacity approaching limits	• Construction of second manufacturing facility to expand capacity and introduce new product lines

OUR OPERATING CONTEXT (CONTINUED)

3. REGULATORY AND LEGAL

The regulatory environment in Uganda and across Qcil's export markets continues to evolve, with increasing emphasis on compliance, traceability and product quality. Domestically, the proposed National Drug and Health Products Authority Bill represents a significant development, expanding regulatory oversight across the full pharmaceutical value chain from manufacturing through to advertising and product traceability and aligning Uganda's framework more closely with international standards. The passage of this legislation is expected to raise the compliance bar for all market participants and will require continued investment in systems, documentation and regulatory capability.

At a regional level, the East African Community's evolving regulatory harmonisation agenda is gradually creating more consistent standards across member states.

In addition, the Forensic and Scientific Analytical Services Bill establishes a formal regulatory framework for laboratory services in Uganda. While Qcil's laboratory operations are governed by pharmaceutical-specific regulations and are therefore outside the primary scope of this legislation, the Bill reflects a broader trend toward the formalisation and oversight of scientific environments.

Internationally, the Company continues to maintain WHO prequalification, which is essential for participation in global health procurement programmes. Maintaining and renewing this qualification requires sustained investment in quality systems, regulatory compliance and audit readiness. Qcil also holds registrations across 31 African markets, and the ongoing management of these registrations across markets with varying regulatory requirements and renewal timelines represents a significant but strategically important operational undertaking.

At a corporate governance level, the Capital Markets Authority's continued strengthening of listing requirements and governance codes for companies on the Uganda Securities Exchange reinforces the expectations placed on Qcil as a listed company.

TREND	Qcil RESPONSE
• Expanded regulatory oversight under the proposed National Drug and Health Products Authority Bill	• Review was performed and Qcil remains compliant to the regulation
• Regional regulatory harmonisation across EAC markets	• Strengthened regulatory monitoring and proactive alignment with emerging cross-border frameworks
• Increasing corporate governance requirements for listed companies	• Continued adherence to CMA governance codes; strengthened Board oversight and disclosure practices

4. COMPETITIVE LANDSCAPE

The competitive environment is evolving and intensifying. Internationally, pharmaceutical manufacturers from India and China remain the dominant suppliers of generic medicines globally, and their products continue to compete on price in institutional procurement programmes. These suppliers benefit from significant economies of scale, lower labour costs and extensive product portfolios, and their participation in global tenders creates ongoing price pressure on products that overlap with Qcil's range.

At a continental level, the number of African pharmaceutical manufacturers is growing, supported by deliberate policy efforts to build local manufacturing capacity, including the African Union's Pharmaceutical Manufacturing Plan for Africa and similar national industrial strategies. While this development is strategically positive for the continent's pharmaceutical self-sufficiency, it also means that Qcil's regional competitive advantage will face increasing pressure over the medium to long term as new manufacturers enter the market.

In the private market, which Qcil entered formally during FY25/26, the competitive landscape is more crowded, with established importers and distributors of generic branded products holding existing relationships with pharmacies, hospitals and prescribers. Building market share in this segment requires differentiated product positioning, a capable sales and marketing function and sustained brand investment, all of which Qcil is actively developing.

Qcil's long-term competitive positioning rests on its quality credentials, African manufacturing identity, deepening portfolio breadth and its ability to serve both the institutional and private markets from a single, world-class facility.

TREND	Qcil RESPONSE
• Sustained price competition from Indian and Chinese generic manufacturers in institutional procurement	• Continued focus on manufacturing efficiency, cost discipline and product quality to remain competitive in tender processes
• Growing number of African pharmaceutical manufacturers increasing regional competition	• Investment in product differentiation, portfolio expansion and quality credentials to maintain competitive advantage
• Competitive private market requiring brand and sales capability	• Building dedicated sales and marketing capability, growing private market product portfolio and developing brand presence

OUR OPERATING CONTEXT (CONTINUED)

5. TECHNOLOGY AND DISRUPTION

DIGITAL TRANSFORMATION IN AFRICA

Digital transformation across Africa is accelerating, driven by the need to improve efficiency, expand access to services, and enhance competitiveness in fast-growing and fragmented markets. Organisations are increasingly adopting cloud-based enterprise systems, mobile-first platforms, and data analytics tools to modernise operations and bridge infrastructure gaps. However, adoption remains uneven due to constraints such as unreliable power supply, limited connectivity in rural areas, and a shortage of digital skills. Despite these challenges, digitalisation is becoming essential for improving operational visibility, enabling better decision-making, reducing costs, and supporting scalable growth. As a result, many organisations are pursuing pragmatic, phased transformation strategies that prioritise high-impact use cases and align technology investments with measurable business outcomes.

CYBERSECURITY IN AFRICA

Cybersecurity in Africa is an emerging but rapidly intensifying risk area, as increased digital adoption is not always matched by strong security capabilities. Organisations face growing threats from ransomware, data breaches, and attacks targeting weak points in supply chains and third-party systems. Structural challenges—such as limited cybersecurity expertise, weak governance frameworks, and outdated or unpatched infrastructure—further increase vulnerability. At the same time, regulatory expectations around data protection are strengthening across multiple jurisdictions, elevating the importance of secure data handling. Consequently, cybersecurity is evolving from a purely technical issue into a critical enterprise risk, requiring leadership attention, investment in foundational controls, and a focus on resilience and incident response rather than overly complex solutions.

TREND	Qcil RESPONSE
• Increasing adoption of AI tools across the pharmaceutical industry	• Development of internal AI governance policies; exploration of AI-assisted tools for regulatory, analytical and operational efficiency
• Growing reliance on enterprise digital systems increasing exposure to system failure and cyber threats	• Continued investment in cybersecurity infrastructure, monitoring and employee awareness; penetration testing and third-party assessments
• Digital transformation creating data integrity and traceability requirements in regulated environments	• Implementation of SAP, Trackwise and LIMS systems providing real-time data integrity and operational visibility
• Evolving data protection regulatory requirements	• Ongoing data privacy risk review aligned to the Uganda Data Protection and Privacy Act

6. ENVIRONMENT AND SOCIAL

ENVIRONMENTAL CONDITIONS AND CLIMATE RISK

During the year, regulatory frameworks evolved to strengthen sustainability reporting and governance across Uganda's markets. The Capital Markets Authority (CMA) launched draft ESG Disclosure and Sustainability Reporting Guidelines, aligning market operations with international standards, specifically IFRS S1 and S2. These guidelines will establish a harmonised baseline for how listed companies measure and report sustainability metrics, combat greenwashing, reduce systemic risk and enhance corporate transparency.

Relatedly, the Uganda Securities Exchange (USE) partnered with Risk Insights to deliver comprehensive ESG ratings and disclosure analytics for listed companies. USE also expanded capacity building for corporate executives through Masterclasses on reporting best practices.

Additionally, there were also amendments to the Employment Act that extended protections to domestic workers and tightened the definition of "casual worker" to close loopholes that allowed ongoing relationships to be classified as casual engagements and to modernise Uganda's employment framework.

The Income Tax Act was also amended to ease tax pressure on employees, particularly middle-income earners and to reflect current cost-of-living conditions while broadening the tax base.

Together, these developments have reshaped our operating environment, reinforcing transparency in reporting and strengthening governance best practices across the sector.

TREND	Qcil RESPONSE
• Increasing GHG emissions and water consumption linked to production growth	• Investment in condensate recovery, solar energy, electric boiler migration and water recycling systems; active monitoring against neutrality targets
• Evolving environmental regulations and sustainability disclosure expectations	• Strengthened ESG governance and reporting frameworks; alignment with GRI, SASB and IFRS S1/S2 standards
• Community health needs and social licence considerations in Luzira and surrounding areas	• Structured community investment programme including medical camps, health infrastructure support and anti-malarial medicine donations
• Gender diversity and workforce inclusion expectations from investors and regulators	• Inclusive graduate and internship programmes; gender tracking across recruitment and promotion; deliberate focus on female representation in leadership pipeline
• Growing importance of product safety and pharmacovigilance in regulated markets	• Standalone pharmacovigilance system established post-Cipla transition; structured post-market surveillance and adverse event reporting

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STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

A YEAR OF TRANSFORMATION, RESILIENCE AND RECORD PERFORMANCE

FY2025/26 was the strongest year in Qcil's history, marking a defining milestone in our journey and demonstrating the strength of our strategy, our people and our partnerships.

We achieved this performance amid uncertainty in public health market funding and continued organisational change. While these conditions presented challenges, they also underscored the resilience of our business and our ability to remain focused on delivering for patients, partners and stakeholders.

The year was characterised by greater stability, meaningful progress and renewed momentum. As we continued to strengthen our operations and advance our strategic priorities, we laid the foundation for sustained growth and long-term impact across the markets we serve.

DELIVERING STRONG OPERATING PERFORMANCE

Our financial performance in FY2025/26 reflects the strength of Qcil's operating model and strategic direction:

- Revenue increased to UShs 290.5 billion, up 8.7% from the previous year. This growth was driven by stronger commercial execution, a resilient business model and a disciplined focus on the most relevant market opportunities.
- Operating profit reached UShs 73.8 billion, with operating margin improving by 320 basis points. This was supported by strong procurement and manufacturing effectiveness.

EXECUTING A CLEAR AND EVOLVING STRATEGY

During the year, we continued to refine our strategy around three priorities: Accessibility, Availability and Affordability. These priorities are rooted in our purpose of helping more people live healthier lives by making high-quality medicines easier to access, available when needed and priced within reach.

EXPANDING INTO THE PRIVATE MARKET

A key milestone during the year was our entry into the Uganda private market. This was more than a commercial step; it was an important move in broadening our reach and creating a more balanced platform for future growth.

Historically, our business has focused mainly on treatments for infectious diseases, with most sales serving public sector health programmes. These public health markets remain central to our mission. At the same time, we are building a second growth platform in the private market so that we can reach more patients, serve more communities and create a stronger, more balanced business over time.

In FY2025/26, we laid the foundation for our private market business. We launched 15 products, built a dedicated sales and marketing team of 12 people, and generated UShs 1.8 billion in revenue.

Over the medium term, we plan to expand this business into five neighbouring countries, while continuing to strengthen our sales capability, brand-building and digital tools for sales effectiveness.

PORTFOLIO EXPANSION – BUILDING THE NEXT GROWTH PILLARS

We continue to strengthen and diversify our product portfolio to respond to some of Africa's most pressing healthcare needs, while making more advanced treatments accessible in the markets we serve.

This initiative reflects a broader strategic priority:

- Expanding beyond infectious diseases into chronic disease treatments and over-the-counter products
- Expanding into injectable and other differentiated products
- Building a pipeline that supports both impact and sustainable margins
- In the fiscal year, we launched 15 products across new therapeutic categories
- We also continue to address the burden of infectious disease while advancing Sikurea, our treatment for sickle cell disease, which is expected to be commercialised by Q2 of the next financial year.

With Sikurea, we have also started building our research and development capability. Our new R&D facility is currently under construction.

ENSURING AVAILABILITY AND AFFORDABILITY

To help close the gap between imported medicines and the local availability of high-quality essential medicines, we are investing in two major capacity and capability projects. These investments reflect our long-term commitment to improving access, strengthening local manufacturing and building healthcare resilience in Africa.

Factory 2, part of our Phase II expansion, will significantly increase capacity for oral solid dosage products and add a dedicated block for tuberculosis treatments. It will also create future capacity for injectable products.

Construction is progressing on schedule and is expected to be completed by mid-2028, supported by long-term funding.

Factory 3 is a dedicated facility for Hydroxyurea production, with annual capacity of 200 million capsules. The facility was commissioned and completed the validation batches.

STRENGTHENING THE OPERATING PLATFORM

Alongside growth initiatives, we continued to strengthen the foundations of the business:

- Enhanced governance, controls and decision-making frameworks.
- Continued investment in systems, processes and organisational capability, supported by a digital-first approach.
- Strengthened supply-chain resilience and risk management disciplines.
- Sustainability remains central to how Qcil operates and creates long-term value. Environmental, social and governance considerations are increasingly embedded in our strategic and operational decisions.
- Maintaining compliance with global current Good Manufacturing Practice (cGMP) standards will remain a key priority.
- The Company remains compliant with all occupational health and safety requirements.
- We continue to maintain ISO certifications, including ISO 14001:2015, ISO 45001:2018 and ISO 9001.

Together, these improvements are helping us scale responsibly while maintaining the quality, compliance and operational discipline that our stakeholders expect from us.

OUTLOOK: BUILDING ON MOMENTUM

As we look ahead to FY2026/27 and beyond, we do so with confidence, humility and a strong sense of purpose.

The next phase of our journey will be about delivering this strategy at greater scale, while staying true to the values and mission that define Qcil.

Key priorities for the year ahead include:

- Scaling the private market platform and expanding into additional regional markets.
- Commercialisation of Hydroxyurea, establishing a strong presence in sickle cell treatment.
- Advancing Phase II construction, positioning for step-change capacity expansion.
- Continued portfolio diversification, including new products across infectious and chronic diseases.
- Driving operational efficiency and protecting margins, particularly in a changing pricing environment.

While we remain mindful of near-term challenges, including pricing pressure in public health procurements and changing market conditions, we are confident that our strategy will support sustainable growth and long-term value creation.

FY2025/26 has been a year of foundation building, strategic progress and record performance. It has also been a year that reaffirmed what Qcil stands for: resilience, purpose and the belief that access to quality medicines can change lives.

We have strengthened our core business, diversified our growth platforms and invested with conviction in the future. Most importantly, we have continued to build an organisation that is capable, values-driven and committed to lasting impact.

Above all, we remain committed to improving access to high-quality, affordable medicines while creating sustainable value for our shareholders and contributing meaningfully to the health of the communities we serve.

GRATITUDE

I would like to sincerely thank the Board of Directors, our employees, partners, customers and shareholders for their continued trust, commitment and support. The progress we have made this year is the result of a shared effort and a shared belief in what Qcil can achieve.

We look ahead with confidence, ambition and a deep sense of responsibility for the role we play in improving health outcomes across Africa.

AJAY KUMAR PAL
Chief Executive Officer

BUSINESS MODEL

DRIVERS

VISION

To become a centre of excellence in the manufacturing of quality, affordable medicines

OPERATING ENVIRONMENT

Market trends, local manufacturing, continental development, regulatory demands

STAKEHOLDER NEEDS

Balancing the interests of internal and external stakeholders

RISK MANAGEMENT

Leveraging opportunities and managing risks

CAPITALS

FINANCIAL

- Capital allocation discipline, effective working capital management and disciplined capital expenditure
- Strong operating profit and cash flow

MANUFACTURED

- Globally accredited manufacturing facility
- Investment in latest technologies
- Second manufacturing facility under construction

HUMAN

- Total number of employees: **639** (including 253 on contract)
- Training hours: **33,332**
- Health, safety and wellbeing

INTELLECTUAL

- Expanding the product pipeline through internal development and strategic partnerships
- Investing in digital systems to enhance efficiency, productivity and decision-making
- Building a product dev lab

SOCIAL AND RELATIONSHIP

- Stakeholder engagement
- Corporate governance framework
- Community support through corporate social responsibility

NATURAL

- Amount invested in sustainable initiatives: **UShs 1,102,571,640**
- Commitment to carbon and water neutrality

VALUE CHAIN ACTIVITY

CORE FUNCTIONS

Quality
Quality assurance, quality control, regulatory compliance and product quality management.

Manufacturing
Production planning, manufacturing operations, packaging and operational efficiency.

Supply chain
Procurement, inventory management, warehousing and logistics.

Sales and distribution
Sales, customer engagement, market access and product distribution.

VALUE DRIVERS

Corporate governance and internal controls
Strong governance, risk management, compliance and oversight support accountability, transparency and sustainable value creation.

Infrastructure, IT systems and applications
Investment in manufacturing infrastructure and digital platforms, including SAP S/4HANA, LIMS and TrackWise, enhances operational reliability, quality management and decision-making.

Systems and processes
Standardised systems, policies and continuous improvement initiatives support efficiency, consistency, quality and regulatory compliance across operations.

Talent management
Leadership development, succession planning, technical capability building and employee engagement strengthen organisational performance and long-term resilience.

Innovation
Product development, process optimisation, technology adoption and portfolio expansion support growth, competitiveness and improved healthcare outcomes.

OUTPUTS

FINANCIAL

- Proposed final dividend: **UShs 23.4 bn**
- Revenue: **UShs 290.5 bn**
- Gross Profit: **UShs 135.8 bn**

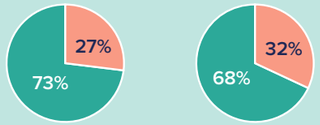
MANUFACTURED

- Capacity utilisation: **82%**
- Production: **1.142 bn tablets**

HUMAN

- Attrition: **5.6%**
- Staff costs: **UShs 50.2 bn**
- Employee engagement score: **75%**

DIVERSITY



Occupational fatality: 0 (FY24/25: 0)

INTELLECTUAL

- Number of products launched: **15**
- Number of registrations done: **46**
- Number of registration approvals received: **12**

SOCIAL AND RELATIONSHIP

- Taxes paid: **23.9 Bn**
- Corporate social responsibility spend: **UShs 51.5 Mn**
- Graduates trained: **15**
- Internships: **120**

NATURAL

- We set an emissions reduction target of **2,337 tons**. Actual emissions recorded were **2,711 tons**, representing an increase against target
- We set a target of **10,000 KL** for blue water consumption. Actual withdrawal stood at **10,298 KL**, reflecting a marginal variance against our target

OUTCOMES

SUSTAINABLE DEVELOPMENT GOALS

Good Health and Wellbeing | Clean Water and Sanitation | Decent Work and Economic Growth | Industry, Innovation and Infrastructure | Responsible Consumption and Production | Climate Action

These Sustainable Development Goals (SDGs) represent the areas where Qcil can make the most meaningful contribution through local pharmaceutical manufacturing, expanded access to essential medicines, quality employment, responsible resource management and investment in healthcare resilience

OUR STRATEGY

DELIVERING OUR 2034 STRATEGY

Our strategy is anchored in a clear long-term ambition: to improve health outcomes across Africa by making quality medicines more affordable, accessible and available. We recognise that expanding access to healthcare requires more than increasing production volumes. It requires a coordinated approach that bring new and innovative products, lowers the cost of medicines, strengthens distribution channels and ensures patients can access the products they need when and where they need them.

To achieve this ambition, we have organised our strategy around three mutually reinforcing pillars. **Affordability** focuses on reducing the total cost of medicines through manufacturing excellence, supply chain optimisation and responsible resource management. **Accessibility** focuses on delivering timely access to the best therapies through diverse and evolving portfolio that meets the full spectrum of patients needs. **Availability** focuses on ensuring health outcomes are not compromised due to gap in supply.

Together, these pillars guide our capital allocation, operational priorities and investment decisions. Strengthening manufacturing capability, expanding market reach and broadening access to essential medicines will support sustainable growth while advancing our mission of improving healthcare access across the region.

STRATEGIC PILLARS

AFFORDABILITY 1

GOAL

→ Lower the total cost of medicines to the patient.

STRATEGIC DRIVERS

PROCUREMENT EFFICIENCY	Optimising sourcing strategies and supplier partnerships to secure high-quality active pharmaceutical ingredients and raw materials at competitive prices, reducing input costs across the product range.
COST OPTIMISATION	Embedding cost discipline across operations through improved planning, waste reduction and lean manufacturing principles, ensuring that savings are passed through to the medicines we produce.
MANUFACTURING EFFECTIVENESS	Driving output quality and throughput through improved overall equipment effectiveness, yield improvements and reduced downtime, maximising the value generated from existing manufacturing capacity.
SUSTAINABLE MANUFACTURING PRACTICES	Integrating resource efficiency into production through energy optimisation, water recovery and responsible waste management, reducing the environmental cost of manufacturing while improving long-term operational resilience.

ACCESSIBILITY 2

GOAL

→ Delivering timely access to the best therapies through diverse and evolving portfolio that meets the full spectrum of patients needs.

STRATEGIC DRIVERS

OTC PORTFOLIO EXPANSION	Growing a range of over-the-counter products that put essential healthcare directly in the hands of consumers, reducing reliance on prescription channels and broadening access across income levels.
NCD AND SPECIALTY PORTFOLIO EXPANSION	Expanding into non-communicable disease and specialty therapeutic areas including cardiovascular, diabetes and oncology, addressing the growing burden of chronic disease across the region.
INFECTIOUS DISEASE PORTFOLIO	Maintaining and deepening our core strength in HIV, malaria and tuberculosis treatments, the diseases that define our founding purpose and continue to represent our largest market and greatest social impact.
INVESTMENT IN RESEARCH AND DEVELOPMENT	Building internal R&D capability through our new R&D facility currently under construction, and working with contract development and manufacturing organisations (CDMOs) to develop new formulations and products tailored to the needs of our markets.

AVAILABILITY 3

GOAL

→ Ensuring health outcomes are not compromised due to gap in supply.

STRATEGIC DRIVERS

SUPPLY CHAIN EXCELLENCE	Strengthening end-to-end supply chain management from raw material sourcing through to last-mile delivery to ensure consistent, reliable supply of medicines to patients and health systems across our markets.
DISTRIBUTION NETWORK EXPANSION	Expanding our reach through hospitals, health centres, pharmacies, wholesalers and rural distribution channels, including entry into five neighbouring countries through our private market platform.
INCREASING MANUFACTURING CAPACITY	Investing in new production infrastructure to meet growing demand. Factory 2 (Phase II) will expand capacity for oral solid dosage products and add dedicated lines for tuberculosis treatments and injectables. Factory 3 is our dedicated Hydroxyurea facility, producing Sikurea, our treatment for sickle cell disease.
IMPROVING MANUFACTURING CAPABILITIES	Upgrading systems, equipment and processes across our existing facility to improve production reliability, regulatory compliance and product quality, ensuring our manufacturing platform meets the standards required for both institutional and private market supply.

STAKEHOLDER ENGAGEMENT

OUR APPROACH

The quality of our relationships with stakeholders is fundamental to our ability to deliver on our strategic priorities and create sustainable long-term value. As a manufacturer of quality, affordable medicines, we recognise that strong stakeholder relationships are essential to ensuring access, maintaining trust and supporting resilient operations across our markets.

Our stakeholder engagement is guided by principles of transparency, inclusivity, responsiveness, and accountability. These principles shape how we engage with stakeholders, inform decision-making and align our activities with stakeholder expectations.

Through structured and ongoing engagement, we seek to strengthen collaboration, anticipate risks and opportunities, and ensure that stakeholder insights are integrated into strategy, operations and performance management.

STAKEHOLDER ENGAGEMENT PRINCIPLES

PRINCIPLE	DESCRIPTION	
TRANSPARENCY	TRANSPARENCY AND COMMUNICATION	Qcil shares information openly and appropriately, ensuring clarity of strategic direction, performance and decision-making
INCLUSIVITY	SHARED VALUE CREATION	Engagement focuses on creating shared value that aligns with stakeholder priorities and long-term health outcomes
RESPONSIVENESS	RESPONSIVENESS AND TRUST	Stakeholder needs are addressed proactively to strengthen trust, reliability and operational effectiveness
ACCOUNTABILITY	RESPONSIBLE GOVERNANCE	Qcil prioritises responsible decision-making, aligning governance, risk management and performance with stakeholder expectations

STAKEHOLDER RELATIONSHIP MATURITY

This framework illustrates the maturity of Qcil's stakeholder relationships, from foundational engagement through to integrated collaboration that informs governance, strategy and decision-making.

CATEGORY	DESCRIPTION
Integrated collaboration	Stakeholders are embedded in governance, strategy and operations, supporting aligned decision-making and long-term value creation.
Connected relationship	Engagement is collaborative and focused on shared objectives, with clear alignment between stakeholder priorities and business strategy.
Good relationship	Communication channels are well established, enabling effective engagement and mutual understanding.
Developing relationship	Foundational engagement is in place, with opportunities to deepen interaction and strengthen alignment.

THE VALUE WE CREATE FOR EACH STAKEHOLDER

STAKEHOLDER	VALUE WE CREATE
SHAREHOLDERS AND INVESTORS	Sustainable financial and non-financial performance supported by disciplined capital allocation, strong governance and transparent ESG integration. This approach builds investor confidence and supports long-term value creation.
OUR EMPLOYEES	A safe, inclusive and high-performing work environment supported by continuous skills development, digital enablement and a strengthened performance culture. As a result, employees are better equipped to perform, grow and contribute to organisational success.
SUPPLIERS AND SERVICE PROVIDERS	Stable, ethical and mutually beneficial partnerships that support supply-chain continuity and operational efficiency. These relationships improve reliability and support consistent delivery across the value chain.
CONSULTANTS AND BUSINESS PARTNERS	Access to specialised expertise that strengthens governance, supports regulatory compliance and enhances strategic execution. This ensures more effective decision-making and supports successful market expansion.
PATIENTS, HEALTHCARE PROFESSIONALS AND CUSTOMERS	Increased access to safe, high-quality and affordable medicines. This builds trust and improves health outcomes across the markets we serve.
GOVERNMENTS AND REGULATORY BODIES	Strong regulatory alignment and compliance that support public health priorities and local pharmaceutical manufacturing. This maintains credibility with regulators and secures licence to operate.
OUR COMMUNITIES	Improved health outcomes and social development through targeted initiatives, partnerships and awareness programmes. This deepens trust and reinforces our role as a responsible corporate citizen.

STAKEHOLDER ENGAGEMENT (CONTINUED)

CAPITALS

MANUFACTURED | HUMAN | SOCIAL & RELATIONSHIP | NATURAL | FINANCIAL | INTELLECTUAL

STAKEHOLDER	NEEDS AND EXPECTATIONS	HOW WE ENGAGE	OUR RESPONSE	CAPITALS IMPACTED	QUALITY OF RELATIONSHIP
SHAREHOLDERS AND INVESTORS Providers of capital seeking sustainable returns and long-term value creation	Financial and non-financial performance, ESG integration, governance, risk management, growth strategy, capital allocation, dividend policy	Annual general meetings; investor briefings; regulatory filings; press releases; investor roadshows	Strengthened transparency and disclosure, reinforced disciplined execution and capital allocation, enhanced communication on growth strategy and regional expansion		Strong
OUR EMPLOYEES A diverse workforce critical to operational delivery, innovation and organisational performance	Health and safety, wellbeing, skills development, inclusion, digital enablement, change management, recognition, organisational culture	Town halls; internal communications; training programmes; employee surveys; mentorship and leadership initiatives	Strengthened workforce capability through training and digital upskilling, enhanced safety and wellbeing, embedded a more accountable and performance-driven culture aligned to strategic priorities		Connected
SUPPLIERS AND SERVICE PROVIDERS Partners supporting production, procurement and supply-chain continuity	Supply chain reliability, ethical sourcing, cost efficiency, timely payments, environmental compliance, business continuity	Procurement meetings; supplier evaluations; audits; supplier workshops	Strengthened supplier relationships and procurement stability, enhanced supply-chain risk management, improved sourcing strategies and cost discipline to ensure continuity of supply		Connected
CONSULTANTS AND BUSINESS PARTNERS External specialists providing technical, strategic and advisory support	Regulatory compliance, market expansion, governance, innovation, process optimisation, strategic alignment	Strategy sessions; compliance engagements; advisory forums; partnerships	Leveraged external expertise to support regulatory approvals and market entry, strengthened governance and compliance, enhanced operational efficiency and strategic execution capability		Good
PATIENTS, HEALTHCARE PROFESSIONALS AND CUSTOMERS End-users and prescribers of Qcil's products, central to its purpose and market relevance	Access to affordable medicines, product quality and safety, reliable supply, patient support, regulatory compliance	Healthcare forums; surveys; customer platforms; medical conferences; digital engagement	Strengthened trust in product quality, improved responsiveness to patient and customer needs, increased uptake of diversified product portfolio, expanded access to affordable, quality medicines while maintaining compliance standards		Strong
GOVERNMENTS AND REGULATORY BODIES Public institutions responsible for regulation, policy and healthcare system oversight	Regulatory compliance, public health contribution, local manufacturing, policy alignment, product approvals	Regulatory filings; compliance audits; government engagements; joint health initiatives	Strengthened regulatory alignment and compliance, supported product approvals, aligned governance, systems and controls with evolving regulatory frameworks and reinforced licence to operate		Strong
OUR COMMUNITIES Communities in which Qcil operates and contributes to health and social outcomes	Public health support, education and awareness, environmental responsibility, partnerships, social impact	Community outreach; CSR initiatives; medical donations; awareness campaigns	Expanded community programmes and health initiatives, strengthened stakeholder trust, contributed to improved health outcomes and reinforced social licence to operate		Good

SUSTAINABILITY FRAMEWORK

Our Sustainability Framework is directly aligned with our core company strategy: ensuring Access, Availability, and Affordability of our products to those who need them most. Rooted in our values, it serves as the blueprint for future focused growth that is embedded within our strategic plan to drive sustainable, resilient progress.

Our framework is structured around three clear and actionable pillars that integrate global standards and initiatives (UN SDGs, GRI, IFRS S1/ S2 and SASB) while staying distinctly aligned with Qcil's identity and ambitions.

AIR

The three strategic pillars in our Strategy are Access with integrity, Identity with impact and Resilient and responsible operations (A.I.R).

Access with integrity: To us means expanding equitable access to affordable, quality medicines while maintaining ethical standards and regulatory excellence.

Identity with impact: To us means shaping a strong, corporate identity rooted in African excellence, innovation, and trust. We do this by aligning our culture, operations, and partnerships to reflect our values and drive positive societal outcomes.

Resilient and responsible operations: To us means transforming our operations to meet the demands of a changing world by embedding climate resilience, resource efficiency, and regulatory compliance principles into our systems to ensure that we remain competitive, future ready, and aligned with global sustainability standards.

STRATEGIC PILLAR

KEY PRIORITY AREA

- Affordable quality medicines: Local production with global standards benchmarking
- Health equity
- Product portfolio differentiation

SUSTAINABILITY DEVELOPMENT GOAL (SDG)

A

UPDATES

- We meet WHO Current Good Manufacturing Practices (cGMP) standards, demonstrating our commitment to global pharmaceutical quality benchmarks. We are also ISO Certified in Quality Management Systems (ISO 9001), Environmental Management Systems (14001) and Organisational Health and Safety (45001) affirming our adherence to best practices in pharmaceutical manufacturing, environmental responsibility, and occupational safety.
- By expanding and diversifying our product portfolio and private market business, we reached over 550,000 individuals, including more than 2,000 in underserved areas.
  (Refer to the Social and Relationship Capital as well as the Manufactured Capital section for more detail)

STRATEGIC PILLAR

KEY PRIORITY AREA

- Deliver comprehensive solutions addressing the global disease burden including HIV, TB, hypertension, diabetes, sickle cell, and infectious diseases while prioritising access for underserved populations.
- Lead in sustainability initiatives in the pharmaceutical sector
- Developing a diversified workforce

SUSTAINABILITY DEVELOPMENT GOAL (SDG)

I

UPDATES

- We expanded our basket of products with 15 new generic products to cover diabetes, infectious diseases and gastroenterology, 13 of which are on the WHO list of essential medicines.
- We launched several sustainability initiatives during the year such as the condensate recovery system that is currently earning us a recovery of 1,526.81 cubic meters of water and has so far saved us over UShs 151,600,000 in the last 10 months.
- The Company employs a diverse workforce and strengthens gender diversity in leadership positions across the value chain.
  (Refer to the Human Capital section for more detail)
- We remain committed to investing in our communities, demonstrated through our Corporate Social Investment arm that supports health, education, and the environment through medical camps, blood donation drives, graduate trainee programmes, and internships.
  (Refer to the Social Capital section for more detail)

STRATEGIC PILLAR

KEY PRIORITY AREA

- Resource efficiency and low carbon manufacturing
- Employee health and safety
- Climate risk management and scenario planning

SUSTAINABILITY DEVELOPMENT GOAL (SDG)

R

UPDATES

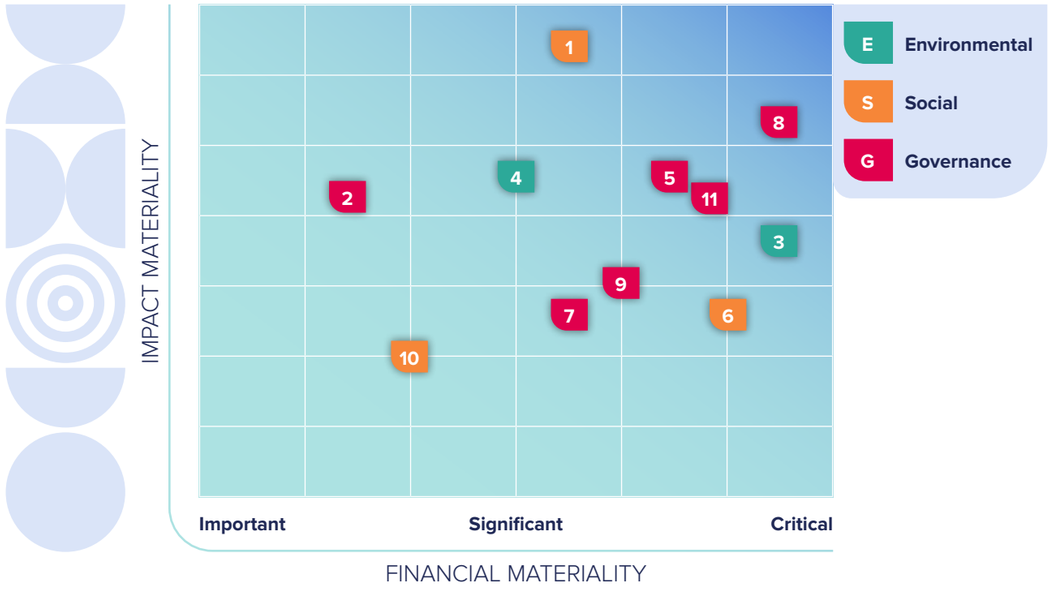
- We are cognisant of the importance of prioritising resource conservation in our operations and across the value chain. As a resource intensive industry, we continue to make focused efforts to reduce our water consumption and waste generation, increase water recycling and reuse, ensure safe waste disposal and conserve available natural resources.
- We also recognise the potential adverse impact of our operations on global warming and climate change. We therefore strive to maintain responsible and eco-friendly operations and reduce our carbon footprint. We have been investing in energy efficient technology and renewable energy for street lighting on our premises.
  (*Refer to the Natural Capital section for more detail)*

SUSTAINABILITY FRAMEWORK (CONTINUED)

DOUBLE MATERIALITY ASSESSMENT:

We are cognisant of the critical role a materiality assessment plays in determining priority sustainability issues that are most significant for our operations and stakeholders. During the year, we reviewed the material matters that were identified in FY24/25 in line with the GRI, SASB and IFRS S1 and S2 standards to assess their continued relevance and relative priority considering evolving business and regulatory context

Based on the review, we made a few adjustments in the nomenclature of some material issues highlighted green in the key below and have mapped out 11 material issues that we deem most relevant to our business and value chain as follows:



1 PRODUCT ACCESS AND AFFORDABILITY
2 TECHNOLOGY AND DIGITAL TRANSFER
3 RESOURCE MANAGEMENT
4 CLIMATE ACTION
5 SUSTAINABLE SUPPLY CHAIN
6 HUMAN CAPITAL DEVELOPMENT
7 CORPORATE GOVERNANCE AND BUSINESS ETHICS
8 PRODUCT QUALITY AND SAFETY
9 REGULATORY COMPLIANCE
10 STRONG REGIONAL ECONOMIES
11 MANAGEMENT OF COUNTERFEITED DRUGS

The assessment also highlights potential environmental risks, reinforcing our focus on reducing greenhouse gas emissions and improving resource efficiency through responsible environmental practices.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES:

The following table presents the results of the Double Materiality Assessment we conducted in FY 2024-25. It describes the material impacts, risks and opportunities for our top 11 material issues.

ESG Dimension	MATERIAL ISSUE	LINKAGE WITH IR (CAPITALS)	RATIONALE FOR IDENTIFICATION	IDENTIFIED RISK & OPPORTUNITY
G	**Product quality and safety**		We recognise that the quality and safety of our products are fundamental to our purpose of improving lives. We are committed to maintaining the highest quality standards, ensuring patient safety, and strengthening robust systems and processes that deliver safe, effective, and reliable medicines.	**Risks:** Non compliance with regulatory standards can increase scrutiny during inspections and delay or restrict the launch of new products, impacting competitiveness and revenue growth. In addition, poor-quality raw materials, human error, or weak process controls can result in product quality issues or recalls, undermining revenue, brand reputation, and stakeholder trust. **Opportunities:** The integration of AI, robotics, and advanced analytics can transform manufacturing and quality processes, driving higher productivity, lower operational costs, and improved product quality. These technologies can streamline operations, reduce human error, enhance data accuracy, and provide real time insights into production performance.
G	**Product access and affordability**		We recognise that access to quality, affordable medicines is fundamental to improving health outcomes and creating healthier communities. Therefore, expanding access through sustainable solutions that make essential medicines available and affordable to the patients who need them most is integral to our business operations.	**Risks:** Disruptions in the supply chain driven by manufacturing challenges, geopolitical events, natural disasters, quality issues, or unexpected demand surges can limit timely access to essential medicines in certain markets. **Opportunities:** Firm efforts to expand access to affordable healthcare in underserved regions strengthen our brand and reinforce trust in our products. This also demonstrates our commitment to social responsibility and positions us to attract customers and investors who value responsible and purpose driven business practices.

CAPITALS

MANUFACTURED | HUMAN | SOCIAL & RELATIONSHIP | NATURAL | FINANCIAL | INTELLECTUAL

SUSTAINABILITY FRAMEWORK (CONTINUED)

ESG Dimension	MATERIAL ISSUE	LINKAGE WITH IR (CAPITALS)	RATIONALE FOR IDENTIFICATION	IDENTIFIED RISK & OPPORTUNITY
S	**Human capital development**		We recognise that our people are the driving force behind our success. We are committed to attracting, developing, and retaining talent by investing in continuous learning, employee wellbeing, and an inclusive workplace culture that empowers our people to grow alongside the business.	**Risks:** Serious safety incidents such as personal injuries or fatalities at work, spillage of hazardous waste during transportation for disposal can pose significant risks to the safety of workers and surrounding communities. These events can lead to legal liabilities, financial losses, and damage to the Company's reputation. Additionally, failure to comply with health and safety regulations may result in substantial fines, legal action and loss of brand reputation **Opportunities:** We remain committed to upholding commendable health and safety standards, whilst maintaining our compliance to local and international Organisational Health and Safety standards as well as continuous investment in capability building.
G	**Regulatory compliance**		We are cognisant that regulatory compliance is fundamental to maintaining the trust of our patients, customers, and stakeholders. We are committed to upholding the highest standards of ethical conduct, quality, and compliance to ensure the safety, integrity, and long-term sustainability of our operations.	**Risks:** Failure to comply with evolving regulatory requirements can lead to increased inspections, product delays, fines, or suspension of product approvals. This can impact our ability to bring products to market, disrupt operations, and ultimately affect revenue, reputation, and stakeholder trust. **Opportunities:** Enhanced trust with regulators, customers, and partners, enabling faster approvals, smoother inspections, and sustained market access. This strengthens our competitiveness, supports timely product launches, and reinforces our reputation as a reliable and responsible pharma manufacturer
E	**Resource management (water, waste, land)**		As a resource intensive industry, we recognise the importance of prioritising resource conservation across our value chain. We are deliberate in reducing our water consumption and waste generation, whilst increasing our water recycling and reuse and ensuring safe waste disposal.	**Risks:** Non compliance with regulatory emissions limits, or weak waste, water, and land management practices, can lead to fines, legal action, and reputational damage, ultimately affecting our social license to operate. Relatedly, limited freshwater availability can disrupt operations and threaten business continuity. **Opportunities:** Our focused water stewardship drives business continuity and cuts operational costs. Zero Waste to Landfill slashes disposal expenses and boosts our competitive edge. Relatedly, strong AMR management sets us apart in the market while rallying stakeholders for shared investment, new market access, and innovation through combined expertise.

ESG Dimension	MATERIAL ISSUE	LINKAGE WITH IR (CAPITALS)	RATIONALE FOR IDENTIFICATION	IDENTIFIED RISK & OPPORTUNITY
G S	**Supply chain management**		The continuity of our business operations relies heavily on our supply chain. Addressing any disruptions and risks like child labour, human rights abuse and poor working conditions that we may be exposed to through our supply chain is critical.	**Risks:** Reliance on China, India and Europe for our raw materials makes us vulnerable to geopolitical and supply chain shocks. Limited supplier diversity heightens this risk amid shifting global markets. Ineffective management could trigger financial penalties, regulatory scrutiny, brand damage, and eroded investor confidence. **Opportunities:** Efficient practices drive cost savings, profitability, investor confidence, competitive advantage, and business continuity. Tech integration sharpens tracking, monitoring, and efficiency leading to improved inventory management and demand responsiveness. This boosts revenue and fuels overall financial growth.
S	**Strong regional economies**		We recognise that our operations play a role in strengthening regional economies through job creation, tax contribution, and local value addition. We remain committed to supporting inclusive economic growth by creating sustainable employment opportunities and contributing to the broader social and economic stability of the regions in which we operate.	Risks: We recognise that limited job creation, weak local value addition, or declining tax contributions can reduce our positive economic impact in the region where we operate. This may affect community relations, stakeholder trust, and our broader social license to operate. **Opportunities:** strengthened social stability and community trust enhancing our reputation, while boosting long term operating stability, and reinforcing our position as a key contributor to inclusive economic growth in the region where we operate.

CAPITALS

MANUFACTURED | HUMAN | SOCIAL & RELATIONSHIP | NATURAL | FINANCIAL | INTELLECTUAL

SUSTAINABILITY FRAMEWORK (CONTINUED)

ESG Dimension	MATERIAL ISSUE	LINKAGE WITH IR (CAPITALS)	RATIONALE FOR IDENTIFICATION	IDENTIFIED RISK & OPPORTUNITY
G	**Corporate Governance and business ethics**		Strong corporate governance and ethical business conduct are fundamental to building trust and ensuring long term sustainability. We are committed to upholding transparency, accountability, and integrity across all levels of the organisation as the foundation for responsible decision making and value creation.	**Risks:** Regulatory non compliance can result in fines, penalties, lawsuits, loss of share value and restricted access to markets. It can also hamper brand reputation, decrease investor and employee confidence. **Opportunities:** Ethical business practices support enhanced investor confidence which can lead to better returns and greater investments in the Company. It also enables attraction of quality talent, creating a workforce that is responsible and supports smooth and transparent relationships with regulators.
G	**Management of counterfeited drugs**		We are cognisant that the proliferation of counterfeit medicines poses a serious risk to patient safety, public health, and trust in the pharmaceutical sector. We remain committed to working with regulators, partners, and enforcement agencies to strengthen traceability, safeguard product integrity, and ensure that only safe, genuine medicines reach the market.	**Risks:** Exposure of patients to substandard or harmful medications that may result in patient deaths, severe adverse reactions, and treatment failures. Relatedly, regulatory penalties, legal liability, intensified scrutiny, and reputational damage that erodes stakeholder trust. Counterfeits trigger stock recalls, disrupt operations, and reduce profitability. **Opportunities:** Robust anti counterfeit measures position Qcil as a trusted, quality leader in healthcare, strengthening brand value and competitive advantage. Serialisation and track and trace technologies enable superior inventory management, regulatory compliance, and supply chain transparency. This is a differentiator for us through patient safety assurance and reduced recall costs.

ESG Dimension	MATERIAL ISSUE	LINKAGE WITH IR (CAPITALS)	RATIONALE FOR IDENTIFICATION	IDENTIFIED RISK & OPPORTUNITY
E	**Climate action (Energy, emissions)**		We strive to maintain eco-friendly and responsible operations, recognising our role in addressing climate change and reducing our environmental footprint. We are guided by our sustainability targets and we continue to invest in energy efficient technologies, renewable energy, and alternative energy solutions as we work towards a lower carbon future.	**Risks:** Rising GHG emissions expose us to regulatory penalties, carbon taxes, and tighter emissions scrutiny. Failure to act erodes investor confidence, damages brand value, and weakens our competitive position. Supply chain disruptions from climate events threaten business continuity, while inefficiencies drive up operational costs and reduce profitability. **Opportunities:** Reducing our GHG emissions cuts energy costs, unlocks carbon credits, and drives operational efficiency. Strong climate performance will boost investor confidence, strengthen our brand value, and secure our competitive advantage in the healthcare market. It will also open our access to green markets, and build resilience against climate disruptions.
G	**Technology and digitalisation**		We recognise that technology and digitalisation are critical enablers of efficiency, transparency, and sustainable growth. We remain committed to leveraging digital solutions to improve operational performance, strengthen data driven decision making, and enhance the quality, safety, and accessibility of our products and services.	**Risks:** Reliance on legacy tech and limited AI adoption exposes us to cybersecurity breaches, data loss, and operational failures. Inadequate digital skills create implementation gaps, while AI driven automation by competitors erodes our market position. Regulatory scrutiny on data privacy could trigger penalties, and tech failures damage brand trust with patients and partners. Lagging digital transformation threatens business continuity and reduces profitability. **Opportunities:** In this rapidly evolving healthcare landscape, technology and digitalisation drive operational efficiency, cost savings, and faster decision making. We have an opportunity for AI and automation to enable predictive inventory management, demand forecasting, and personalised patient experiences. Digital tools will help expand our market access, strengthen stakeholder collaboration, and accelerate innovation.

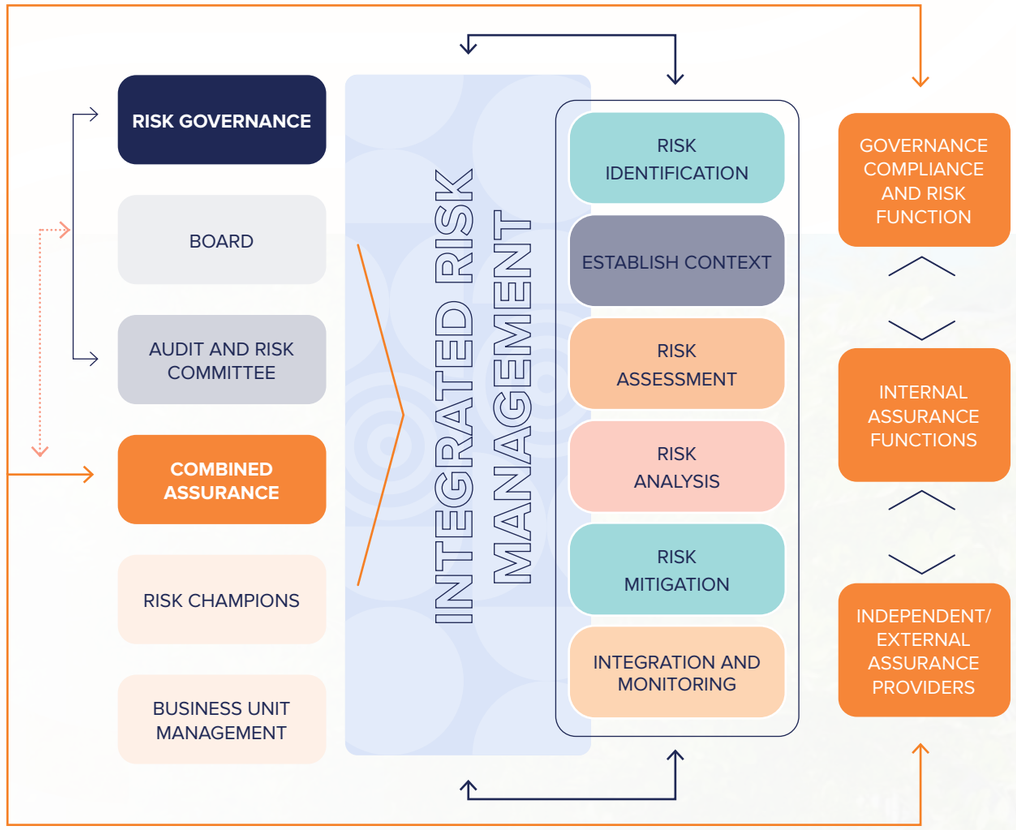
CAPITALS

MANUFACTURED | HUMAN | SOCIAL & RELATIONSHIP | NATURAL | FINANCIAL | INTELLECTUAL

ENTERPRISE RISK MANAGEMENT

Qcil operates within a complex and evolving risk environment shaped by global supply-chain dependencies, regulatory requirements and the scale-up of manufacturing operations. Effective risk management remains central to the Company's ability to deliver on its strategy, protect value and maintain operational resilience. Our approach to risk management is underpinned by a structured enterprise-wide framework that integrates risk identification, assessment, mitigation and monitoring into core business processes. This ensures that risks are proactively managed, aligned to strategic priorities and embedded within decision-making across all levels of the organisation.

The Board, supported by the Audit and Risk Committee (ARC), provides oversight of the risk- management framework, while Management is responsible for implementation and day-to-day risk management. This integrated approach strengthens accountability, enhances transparency and supports a disciplined and forward-looking risk culture across the business.



RISK GOVERNANCE FRAMEWORK

Qcil recognises that effective risk management is integral to protecting shareholder value, ensuring continuity in the supply of essential medicines and supporting long-term sustainable growth. The Company applies a structured and forward-looking approach to identifying and managing uncertainties that may affect strategic objectives and day-to-day operations. Risk considerations are embedded across organisational structures, functional activities and key decision-making processes.

Risk governance is implemented through a defined hierarchy of responsibility. The Board of Directors retains ultimate accountability for risk governance and oversight of the Enterprise Risk Management framework, including approval of the Company's risk appetite. The Board is supported by its committees, which provide focused oversight of risk matters within their respective mandates. Management is responsible for implementing the risk management framework and managing risks within approved thresholds. Risk Champion coordinate risk identification, assessment, monitoring and reporting across functional areas.

Risk management is embedded throughout Qcil's operations through a structured three lines of defence model. The model clarifies roles and responsibilities across management, risk oversight and independent assurance functions, supporting the effective identification, assessment, mitigation and monitoring of risks.

Operational management is responsible for identifying and managing risks within day-to-day activities

The risk management function oversees the implementation and monitoring of risk mitigation strategies

Internal audit provides independent assurance to the Board and its Committees

Independent assurance is reinforced through a combination of internal audits, regulatory reviews and targeted third-party assessments, including cybersecurity evaluations. Regular risk assessments are undertaken to identify emerging threats and to enable a timely and effective response. In addition, quarterly risk reports are submitted to the Audit and Risk Committee, providing continuous oversight and supporting informed, risk-based decision-making across the organisation.

ENTERPRISE RISK MANAGEMENT (CONTINUED)

PRINCIPAL RISKS AND STRATEGIC RESPONSES

Qcil applies a structured risk management framework to identify, assess and mitigate risks across its operations. This framework supports informed decision-making, enhances resilience and ensures that key risks are proactively managed in line with the Company's strategic objectives. Below is a summary of the principal risks and corresponding mitigation measures:

RISK	MITIGATING ACTIONS
Pricing, competitive and business model pressures: Pricing across key markets remains under pressure due to donor-funded procurement mechanisms, competitive tendering processes and increasing market competition. This creates ongoing margin pressure and concentration risk associated with reliance on public sector and donor-funded contracts, alongside broader risks arising from global trade dynamics, supply chain disruptions and technological change.	• Expanded private sector distribution channels • Diversified products and geographic markets • Improved manufacturing efficiency and capacity utilisation • Launched products in higher-margin therapeutic areas • Strengthened intellectual property protection and data controls
Product quality and safety: Product quality and safety remain critical in a highly regulated environment. Any failure to meet regulatory standards could result in product recalls, operational disruption and reputational damage.	• Maintained a digitised Quality Management System • Conducted regular cGMP and QMS audits • Implemented corrective and preventive actions • Strengthened training and process controls
Geopolitical risk: Global political and economic volatility continues to affect procurement cycles, foreign exchange stability and supply chains, increasing the risk of disruption and operational uncertainty.	• Monitored geopolitical and trade developments • Strengthened liquidity and working capital management • Diversified sourcing and supply arrangements • Enhanced cybersecurity and data governance controls
ESG and sustainability: Environmental and social impacts, if not effectively managed, can affect communities, regulatory compliance, health and safety, and long-term value. Rising stakeholder expectations increase the risk of reputational and operational harm.	• Implemented emissions reduction and resource efficiency initiatives • Increased use of renewable energy • Introduced water recycling and rainwater harvesting • Strengthened ESG governance and oversight • Enhanced health and safety systems, training, and monitoring to reduce incidents and ensure workforce wellbeing
Information security: Increased reliance on digital systems exposes the organisation to cybersecurity threats, data breaches and financial fraud, which could disrupt operations and impact stakeholder trust.	• Strengthened cybersecurity infrastructure and access controls • Conducted penetration testing and threat monitoring • Implemented employee awareness and fraud prevention training • Enhanced supplier verification processes
Talent management: The ability to attract, develop and retain skilled employees remains critical to executing strategy. Talent gaps or high attrition could affect performance, succession and organisational capability.	• Implemented targeted recruitment and retention strategies • Strengthened skills development and training programmes • Conducted employee engagement surveys • Implemented succession planning and talent reviews • Strengthened reward and recognition initiatives

OPERATIONAL ACHIEVEMENTS

Our Capitals: Building Sustainable Value

Manufactured Capital	46
Intellectual Capital	50
Human Capital	54
Social and relationship Capital	58
Natural Capital	62

OUR CAPITALS: BUILDING SUSTAINABLE VALUE

MANUFACTURED CAPITAL

Qcil's manufactured capital underpins our ability to produce and deliver quality, affordable medicines at scale. During FY25/26, continued investment in infrastructure, automation and process optimisation strengthened production capacity, improved operational efficiency and enhanced product quality. These advancements support our transition to operational independence and position us to meet growing demand across regional markets while maintaining high regulatory and quality standards.

WHAT IS MANUFACTURED CAPITAL?

Manufactured capital comprises the physical infrastructure, production facilities, equipment and technologies used to manufacture pharmaceutical products. This includes production plants, packaging lines, utilities, digital systems and quality control laboratories that enable efficient, compliant and scalable operations.

WHAT MANUFACTURED CAPITAL MEANS FOR Qcil:

For Qcil, manufactured capital is central to delivering its mission of providing affordable and efficacious medicines in a sustainable manner. A strong manufacturing platform enables consistent product quality, supports regulatory compliance, improves cost efficiency and allows the Company to respond effectively to evolving healthcare needs across Africa.

OUR APPROACH

We adopt an integrated approach to managing manufactured capital, focused on strengthening production efficiency, enhancing automation, maintaining quality standards and operational resilience.

- Continuous investment in production capacity and infrastructure upgrades
- Integration of digital systems to improve traceability, planning and decision-making
- Strengthening quality management systems aligned to global regulatory standards
- Embedding risk management and business continuity practices across operations

TRANSITION TO OPERATIONAL INDEPENDENCE

FY25/26 marks a critical inflection point as we complete our transition from Cipla, strengthening our autonomy across systems, governance and operations. The implementation of SAP, Trackwise and LIMS systems enhances traceability, quality control and decision-making capability, while reinforcing governance and operational resilience. This transition reflects a broader strategic shift towards building an independent, African-based pharmaceutical platform capable of scaling production, expanding our product portfolio and responding to regional healthcare needs.

HIGHLIGHTS FOR THE YEAR

Production and packaging volumes increased to **1.142** Bn and **1.154** Bn **tablets** respectively, representing a **36%** increase in output and a **22%** improvement in capacity utilisation compared to FY24/25

Operational efficiency improved, with compression OEE increasing to **31.6%** and packing OEE to **27%**, supported by process optimisation and performance management

Yield improvements across key lines delivered additional value, contributing to increased output and enhanced cost efficiency

- All major manufacturing, packaging and engineering projects were completed and qualified for operations, including track and trace systems, inspection technologies and critical infrastructure upgrades
- The Hydroxyurea manufacturing facility was fully qualified and is ready for routine production, supporting product diversification and future growth
- Successful technology transfer and product development activities, alongside ISO, WHO and EAC audits completed with no critical observations, reinforce strong quality, compliance and readiness for market expansion

Lost-time injuries	**2** FY24/25: 0
Number of product recalls	**1** FY24/25: 0
Technology transfer	**15** products FY24/25: 3 products
Total batches released	**736** FY24/25: 795
Customer OTIF	**99%** FY24/25: 97%
Capacity utilisation	**82%** FY24/25: 70%
Overall equipment effectiveness	**31.6%** FY24/25: 26%
Number of regulatory audits	**4**
Number of audits conducted	Internal **37** | External **71**
Number of digital systems implemented	**3** (LIMS, Trackwise and DMS)

MANUFACTURED CAPITAL (CONTINUED)

OUR PERFORMANCE

PRODUCTION SCALE AND CAPACITY UTILISATION

We delivered a strong increase in production during FY25/26, with manufacturing output reaching 1,141.9 million tablets against a target of 1,200 million, and packaging volumes reaching 1,153.7 million tablets. This represents a 36% increase in production volumes compared to FY25 and reflects a 22% improvement in capacity utilisation. Our high-capacity manufacturing facility in Luzira Industrial Park continues to operate at over 82% utilisation, producing approximately 1.2 billion tablets annually and supporting the supply of essential medicines across multiple markets in Sub-Saharan Africa. This production scale is supported by continuous process optimisation, targeted infrastructure upgrades and improved operational discipline, enabling higher throughput, reduced downtime and more consistent production performance across manufacturing and packaging operations.

OPERATIONAL EFFICIENCY AND PRODUCTIVITY

During the year under review, we strengthened operational efficiency through targeted process improvements and enhanced performance management. OEE improved measurably, with compression efficiency increasing from 26% to 31.6% and packing efficiency from 22% to 27%. Yield improvements across key product lines, including Artemether Lumefantrine, increased from 95.56% to 96.45%, reflecting improved process control and reduced production losses. These gains contributed to higher output, improved cost efficiency and more stable manufacturing performance.

PROJECT EXECUTION AND OPERATIONAL IMPROVEMENTS

During FY25/26, Qcil executed a comprehensive portfolio of manufacturing, packaging and engineering projects focused on improving efficiency, strengthening compliance and reducing operational risk. Manufacturing and packaging upgrades enhanced process control, eliminated manual interventions and improved data integrity. These included in-process control systems, inspection and coding technologies, and the localisation of track-and-trace capabilities to strengthen product traceability and regulatory compliance. Several upgrades addressed specific operational and compliance risks, including batch identification controls, inspection system reliability and process automation.

Engineering upgrades further enhanced operational reliability. The migration to a 33kV power system improved power stability, reduced outages and lowered reliance on diesel generation, while the implementation of a condensate recovery system, recovering approximately 138.8 cubic meters per month, improved boiler efficiency and supported resource optimisation and sustainability objectives. These upgrades not only improved efficiency and compliance but also strengthened process control, reduced manual intervention and enhanced data integrity across production systems.

QUALITY ASSURANCE AND REGULATORY COMPLIANCE

Quality remains central to our manufacturing operations. During the year, 736 batches were released with minimal rejections. External audits, including ISO, WHO and EAC inspections, were completed with no critical observations across manufacturing, packaging, stores and engineering functions. We continue to operate in alignment with WHO guidelines, ICH standards and national regulatory requirements across multiple jurisdictions, reinforcing our commitment to product quality, safety and regulatory compliance.

QUALITY MANAGEMENT AND DATA INTEGRITY

Qcil maintains a robust Quality Management System aligned with cGMP and ISO 9001:2015 standards, ensuring that quality is embedded across all manufacturing processes. A structured Quality Risk Management approach supports the identification, assessment and mitigation of risks across the product lifecycle, while a comprehensive data integrity framework ensures that all GxP-related data is accurate, complete and reliable.

PHARMACOVIGILANCE

Following our transition to operational independence, we established a standalone pharmacovigilance system to monitor, assess and respond to adverse drug reactions and product quality concerns. This system supports proactive risk management across the product lifecycle and ensures compliance with regional regulatory frameworks, including EAC, ECOWAS and ZAZIBONA requirements.

BUSINESS CONTINUITY AND OPERATIONAL RESILIENCE

We maintain robust business continuity measures, including backup power systems, supported by standby generators and uninterruptible power supply systems, as well as fire detection and suppression systems across our facilities. These controls are reinforced through ongoing maintenance, staff training and insurance coverage, contributing to uninterrupted production, operational continuity and asset protection.

SUSTAINABILITY IN MANUFACTURING

Sustainability is increasingly integrated into our manufacturing operations through investments in energy efficiency, waste management and water conservation. Initiatives such as clean energy adoption, condensate recovery systems and process optimisation are strengthening resource efficiency and reducing environmental impact. These initiatives are contributing to improved resource efficiency, reduced environmental impact and alignment with our long-term sustainability commitments.

OUTLOOK:

In the year ahead, we will continue to strengthen our manufacturing platform through targeted investments in infrastructure, production capacity and operational efficiency. A key priority is the expansion of our manufacturing footprint through the construction of a second production facility, which will enhance our ability to meet growing domestic and export demand while supporting the diversification of our product portfolio into additional therapeutic areas such as hypertension and diabetes. At the same time, we will focus on optimising production scheduling, improving batch scalability and increasing export supply capacity to ensure we remain responsive to evolving market needs.

Our focus on operational excellence will be supported by continued progress in automation and digital transformation, including the implementation of a comprehensive document management system and the automation of quality control processes to enhance real-time compliance monitoring and reduce manual intervention. We will also strengthen supply-chain resilience through increased localisation of material sourcing, supplier diversification and improved logistics efficiency. In parallel, we will advance sustainability in manufacturing by adopting clean energy solutions, enhancing resource efficiency through water recovery and recycling initiatives, and embedding environmentally responsible practices across operations. These priorities position us to deliver sustained growth, improve operational resilience and reinforce our role as a leading pharmaceutical manufacturer supporting healthcare access across the region.

INTELLECTUAL CAPITAL

Qcil's intellectual capital underpins our ability to innovate, expand our product portfolio and strengthen our position as a competitive pharmaceutical manufacturer. During FY25/26, continued investment in product development, regulatory capability, digital systems and skills development enhanced our ability to respond to evolving healthcare needs and support long-term value creation. Our transition towards operational independence, combined with strengthened governance, systems and technical capability, positions us to scale innovation and operate as a credible African-based pharmaceutical platform.

WHAT IS INTELLECTUAL CAPITAL?

Intellectual capital comprises the knowledge, systems, processes, innovation capabilities and intellectual property that support the development, manufacturing and delivery of pharmaceutical products. This includes product pipelines, regulatory expertise, digital systems, data management and organisational know-how that enable innovation and competitiveness.

WHAT INTELLECTUAL CAPITAL MEANS FOR Qcil:

For Qcil, intellectual capital is central to sustaining innovation, expanding access to medicines and strengthening market competitiveness. It enables us to develop and source new products, accelerate regulatory approvals, enhance operational efficiency and respond to changing disease patterns across the region.

OUR APPROACH

Qcil adopts an integrated approach to managing intellectual capital, focused on strengthening innovation, expanding the product pipeline, enhancing regulatory capability and embedding digital systems to support decision-making and operational excellence.

- Expanding the product pipeline through internal development and strategic partnerships
- Strengthening regulatory capability to support market access and reduce time-to-market
- Investing in digital systems to enhance data integrity, traceability and decision-making
- Building technical capability across manufacturing, quality, regulatory and ESG functions
- Protecting intellectual assets through strengthened governance and cybersecurity frameworks

HIGHLIGHTS FOR THE YEAR

- **Expansion of the product pipeline** across communicable and non-communicable disease categories
- **Launch of 15 new products across therapeutic areas,** including anti-infectives, reproductive health, anti-hypertensives and malaria treatments
- **Strengthened regulatory capability** and **expanded market** access across Sub-Saharan Africa
- Successful implementation of SAP, Trackwise and LIMS systems, enhancing data integrity, traceability and operational efficiency
- Enhanced cybersecurity controls and monitoring systems to protect intellectual property and operational data
- Continued investment in technical training and capability development

INTELLECTUAL CAPITAL (CONTINUED)

OUR PERFORMANCE

Performance in the year under review reflects continued progress in strengthening innovation capability, expanding the product portfolio and enhancing the systems and expertise required to support disciplined and sustainable growth.

ACCESS TO NEW PRODUCTS

Qcil expanded access to innovative and life-saving medicines through a combination of internal development and strategic partnerships. In the year under review, the product pipeline advanced across both communicable and non-communicable disease categories, reflecting a deliberate shift beyond traditional focus areas. In addition, Qcil is currently developing new products across key therapeutic areas, including blood disorders, diabetes, pain management, maternal health and infection control. In parallel, additional products are being sourced through strategic partners, focusing on critical disease areas such as HIV, malaria and TB. This balanced approach strengthens resilience amid pricing pressure in donor-funded segments and supports long-term revenue diversification.

PORTFOLIO EXPANSION

Qcil made significant progress in diversifying its product portfolio, including the launch of new products across multiple therapeutic areas such as anti-infectives, reproductive health, anti-hypertensives and malaria treatments. The portfolio continues to expand beyond malaria and HIV into higher-growth and higher-margin segments such as cardiovascular disease, diabetes, ICU care, antibacterials and over-the-counter products. This shift supports both commercial sustainability and broader healthcare impact, aligning with a strategic focus on disciplined growth and portfolio optimisation. These launches reflect a focused approach to therapeutic expansion, strengthening the Company's ability to address priority healthcare needs while positioning the business for sustained growth.

REGULATORY CAPABILITY AND MARKET ACCESS

Qcil strengthened its regulatory capability to support market expansion and reduce time-to-market for new products. In the year under review, regulatory approvals were maintained across 31 Sub-Saharan African countries, with exports currently reaching 14 of these markets. To support ongoing portfolio diversification, Qcil submitted 46 marketing authorisation applications and obtained 12 promotional approvals in the domestic market. These efforts are supported by strengthened governance frameworks and disciplined execution, enabling more efficient regulatory engagement and enhanced market presence.

DIGITAL TRANSFORMATION AND SYSTEMS INTEGRATION

Digital transformation and cybersecurity are critical enablers of operational resilience and governance, particularly within a highly regulated pharmaceutical environment where data integrity, traceability and system reliability are essential. At the same time, the increasing sophistication of cyber threats and the importance of strong documentation practices present ongoing operational risks.

In response, we have achieved a key milestone by implementing core enterprise systems, including SAP, Trackwise and LIMS, which enhance data integrity, quality control, traceability and decision-making. Cybersecurity has been elevated as a strategic priority, with strengthened controls, monitoring systems and targeted staff awareness programmes implemented to protect intellectual property and operational data. During the period, we responded to a phishing incident that resulted in a financial loss, implementing corrective actions including multi-factor authentication, domain blocking, supplier verification protocols and enhanced staff training in high-risk functions. We also addressed a data integrity issue by reinforcing documentation protocols and targeted training. Looking ahead, we are strengthening organisational resilience through risk management training for risk champions, a review of the risk management policy for Board approval, and the implementation of a data privacy risk review aligned to the Uganda Data Protection and Privacy Act.

CAPABILITY DEVELOPMENT AND KNOWLEDGE SYSTEMS

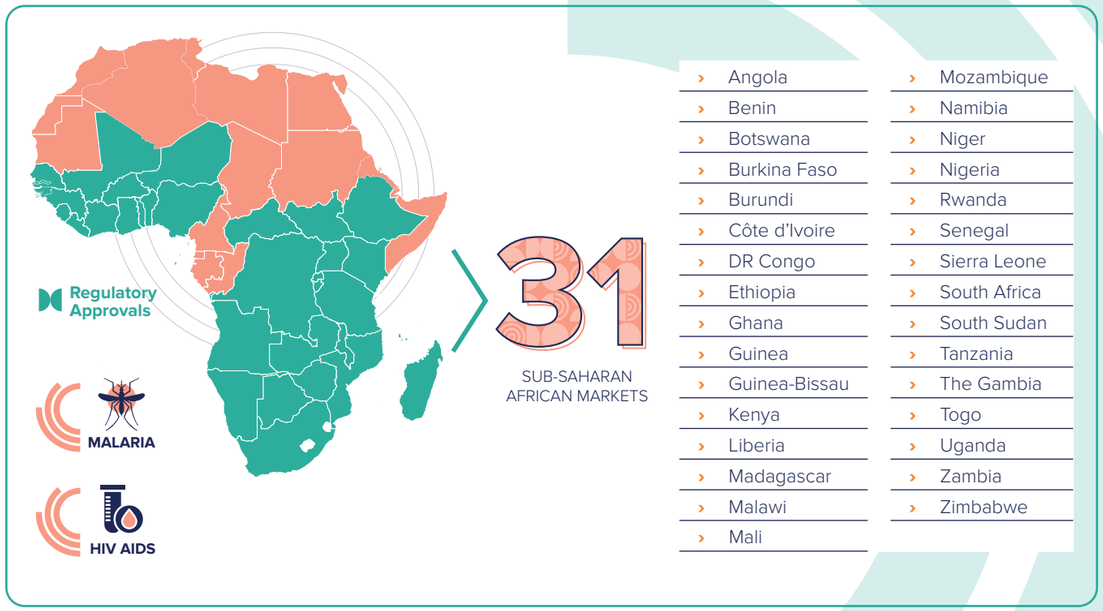
Qcil strengthened organisational capability through structured training programmes and international exposure, building technical expertise across manufacturing, quality, regulatory and ESG functions. This focus supports innovation, strengthens execution and enhances the Company's ability to manage increasing operational complexity, positioning Qcil as a credible and competitive pharmaceutical manufacturer within the African context.

COMPLIANCE

Qcil maintained a strong compliance culture supported by robust systems, processes and institutional capability. Compliance performance remained strong across key functions, with Environmental Health and Safety maintaining full adherence to occupational health, safety and environmental requirements, Human Resources complying with all applicable employment legislation, and Regulatory Affairs and Production continuing to meet National Drug Authority regulations and Good Manufacturing Practice standards. Finance fulfilled all tax and statutory obligations; Legal and Corporate Governance met requirements under the Companies Act and listing rules; Information Technology upheld data protection and cybersecurity obligations; and Stores maintained compliance with pharmaceutical handling standards. These outcomes reinforce Qcil's commitment to a zero-tolerance approach to non-compliance and demonstrate the strength of its governance systems and regulatory capability.

OUTLOOK:

Qcil will continue to strengthen its intellectual capital as part of a broader focus on disciplined growth, operational resilience and long-term value creation. Sustained product innovation remains a priority, supported by continued investment in research and development to expand the pipeline beyond infectious diseases into non-communicable disease categories such as cardiovascular conditions and diabetes. Further focus will be placed on advancing more complex and differentiated formulations, including fixed-dose combinations and paediatric therapies, to improve treatment accessibility and patient outcomes. This will be supported by strengthened regulatory engagement to accelerate approvals and reduce time-to-market, alongside continued investment in digital systems and cybersecurity to protect intellectual assets and enable more data-driven decision-making.



HUMAN CAPITAL

Qcil has continued to invest in its people as a strategic priority, recognising that a skilled, engaged and healthy workforce is essential to operational excellence, innovation and long-term sustainability. Building on the FY24/25 foundation of structured training, graduate development, workplace safety and employee recognition, the Company strengthened its human capital agenda in FY25/26 through expanded learning initiatives, digital HR systems, employee engagement programmes and a more data-driven understanding of workforce sentiment. Human capital remains a critical enabler of operational execution, technical excellence and long-term competitiveness, with focused efforts during the year to strengthen workforce capability, leadership alignment and organisational culture, stabilisation and renewed strategic focus. This reflects a deliberate shift towards a more disciplined, accountable and performance-oriented organisation, underpinned by strengthened governance, clearer priorities and continued investment in people and systems.

WHAT IS HUMAN CAPITAL?

Human capital comprises the skills, experience, leadership capability and organisational culture that enable the effective execution of strategy. It includes workforce capability, employee engagement, health and safety, and the systems that support attraction, performance, development and retention.

WHAT HUMAN CAPITAL MEANS FOR Qcil:

For Qcil, human capital is central to delivering operational scale, sustaining product quality and supporting innovation. A capable and engaged workforce enables disciplined execution, strengthens resilience and supports the Company's ability to respond to increasing operational complexity and evolving market demands.

OUR APPROACH

Our approach to human capital is underpinned by a focus on building technical capability, strengthening leadership, enhancing employee engagement and embedding a high-performance culture aligned to the Company's strategic priorities.

- Investing in technical training and capability development across core functions
- Strengthening leadership capability and organisational alignment
- Embedding structured performance management systems
- Enhancing employee engagement and workplace culture
- Maintaining strong health, safety and well-being standards

HIGHLIGHTS FOR THE YEAR

- Successful **20-year anniversary** celebrations, with Block 2 Groundbreaking, QC Lab Commissioning and ADL (paed) tablet unveiling
- Maintained a stable workforce of **386 permanent employees** and **253 contractors**
- Delivered structured training programmes across key functional areas, strengthening technical capability and operational readiness
- Employee Engagement Satisfaction Score of **75%** improvement from previous survey of 63%
- **Expanded international training** exposure to build specialised expertise in manufacturing, engineering and quality environments
- Implemented a **Learning Management System** (LMS) to strengthen capability development and drive continuous learning across the business
- Implemented a formal **Performance Management System**, strengthening accountability and alignment with strategy
- Rolled out storytelling and inspirational **employee engagement campaigns**
- **Zero fatalities** and **two lost-time injuries** recorded during the reporting period
- Onboarded 3rd Graduate Trainee Cohort (15 trainees); **80%** of GTs FY24/25 were absorbed in mainstream
- **Trained 120** student interns
- Continued investment in employee wellness, engagement and organisational culture initiatives
- Launched a **Rotary Club at Qcil** (Rotary Club of Kampala Care) with **65 members**
- Enhanced internal physical branding and workplace identity

SOCIAL IMPACT METRICS

Percentage of senior management who are women
27%
FY24/25: 30%

Percentage of total employees who are women
27%
FY24/25: 26%

Workers trained
639
FY24/25: 504

Training hours for workers
33,332
FY24/25: 29,030

Graduate trainees
15
FY24/25: 15

Interns
120
FY24/25: 90

HUMAN CAPITAL (CONTINUED)

OUR PERFORMANCE

FY25/26 performance reflects continued progress in strengthening workforce capability, enhancing organisational alignment and embedding a culture of disciplined execution to support long-term value creation.

TALENT ACQUISITION AND WORKFORCE SUSTAINABILITY

Qcil maintained a stable and strategically aligned workforce to support production growth and increase operational complexity. The Company recruited 51 (31% female) and 15 graduate trainees (60% female) aligned to operational requirements. Employee turnover for FY25/26 was 5.6%, a significant drop from 11% in FY24/25.

Targeted recruitment continued to focus on critical technical and leadership roles across the business, ensuring that Qcil remains well positioned to support expansion, new product development and system integration. The Company also successfully concluded the 2025 Student Internship Programme, hosting 120 interns from Ugandan and regional universities, in a structured approach to developing future pharmaceutical professionals. These initiatives contribute to a sustainable talent pipeline, strengthen knowledge transfer and reinforce Qcil's position as a leading centre for pharmaceutical capacity building, with over 1,000 interns and graduates trained since inception.

LEARNING AND DEVELOPMENT

During the year, Qcil deepened its learning and development efforts through a combination of structured programmes, systems investment and targeted training interventions. Fifteen graduate-in-training participants completed the third annual training programme, while more than 120 students received practical workplace exposure through internships and industrial training opportunities, reinforcing the Company's role in industry capacity building.

Employees also benefited from internal and external training, including international exposure through industry engagements in India, Egypt, South Africa, Kenya, Nigeria and Ghana.

PERFORMANCE, CULTURE AND EMPLOYEE EXPERIENCE

Qcil continued to embed a high-performance culture by implementing structured performance management and employee engagement initiatives. A key milestone during the period was the launch of the Performance Management System and the completion of FY26 goal setting, which strengthened alignment between individual performance and organisational strategy and enhanced accountability, transparency and performance tracking across the business.

Employee engagement remained a priority during the period. The HR function advanced a range of employee experience initiatives, including storytelling and motivational campaigns, internal branding enhancements and wellness programmes, which supported employee connection, motivation and pride in the Qcil brand. Internal communication platforms further enabled organisational cohesion and alignment.

EMPLOYEE VALUE PROPOSITION

Qcil maintained a strong focus on culture and employee experience, with the people agenda anchored in its core values of: passionate about quality, driven by innovation, prioritising availability, committed to affordability and founded on trust. Leadership visibility and employee connection were strengthened through initiatives such as new-joiners' Breakfast with the CEO, storytelling forums and participation in HR engagement platforms. These initiatives supported a workplace culture that promotes growth, transformational leadership and alignment with Qcil's purpose of delivering *"Life after Well"*.

During the year, Qcil also marked its 20th anniversary, highlighted by a groundbreaking ceremony for another manufacturing facility (Factory 2), officiated by the Deputy Speaker of Parliament, Thomas Tayebwa. This milestone is expected to create more employment and training opportunities, enhance value for stakeholders and expand access to affordable, high-quality medicines, further reinforcing the Company's long-term commitment to people, community and sustainable growth.

EMPLOYEE HEALTH AND SAFETY

Employee wellbeing and engagement remained a key area of focus, with Qcil sustaining a range of wellness and community-building initiatives during FY25/26. These included sports participation, themed awareness activities, staff appreciation moments and inclusive social engagement forums, which strengthened employee connection and organisational culture. Qcil maintained a strong commitment to occupational health and safety, supported by robust systems, infrastructure and continuous monitoring. During the period, four incidents were recorded, including two lost-time injuries. There were no fatalities. The low severity of incidents demonstrates an effective safety response and proactive management of workplace risks. The Company achieved a reduction in incident rates and continued to strengthen operational controls and safety discipline across its operations.

This was complemented by extensive EHS training and compliance initiatives, with over 1,600 training man-hours delivered to employees and more than 1,000 hours to contractors, reaching over 900 employees and 1,019 contractors. In addition, Qcil strengthened its regulatory compliance through 38 statutory staff certifications, including steam boiler and lifting equipment operations, and completed key approvals and audits such as environmental impact assessments, an annual environmental audit and an ISO external audit. Certification of critical equipment, including lifting systems and pressurised machinery, was also completed, with the Company achieving an average compliance score of 88.5% against regulatory requirements.

These efforts reinforced employee wellbeing, strengthened safety capability and ensured a compliant and resilient operating environment.

PERMANENT EMPLOYEES TRAINED	CONTRACTORS TRAINED
927 Total number of employees that trained in FY25/26	**1,019** Total number of contractor employees trained
1,629 Total man-hours EHS training to permanent employee	**1,847** Total man-hours EHS training to contractor employee
4.6 Average man-hours EHS training/ permanent employees	**7.8** Average man-hours EHS training/ contractor employees

GOVERNANCE AND PEOPLE SYSTEMS

In the year, Qcil strengthened human capital governance through policy development, system improvements and alignment with evolving organisational requirements. During the period, 20 HR standard operating procedures were reviewed and updated, and two new policies, a Variable Pay Policy and a Retirement Policy were introduced. These policies, procedures and systems strengthen operational discipline, improve consistency in decision-making and ensure alignment between people strategy and broader business objectives.

EMPLOYEE ENGAGEMENT AND CULTURE SURVEY INSIGHTS

During the period, Qcil conducted a staff engagement survey covering 80 items across 10 dimensions, with a 65% response rate. The survey recorded a satisfaction index of 75%, reflecting a strong improvement from 63% in the previous survey. Results indicated high levels of alignment with the Company's vision, core values and quality (92%), a strong performance in health and safety (91%), and adherence to policies and procedures (89%), demonstrating a quality operational and compliance environment.

While overall engagement improved, reward remained the lowest-scoring dimension at 48%, with concerns relating to pay, performance recognition and team celebration. Opportunities were also identified to strengthen communication, feedback and responsiveness to employee needs.

In response to the survey findings, Qcil will prioritise targeted interventions to strengthen employee experience and performance. Key actions include conducting market benchmarking and job evaluations to improve pay equity, redesigning the reward and recognition framework, and enhancing transparency around compensation practices. The Company will also focus on strengthening employee wellbeing through improved manager capability, structured engagement and flexible work practices, while promoting team cohesion through recognition, internal celebrations and visibility of achievements. In parallel, Qcil will continue to embed a robust performance management framework with clear targets, performance-linked rewards and regular feedback, while sustaining high-performing areas through ongoing safety, compliance and onboarding initiatives.

EMPLOYEE RECOGNITION

Qcil continued to strengthen its culture of performance and appreciation through structured reward and recognition initiatives. The Employee of the Month programme remained a key platform for acknowledging exceptional performance, reinforcing a culture of excellence and accountability across the organisation. In addition, the Company recognised long-serving employees, with 23 staff members awarded for their loyalty and contribution over periods of 10 and 15 years. These initiatives support employee motivation, reinforce desired behaviours and contribute to a positive and engaged workplace culture.

OUTLOOK:

Qcil will continue to strengthen its human capital as part of a broader focus on disciplined execution, organisational resilience and long-term value creation. Our priorities include deepening technical capability, strengthening leadership effectiveness and embedding a high-performance culture that supports operational scale and strategic execution. We will enhance workforce planning, expand training and development programmes and strengthen organisational alignment to support growth across new markets and product segments. Continued investment in governance, systems and people capability positions us to support our next phase of growth while maintaining high standards of performance, safety and employee engagement.

SOCIAL AND RELATIONSHIP CAPITAL

Qcil's social and relationship capital reflects the strength of its partnerships, stakeholder trust and contribution to improving healthcare outcomes across the region. In the year under review, Qcil strengthened its role as a trusted pharmaceutical partner through expanded healthcare access initiatives, deeper stakeholder engagement and continued adherence to strong governance and ethical standards. These efforts support the Company's broader mandate of improving quality of life while building long-term, sustainable relationships across the healthcare ecosystem.

WHAT IS SOCIAL AND RELATIONSHIP CAPITAL?

Social and relationship capital comprises the relationships an organisation maintains with its stakeholders, including customers, patients, suppliers, regulators, communities and partners. It reflects trust, reputation, collaboration and the organisation's ability to create shared value through these relationships.

WHAT SOCIAL AND RELATIONSHIP CAPITAL MEANS FOR Qcil:

For Qcil, social and relationship capital is central to expanding access to medicines, strengthening market presence and maintaining its social licence to operate. Strong stakeholder relationships support demand visibility, enhance credibility and enable collaboration across both public and private healthcare systems.

OUR APPROACH

Our approach to social and relationship capital is underpinned by a commitment to expanding healthcare access, strengthening partnerships, enhancing stakeholder engagement and maintaining high standards of governance and ethical conduct.

- Delivering targeted healthcare outreach programmes to underserved communities
- Building long-term partnerships with institutional buyers and global health organisations
- Strengthening engagement with healthcare professionals and private sector stakeholders
- Maintaining transparent, ethical and compliant business practices
- Actively participating in industry, regulatory and scientific platforms

HIGHLIGHTS FOR THE YEAR

Exceeded healthcare outreach targets, reaching more than

2,042

beneficiaries through medical camps

Provided targeted primary healthcare services to more than

490

individuals in the Luzira community

Donated

1,705

anti-malarial treatments, supporting malaria prevention and treatment efforts across Uganda

Reached over

2,000

individuals through community clean-up initiatives and public health sensitisation programmes

› Strengthened partnerships with global health organisations, supporting continued supply of essential medicines

SOCIAL AND RELATIONSHIP CAPITAL (CONTINUED)

OUR PERFORMANCE

Performance in the year under review reflects measurable progress in expanding healthcare access, strengthening stakeholder relationships and reinforcing trust through ethical conduct and consistent delivery.

COMMUNITY INVESTMENT AND SOCIAL IMPACT

During the year, Qcil implemented a focused portfolio of community investment initiatives aligned to its strategic priorities and purpose. Partnerships remained central to delivery, enabling the Company to extend its reach and deepen impact across communities in which it operates. Particular emphasis was placed on healthcare access and national health system support, alongside targeted interventions in education, youth development and environmental stewardship.

The programme reflects a deliberate shift towards more structured, partnership-driven and impact-oriented community engagement. Through collaboration with public institutions, healthcare providers and Rotary networks, Qcil strengthened stakeholder relationships while contributing to sustainable social outcomes. These efforts reinforce the Company's commitment to creating shared value and supporting long- term community wellbeing, as detailed in the table below.

FOCUS AREA	INITIATIVE	KEY ACTIVITIES	IMPACT
Healthcare Access	Community medical outreach	Medical camps in Luzira, Semuto, Bugiri-bukasa, Kyotera, Paliisa and Tororo in partnership with healthcare providers	2,042 individuals reached through medical camps, improving access to essential healthcare services
Healthcare Access	Access to medicines	Donation of anti-malarial treatments across Uganda	1,705 doses of anti-malarial treatments distributed, supporting malaria prevention and treatment
Healthcare Infrastructure	Health facility development	Construction of Health Centre II in Bukerere with Rotary Club of Sonde	Functional health facility established, improving local healthcare access and outcomes
National Health Support	Strategic health contributions	Support to paediatric cancer ward (Mulago Hospital) and bone marrow transplant facility (JCRC)	Strengthened national healthcare capacity and improved patient outcomes
Public health awareness	Disease prevention initiatives	World Malaria Day medical camp and blood donation drive with Mengo Blood Bank	495 individuals treated and 55 units of blood donated
Community wellbeing	Sanitation and community support	Provision of cleaning materials to Luzira Muslim community	Improved sanitation and environmental health conditions
Youth and environment	Community and youth engagement	Support to Adopt a Village project in Kyotera District	Increased youth participation in environmental sustainability initiatives
Education and skills development	Academic and industry exposure	Plant tour for 45 students and support to Pharmaceutical Society symposium	Enhanced awareness and development of future healthcare professionals
Stakeholder engagement	Institutional collaboration	Strategic planning engagement with KCCA and Rotary partnerships	Strengthened relationships with regulators, communities and development partners
Brand and visibility	Strategic sponsorships	Rotary District 9214 magazine sponsorship	Enhanced brand visibility among professional and business communities
Employee engagement	HR in the kitchen	Qcil's HR team hosted a special Christmas lunch for employees	Strengthened employee connection, appreciation and workplace culture

STAKEHOLDER TRUST AND REPUTATION

Qcil's continued participation in governance, regulatory and industry platforms reflects our growing reputation and credibility within the regional pharmaceutical sector. These engagements strengthen relationships with regulators, partners and investors, while reinforcing Qcil's positioning as a trusted and responsible pharmaceutical manufacturer. Consistent delivery, transparent engagement and measurable social impact continue to build stakeholder confidence and support long-term value creation.

STRENGTHENING PARTNERSHIPS AND MARKET RELATIONSHIPS

Qcil continued to deepen relationships with institutional buyers, development partners and healthcare stakeholders to ensure consistent access to essential medicines. Long-term supply agreements with global health organisations support demand visibility and enable the reliable supply of critical treatments such as ARVs and ACTs. At the same time, we strengthened our presence in the private healthcare market through enhanced scientific engagement, commercial capability and institutional partnerships. This supports portfolio diversification and reduces reliance on donor-funded segments. Participation in regional and international scientific platforms further enhanced our credibility, strengthened stakeholder trust and positioned the Company as a leading African pharmaceutical manufacturer.

OUTLOOK:

Qcil will continue to strengthen our social and relationship capital through a focused approach to expanding healthcare access, deepening partnerships and enhancing stakeholder engagement. Our priorities include scaling community healthcare initiatives, strengthening collaboration with public and private healthcare stakeholders and maintaining consistent supply of essential medicines across key markets. Continued emphasis will be placed on ethical conduct, regulatory compliance and transparent engagement, ensuring that relationships remain grounded in trust and accountability. These efforts position Qcil to strengthen its role within the regional healthcare ecosystem while supporting long-term, sustainable value creation.

EMBEDDING A CULTURE OF SERVICE THROUGH ROTARY

Qcil strengthened its commitment to community engagement and employee participation by launching the Rotary Club of Kampala Care at Qcil in August 2025. The initiative aims to embed a culture of service by encouraging employees to actively contribute to social impact programmes aligned to the Company's broader purpose. This was complemented by staff participation in the Cancer Rotary Run, reflecting growing employee involvement in health awareness and community-driven initiatives.

Since its establishment, the Club has implemented a range of targeted interventions focused on healthcare access, community wellbeing and environmental stewardship. These included medical outreach programmes in Bugiri and Kyotera in partnership with healthcare institutions, a blood donation drive in collaboration with the Uganda Blood Transfusion Services, and the Operation Warm Hearts initiative at Luzira Women's Prison, providing essential support to vulnerable groups. The Club also advanced youth development through a STEM outreach programme reaching over 200 students. Achieving provisional status in December 2025, the Club has made meaningful progress in translating its vision into action, reinforcing Qcil's commitment to building healthier communities and fostering a culture of active citizenship.

NATURAL CAPITAL

Qcil's natural capital reflects our use of environmental resources and our responsibility to manage the environmental impacts of pharmaceutical manufacturing. In the year under review, Qcil strengthened environmental management practices while navigating the impact of increased production volumes and infrastructure expansion. This reflects a business in transition, balancing operational scale with sustainability objectives, while embedding resource efficiency, compliance and environmental risk management into core operations.

WHAT IS NATURAL CAPITAL?

Natural capital comprises the environmental resources and ecosystems that support operations, including water, energy, raw materials and biodiversity. It also reflects the environmental impact of operations, including emissions, waste generation and resource consumption.

WHAT NATURAL CAPITAL MEANS FOR Qcil:

For Qcil, natural capital is central to sustaining manufacturing operations, managing environmental risks and supporting long-term resilience. Responsible resource use, environmental compliance and continuous efficiency improvements enable the Company to scale production while minimising environmental impact.

OUR APPROACH

Our approach to natural capital is underpinned by a focus on improving resource efficiency, strengthening environmental controls and managing the environmental impacts of operational scale.

- Enhancing water efficiency through recovery and recycling systems
- Improving energy efficiency and reducing reliance on non-renewable sources
- Strengthening waste management and circularity practices
- Maintaining full compliance with environmental regulations
- Embedding environmental risk management within operations

HIGHLIGHTS FOR THE YEAR

2,710.5 tonnes

Total greenhouse gas emissions recorded during the year, reflecting increased production volumes and portfolio growth

10,298 KL

Blue water withdrawn during the year, providing insight into operational demand and opportunities for efficiency improvement

96 tonnes

Waste diverted through recycling and recovery initiatives, generating approximately UShs 75 million in revenue

33kV power infrastructure upgrade

Implemented to improve energy reliability, reduce outages and support operational resilience

- Continued strengthening emissions management, water stewardship and waste minimisation initiatives to support sustainable manufacturing
- Advanced energy efficiency through infrastructure upgrades, energy optimisation initiatives and improved environmental monitoring
- Progressed towards long-term resource efficiency through water management improvements, waste segregation and recycling programmes

SUSTAINABILITY IMPACT METRICS

Waste-to-landfill ▲
28.4 MT
FY24/25: 8.005 MT

Energy ▲
41,998 GJ
FY24/25: 39,551 GJ

Blue water ▼
10,298 KL
FY24/25: 11,112 KL

GHG emissions ▲
2,711 tons
FY24/25: 2,540 tons

NATURAL CAPITAL (CONTINUED)

WATER STEWARDSHIP

Water remains an important resource across our operations and we continue to focus on improving water management practices, reducing consumption and increasing water reuse where feasible. Key initiatives implemented during the year included rainwater harvesting systems, wastewater recycling and process improvements aimed at enhancing water efficiency across our facilities.

Progress has been made in resource optimisation and operational efficiency through rainwater harvesting and wastewater recycling initiatives. However, we are currently exploring opportunities to enhance performance, including optimisation of recycling systems to expand water reuse across facilities and addressing process inefficiencies that result in overflows and water losses. Continued investment in system integration and efficiency improvements will be key to strengthening long-term water resilience and reducing dependency on external water sources.

These efforts support operational reliability, responsible resource management and our broader sustainability objectives while helping to mitigate potential water-related risks across our operations.

ENERGY EFFICIENCY AND EMISSIONS MANAGEMENT

Qcil strengthened energy reliability and efficiency through infrastructure upgrades and system optimisation during the year. The migration to a 33kV power supply and expansion of high-tension switchgear improved power stability, reduced outages and lowered reliance on diesel generators. Total energy consumption increased by approximately 15.3% to 41,998 GJ (FY25: 39,551 GJ), largely reflecting higher production volumes and increased manufacturing activity.

Total greenhouse gas emissions increased by approximately 6.7% to 2,710.5 tonnes (FY25: 2,540 tonnes). The increase was primarily driven by higher production volumes and the introduction of new private market products. These increases are considered transitional and linked to capacity expansion rather than structural inefficiencies.

The Company continues to implement targeted energy efficiency and renewable energy initiatives to improve performance over time. Solar lighting installations across the compound support the use of renewable energy and contribute to reducing the overall carbon footprint, while the installation of a new capacitor bank has improved power factor efficiency and reduced energy losses. Ongoing energy monitoring, optimisation initiatives and the planned adoption of cleaner energy solutions are expected to further enhance energy efficiency and support a gradual reduction in emissions intensity.

NATURAL CAPITAL (CONTINUED)

WASTE MANAGEMENT AND CIRCULARITY

Waste generation increased in line with higher production volumes, product launches, validation activities, and reclassification of some of our waste categories with total waste rising compared to the prior period. This increase reflects the direct relationship between operational growth and waste generation. Qcil continues to manage waste through structured waste management systems, including segregation at source, recycling, recovery and responsible disposal practices to support environmental compliance and operational control.

During the period, circularity initiatives contributed to both environmental and economic value. A total of 96 tonnes of waste, comprising recyclable and recoverable materials, was diverted from disposal and sold for reuse or recycling, generating approximately UShs 75 million in revenue. These initiatives support resource efficiency by extending the useful life of materials and reducing the volume of waste requiring disposal.

The establishment of waste segregation facilities and segregation at generation points has improved waste tracking, recycling efficiency and disposal practices. However, we continue to focus on strengthening staff compliance and minimising risks such as cross-contamination at waste segregation points. Ongoing monitoring, regular audits and process improvements will support progress towards Qcil's zero-waste-to-landfill ambition while enhancing overall resource efficiency.

ENVIRONMENTAL COMPLIANCE AND RISK MANAGEMENT

Qcil maintained full compliance with environmental regulations during the reporting period, supported by robust systems, monitoring processes and infrastructure. Environmental control systems, including the Effluent Treatment Plant, mitigate risks associated with pharmaceutical manufacturing, including environmental contamination and antimicrobial resistance. Environmental risk management remains embedded within operations, ensuring that compliance, monitoring and mitigation measures evolve alongside production scale and operational complexity.

SUSTAINABILITY AWARENESS AND REPORTING

Qcil continued to strengthen its sustainability culture and transparency through structured training and reporting initiatives. Scheduled sustainability training programmes were implemented to build internal awareness and embed sustainability principles across the organisation, supporting more informed decision-making and behavioural alignment. In parallel, sustainability reporting to staff, the Board and external stakeholders was enhanced, promoting transparency, accountability and trust. While these initiatives have strengthened ESG integration, ongoing focus is required to maintain employee engagement and manage training fatigue, as well as to improve data accuracy, consistency and reporting efficiency as disclosure requirements evolve.

OUTLOOK:

Qcil will continue strengthening natural capital management as part of its commitment to sustainable manufacturing, operational resilience and long-term value creation. Over the medium term, the Company will focus on reducing its environmental footprint through targeted investments in energy, water and waste management. Key initiatives include the phased migration from furnace oil to electric boilers, which is expected to improve energy efficiency, reduce emissions and support the transition towards cleaner energy sources.

Additional priorities include expanding water recovery and recycling systems to increase water reuse, reducing process losses and improving overall water efficiency across operations. The Company will also continue advancing its zero-waste-to-landfill ambition through enhanced waste segregation, increased recycling and recovery rates and the establishment of measurable waste diversion targets. Ongoing investments in environmental monitoring systems, energy optimisation and resource efficiency programmes will support improved environmental performance and strengthen data-driven decision-making.

These initiatives are intended to reduce emissions intensity, improve resource productivity and support Qcil's objective of aligning operational growth with sustainable manufacturing practices.

SUSTAINING VALUE CREATION THROUGH GOOD GOVERNANCE

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SUSTAINING VALUE CREATION THROUGH GOOD GOVERNANCE

OUR GOVERNANCE PHILOSOPHY

Qcil's governance framework provides the foundation for disciplined execution, accountability and long-term value creation. Governance practices are aligned with recognised standards and regulatory requirements including compliance with Capital Markets Authority (CMA) regulations and are designed to support effective oversight in a complex, highly regulated pharmaceutical environment. The Board retains ultimate responsibility for governance, risk management and the overall direction of the Company. It is supported by Board Committees and management structures that enable focused oversight, informed decision-making and effective execution. This framework ensures alignment between strategy, risk and performance, while maintaining strong ethical standards and stakeholder trust.

OUR GOVERNANCE STRUCTURE

The Board comprises a balanced mix of Executive, Non-Executive and Independent Non-Executive Directors, with collective expertise spanning pharmaceuticals, manufacturing, finance, governance, strategy and risk. This diversity of skills and experience supports effective oversight of a technically complex and regulated business. The Board provides strategic direction, approves key policies and oversees performance, while executive management is responsible for implementing strategy and managing day-to-day operations. Clear delineation of roles between the Board and Management supports accountability and operational discipline.

STRUCTURE

BOARD OF DIRECTORS

The Board is the ultimate decision-making body, responsible for setting the strategic direction of the Company and overseeing management performance, risk and governance. It remains accountable to stakeholders and ensures that appropriate structures, policies and systems are in place to support effective governance and compliance with applicable laws, regulations and recognised best practice.

BOARD COMMITTEES

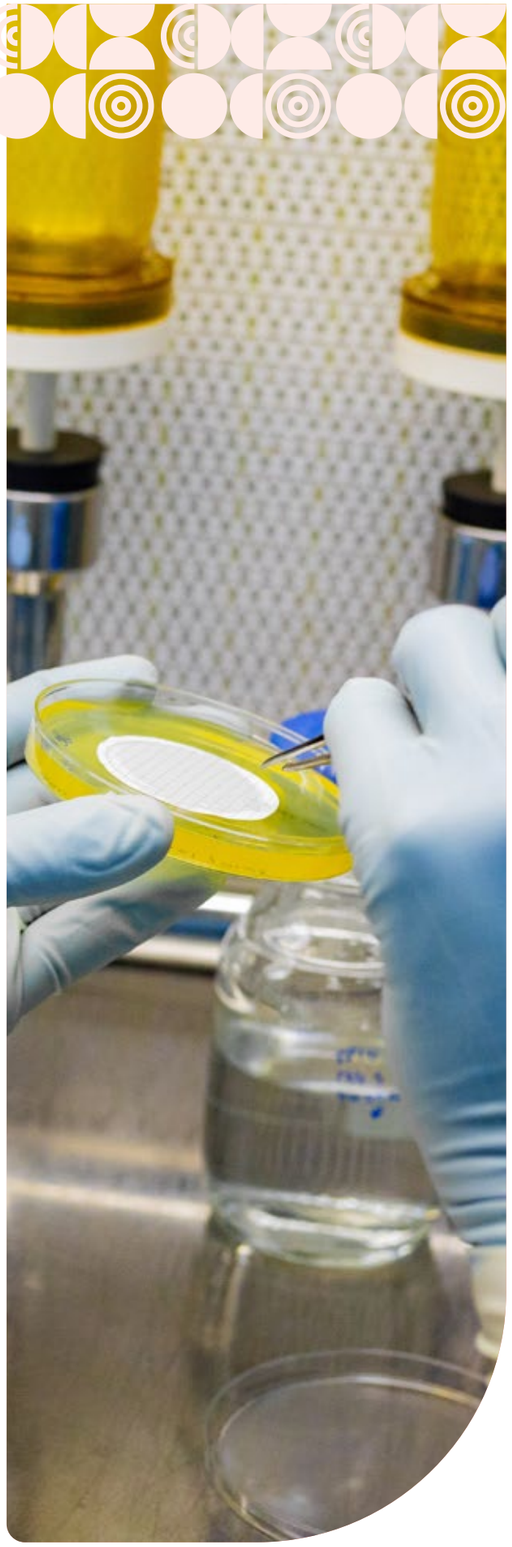
The Board delegates specific responsibilities to its Committees to enhance effectiveness, enable focused oversight and support the timely discharge of its duties. Each Committee operates under a formal charter approved by the Board. The Board maintains oversight through regular reporting and engagement, ensuring alignment with overall governance objectives.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (CEO) is responsible for implementing the Company's strategy and executing the Board's decisions. The role includes overall management of the business, delivery of operational and financial performance, and driving strategic initiatives to strengthen Qcil's competitive position.

MANAGEMENT TEAM

The Management team is responsible for executing Qcil's strategy and overseeing day-to-day operations. It provides leadership across core functional areas, ensuring that processes, systems and outputs are delivered in line with regulatory requirements and best practice. The team includes the Chief Executive Officer, Chief Finance Officer, Company Pharmacist and Heads of key functions.



SUSTAINING VALUE CREATION THROUGH GOOD GOVERNANCE (CONTINUED)

OUR BOARD

EMMANUEL KATONGOLE (64)
CO-FOUNDER AND CHAIRMAN (Ugandan)

Date of Appointment: 10 June 2005

- Rotary International Director Nominee
- Served as Chair of the National Response Fund on COVID-19 Taskforce in Uganda
- Installed as 5th Chancellor of Nkumba University (Uganda) (2021)
- Chairman, Uganda Revenue Authority
- Holds an MA (Economic Policy and Planning) and a BStat from Makerere University (Uganda)

- **Board Committees:** (C) Nominations Committee

AJAY KUMAR PAL (44)
CHIEF EXECUTIVE OFFICER (Indian)

Date of Appointment: 1 August 2021

- 20 years experience in the pharmaceutical industry, including operations management, business transformation, strategic planning, and technology transfer
- Previously led Cipla Medpro Manufacturing Company in South Africa
- Holds an MBA from Nelson Mandela University Business School (South Africa) and a BPharm from Rajiv Gandhi University (India)

- **Board Committees:** None

GEORGE BAGUMA (66)
CO-FOUNDER AND DIRECTOR (Ugandan)

Date of Appointment: 10 June 2005

- Former Chief Commercial Officer and Director of Marketing at Qcil
- Over 25 years of experience in animal health, agriculture, and public health industries
- Honorary Consul for the Republic of Zambia to Uganda
- Holds an MSc from Imperial College London

- **Board Committees:** None

BETH MANDEL (61)
NON-EXECUTIVE DIRECTOR (American)

Date of Appointment: 21 December 2023

- Co-founder and Managing Partner of Africa Capitalworks and Capitalworks Investment Management
- Former Managing Director and Country Head for Sub-Saharan Africa at Morgan Stanley
- Holds an MSc in Development Economics from Oxford University and a BSc in Business Administration from University of California at Berkeley

- **Board Committees:** Nominations Committee, Remuneration Committee

FREDERICK KITAKA MUTEBI (63)
CO-FOUNDER AND DIRECTOR (Ugandan)

Date of Appointment: 23 November 2023

- Former Chief Finance Officer (2000-2005)
- Board Chair of the Investment Committee for the Buganda Kingdom
- Holds a BSc in Accounting and Finance from the University of Buckingham (UK) and a BSc in Physics and Mathematics from Makerere University (Uganda)

- **Board Committees:** None

JOSEPH BALIDDAWA (73)
INDEPENDENT NON-EXECUTIVE DIRECTOR (Ugandan)

Date of Appointment: 17 August 2018

- Former partner at PwC Africa and Country Senior Partner for PwC Uganda
- Fellow of ACCA and Founder Council Member of ICPA Uganda and ZICA
- Former President of ICPAU and Institute of Corporate Governance of Uganda
- Former Chairman of the Public Accountants Examinations Board

- **Board Committees:** (C) Audit and Risk Committee, Remuneration Committee

BOARD COMMITTEES KEY

Audit and Risk Committee | Nominations Committee | Remuneration Committee | (C) Chairperson

SUSTAINING VALUE CREATION THROUGH GOOD GOVERNANCE (CONTINUED)

OUR BOARD (CONTINUED)

DR. PETER MUGYENYI (78)
INDEPENDENT NON-EXECUTIVE DIRECTOR (Ugandan)

Date of Appointment: 20 June 2019

- Paediatrician, HIV/AIDS researcher, and global health expert
- Fellow of the Royal College of Physicians of Ireland and Edinburgh
- Pioneer in introducing affordable ARVs in Africa
- Holds a Diploma in Child Health (UK)
- Bachelor of Medicine and Bachelor of Surgery (MBChB) from Makerere University

- **Board Committees:** (C) Remuneration Committee

MS. BOTSANG RAMORWA (40)
NON-EXECUTIVE DIRECTOR (Motswana)

Date of Appointment: 17 June 2025

- Fund Principal at the Public Investment Corporation SOC Limited (PIC)
- PHD from Witwatersrand University, Johannesburg
- She has a Master of Commerce, Finance; a Bachelor of Commerce Honours, Finance and a Bachelor of Commerce, Finance and Economics, from Witwatersrand University, Johannesburg

- **Board Committees:** None

STEVENS MWANJE (60)
NON-EXECUTIVE DIRECTOR (Ugandan)

Date of Appointment: 22 July 2019

- CFO of the National Social Security Fund
- Holds an MBA from Edinburgh Business School and various finance, leadership, and governance certifications
- Member of Association of Chartered Certified Accountants
- Holds degrees from Makerere University and Uganda Management Institute

- **Board Committees:** Audit and Risk Committee

DR. FRANCES PHILOMENA NAMATOVU (38)
EXECUTIVE DIRECTOR (Ugandan)

Date of Appointment: 16 April 2025

- Head of Regulatory Affairs and Pharmacovigilance at Qcil with over 10 years' experience in pharmaceuticals, regulatory compliance and strategic business development
- Holds an MSc in Drug Development and a BPharm
- Member of the Pharmaceutical Society of Uganda

- **Board Committees:** None

VUSI RASEROKA (57)
INDEPENDENT NON-EXECUTIVE DIRECTOR (Motswana)

Date of Appointment: 24 August 2023

- Private equity investment specialist with over 30 years' experience across Africa, finance and corporate restructuring

- Holds a BCom in Accounting from the University of Botswana and is a Fellow of ACCA (UK)

- **Board Committees:** Remuneration Committee

BOARD COMMITTEES KEY

Audit and Risk Committee | Nominations Committee | Remuneration Committee | (C) Chairperson

SUSTAINING VALUE CREATION THROUGH GOOD GOVERNANCE (CONTINUED)

BOARD MEMBERSHIP CRITERIA AND SELECTION PROCESS

The appointment of Directors is governed by the Company's Articles of Association and applicable legal and regulatory requirements. The Board seeks to maintain an appropriate balance of skills, experience, independence and diversity to support effective oversight.

The Nominations Committee evaluates potential candidates for appointment to the Board and its Committees and makes recommendations to the Board for approval. The selection process considers the strategic needs of the business, the Board skills matrix and the suitability of candidates in terms of experience, independence and alignment with the Company's values. Newly appointed Directors are subject to shareholder approval at the Annual General Meeting (AGM).

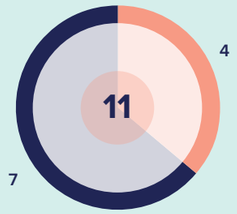
In line with the Company's Articles of Association and governance best practice, one-third of Non-Executive Directors retire on a rotational basis and, where eligible, offer themselves for re-election at the AGM. This approach supports Board refreshment while maintaining continuity and institutional knowledge.

BOARD SKILLS MATRIX

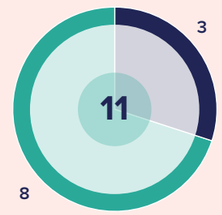
BOARD SKILL	DESCRIPTION
ECONOMICS	Understanding of macroeconomic and operating environments, including regulatory frameworks and economic trends relevant to the pharmaceutical sector
PHARMACEUTICALS	Experience across pharmaceutical manufacturing, product development, regulatory processes and market dynamics
MANUFACTURING, QUALITY CONTROL AND SUPPLY CHAIN	Expertise in production processes, quality systems, operational efficiency and end-to-end supply chain management
CORPORATE GOVERNANCE	Experience in governance practices, Board oversight and protecting stakeholder interests, including the identification and management of key governance risks.
FINANCE AND ACCOUNTING	Strong financial expertise, including financial management, reporting, treasury operations, internal controls, audit and capital allocation
SALES, MARKETING AND COMMERCIAL	Experience in market development, customer engagement, brand positioning and managing relationships with institutional stakeholders, including governments and development partners
M&A AND BUSINESS DEVELOPMENT	Experience in corporate finance, investment evaluation, partnerships and strategic expansion initiatives
ESG AND BUSINESS INTEGRITY	Experience in environmental, social and governance practices, ethical leadership and supporting sustainability-related oversight and reporting
GENERAL MANAGEMENT AND LEADERSHIP	Broad executive experience in strategy execution, organisational leadership, talent management and succession planning

MALE/FEMALE COMPOSITION

NATIONALITY



AGE GROUP



BOARD OVERVIEW

During the year, the Board maintained a strong focus on strategic oversight, governance strengthening and supporting the Company's transition into its next phase of growth. Key areas of focus included the following:

- **Capital investment and growth initiatives:** The Board approved and monitored significant capital allocation decisions, including funding arrangements to support the next phase of expansion
- **Financial performance and capital management:** The Board reviewed financial performance throughout the period and approved key financial decisions, including the declaration of dividends in line with the Company's performance-based dividend policy
- **Governance and regulatory developments:** The Board considered changes in the regulatory environment, including updates to corporate governance requirements, and ensured that appropriate succession planning and governance structures were in place
- **Risk management and internal controls:** Oversight of risk-management frameworks was strengthened, with continued focus on supply-chain risks, pricing pressures, operational resilience and cybersecurity as a growing area of importance
- **Sustainability and ESG oversight:** The Board monitored progress on ESG initiatives, including sustainability disclosure readiness and alignment with emerging reporting standards such as IFRS S1 and S2
- **Stakeholder engagement and reputation:** The Board noted key milestones in stakeholder engagement, including the Company's 20-year anniversary, and continued to support initiatives that strengthen relationships with shareholders, regulators and partners, among others

BOARD COMPOSITION SUMMARY

SUSTAINING VALUE CREATION THROUGH GOOD GOVERNANCE (CONTINUED)

BOARD COMMITTEE REPORTS

BOARD MEETING ATTENDANCE

NAME	POSITION	22 May 2025	20 Aug 2025	19 Nov 2025	4 Feb 2026
EMMANUEL KATONGOLE	Co-Founder and Chairman	✓	✓	✓	✓
FREDERICK MUTEBI KITAKA	Co-Founder and Director	✓	✓	X	✓
GEORGE BAGUMA	Co-Founder and Director	✓	✓	X	✓
AJAY KUMAR PAL	Chief Executive Officer	✓	✓	✓	✓
DR PETER MUGYENYI	Independent Non-Executive Director	✓	✓	✓	✓
JOSEPH BALIDDAWA	Independent Non-Executive Director	✓	✓	✓	✓
BOTSANG RAMORWA*	Non-Executive Director		X	X	✓
VUSI RASEROKA	Independent Non-Executive Director	X	✓	✓	✓
FRANCES PHILOMENA NAMATOVU	Executive Director	✓	✓	✓	✓
BETH MANDEL	Non-Executive Director	✓	✓	✓	✓
STEVENS MWANJE	Non-Executive Director	✓	✓	✓	✓

*Botsang was appointed on 17 July 2025.

KEY HIGHLIGHT

- The 20-year anniversary celebration was an excellent event.

- Approved second interim dividend of UShs 6 per share, aligned with the performance based dividend policy.
- Approve the budget for the year ending 31 March 2027.

- 6 December 2025 – Approved Variable Pay and Staff Retirement Policies by round robin.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee plays a central role in overseeing financial integrity, internal controls and risk management. The Committee is chaired by an independent non-executive director and comprises members with expertise in finance, audit, governance and risk. Its responsibilities include reviewing financial reporting, monitoring the effectiveness of internal controls, overseeing risk management processes and ensuring compliance with applicable regulatory frameworks.

During the reporting period, the Committee focused on strengthening internal controls, enhancing risk oversight and supporting improvements in financial reporting and ESG disclosure readiness. Attention was given to evolving regulatory requirements, including emerging sustainability reporting standards and data governance considerations.

NAME	POSITION	21 May 2025	19 Aug 2025	18 Nov 2025	3 Feb 2026
JOSEPH BALIDDAWA	Committee Chairperson	✓	✓	✓	✓
BETH MANDEL*	Member	✓	✓	✓	✓
STEVENS MWANJE	Member	✓	✓	✓	X
VICTORIA AADNESGAARD	Member	✓	✓	✓	✓
SOPHIE NKUUTU	Member	X	X	✓	✓
RUBIN PAULINYCE	Member	✓	✓	✓	✓

*Beth Mandel resigned from ARC effective 28 February 2026.

KEY HIGHLIGHT

- **ESG disclosure-readiness health check:** Internal Audit carried out ESG disclosure-readiness health check. The ESG health check confirmed the presence of several operational ESG practices and controls. Institutional sustainability disclosure readiness, particularly for IFRS S1 and IFRS S2, which is voluntary until 2028, remain incomplete, and closing gaps in data governance, metrics, risk integration, and climate transition planning were recommended to position the entity for adoption by 2028.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for ensuring that remuneration practices are fair, transparent and aligned with the Company's strategic objectives. The Committee comprises non-executive directors and is chaired by an independent non-executive director. The Committee oversees the design and implementation of remuneration policies for executive management and the Board, taking into account market benchmarks, performance outcomes and long-term value creation.

During the year, the Committee considered organisational changes and supported alignment between remuneration structures, performance management systems and evolving business priorities.

NAME	POSITION	21 May 2025	19 Aug 2025	18 Nov 2025	3 Feb 2026
DR PETER MUGYENYI	Committee Chairperson	✓	✓	✓	✓
JOSEPH BALIDDAWA	Member	✓	✓	✓	✓
VUSI RASEROKA	Member	X	✓	✓	✓
BETH MANDEL	Member	✓	✓	✓	✓

KEY HIGHLIGHT

- Staff Engagement Survey Report was presented and discussed by the Committee

NOMINATION COMMITTEE

During the year, the Committee focused on strengthening Board composition and governance structures, including the appointment of additional members and enhancing skills alignment in support of the Company's strategic priorities.

NAME	POSITION	3 Apr 2025	2 Jun 2025
KATONGOLE EMMANUEL	Committee Chairperson	✓	✓
BETH MANDEL	Member	✓	✓

DIRECTORS PAYMENTS FOR FY 25-26

	Fixed Pay	Pension	Other benefits	Performance Incentive	Quarterly Fees	Committees Sitting Allowances
EXECUTIVE DIRECTORS	7,235,784,834	930,898,025	134,711,213	639,502,526	–	–
NON EXECUTIVE DIRECTORS	–	–	–	–	110,100,000	516,506,488

SUSTAINING VALUE CREATION THROUGH GOOD GOVERNANCE (CONTINUED)

BOARD COMMITTEE REPORTS (CONTINUED)

During the year, the Executive Committee focused on disciplined execution of the Company's strategy to support operational stability while embedding key structural and organisational changes implemented in the prior period. Priority areas included strengthening manufacturing performance, enhancing supply-chain resilience, supporting regulatory approvals across multiple markets and advancing entry into the private sector. The Committee also placed emphasis on cost management, system implementation and improving cross-functional alignment to support scale and efficiency. These efforts were complemented by a continued focus on risk management, compliance and ESG integration, reinforcing Qcil's ability to operate effectively in a complex and evolving environment.

RISK GOVERNANCE

Qcil operates in a dynamic and complex risk environment shaped by regulatory requirements, global supply chains and evolving market conditions. The Board oversees a structured risk management approach that integrates risk identification, assessment and mitigation into strategic and operational processes. As the business scales, the risk landscape continues to evolve, with key risks including revenue concentration, pricing pressure in donor-funded markets, supply-chain dependency, infrastructure reliability and cybersecurity. These risks are actively managed through strengthened governance structures, enhanced operational controls and targeted strategic diversification.

ESG GOVERNANCE

Qcil continues to strengthen its ESG governance framework, with oversight of ESG matters embedded within the Audit and Risk Committee and supported by dedicated leadership structures. An ESG policy is in place, providing a foundation for responsible business practices, with plans underway to review and enhance its alignment with evolving regulatory expectations. ESG considerations are increasingly integrated into Board-level discussions, with progress tracked on a quarterly basis to ensure accountability and transparency. The Company is also progressing towards the publication of a formal sustainability report aligned to IFRS S1 and S2 standards, reflecting a commitment to structured, consistent and decision-useful ESG disclosure.

WHISTLEBLOWING AND ETHICAL CULTURE

The Board remains committed to promoting an ethical culture grounded in transparency, accountability and trust. Qcil maintains an anonymous whistleblowing hotline, enabling employees and stakeholders to report concerns related to unethical conduct, fraud or non-compliance. Ongoing awareness initiatives support ethical conduct and reinforce responsible decision-making across the organisation.

CONFLICT OF INTEREST

The Board recognises the importance of proactively identifying and managing conflicts of interest to uphold integrity in decision-making. Qcil has established policies and procedures that require the disclosure, assessment and management of actual or perceived conflicts in line with governance standards. Directors, Management and employees are required to declare potential conflicts, with appropriate oversight mechanisms in place to ensure transparency and accountability. This approach supports fair and objective business practices and strengthens stakeholder confidence in the Company's governance framework.

ETHICS AND COMPLIANCE FRAMEWORK

Qcil is guided by a strong commitment to ethical conduct, integrity and accountability as core principles of its governance framework. The Company recognises that long-term value creation is closely linked to ethical leadership and responsible decision-making. This commitment is reflected in a purpose-driven culture, a structured sustainability approach and the ongoing strengthening of policies, systems and behaviours that support ethical business practices.

The Board retains ultimate responsibility for governance, ethics and compliance oversight. It reinforces leadership accountability by ensuring that integrity, transparency and compliance with applicable laws and regulations are embedded across strategy, operations and performance management. Oversight is supported by the Audit and Risk Committee, which monitors compliance risks, reviews relevant policies and receives regular updates on incidents, control effectiveness and remediation actions.

The compliance framework is supported by a suite of policies that define expected standards of behaviour, strong internal controls and reinforce trust with stakeholders. The Company maintains zero tolerance for unethical conduct, including fraud, bribery, corruption, discrimination and human rights violations.

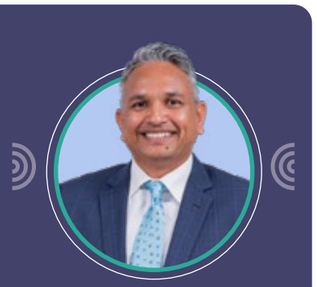
KEY ETHICS AND COMPLIANCE POLICIES

AREA	Approach and application
ANTI-BRIBERY AND CORRUPTION	Prohibits all forms of bribery and corruption and guides ethical engagement with governments, suppliers, customers and business partners
WHISTLEBLOWING AND SPEAKING UP	Provides secure and confidential reporting channels, including a whistleblowing hotline, with strict non-retaliation provisions
DIVERSITY, EQUITY AND INCLUSION	Promotes fairness, inclusion and equal opportunity across the workforce, recognising the value of diverse perspectives
HUMAN RIGHTS	Upholds fundamental human rights through ethical labour practices, safe working conditions and respect for dignity at work
CODE OF CONDUCT AND BUSINESS ETHICS	Sets clear expectations for ethical behaviour and guides employee and management conduct in line with global governance standards

SUSTAINING VALUE CREATION THROUGH GOOD GOVERNANCE (CONTINUED)

EXECUTIVE COMMITTEE

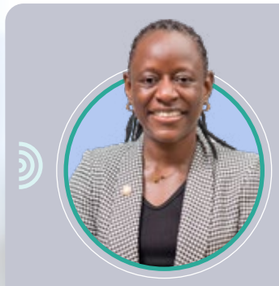
The Executive Committee is responsible for the day-to-day management and operational execution of Qcil's strategy, ensuring alignment between the Company's strategic objectives and business performance. The Committee oversees core functional areas including manufacturing, finance, regulatory affairs, quality, supply chain, human resources, legal and ESG, enabling coordinated decision-making and efficient execution across the organisation. It is accountable for implementing Board-approved strategies, managing operational and financial performance, maintaining regulatory compliance and driving continuous improvement across systems and processes. The Executive Committee also plays a key role in identifying and managing risks, allocating resources effectively and ensuring that the Company operates in a disciplined, sustainable and performance-driven manner.



AJAY KUMAR PAL
CHIEF EXECUTIVE OFFICER

FREDERICK ANDREW KAKOOZA
CHIEF FINANCE OFFICER

ROHIT DATAR
HEAD OF BUSINESS DEVELOPMENT AND PRIVATE MARKET



SARAH MUSUMBA
HEAD OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE

HARRISON KIGGUNDU
HEAD OF HUMAN RESOURCES

GRACE KARUHANGA
COMPANY SECRETARY AND HEAD OF LEGAL AFFAIRS

DR. FRANCES PHILOMENA NAMATOVU
HEAD OF REGULATORY AFFAIRS AND PHARMACOVIGILANCE

PANDA RAMAKANTA
HEAD OF OPERATIONS

ATUL VADEPALI
HEAD OF QUALITY CONTROL AND QUALITY ASSURANCE

MAHADEV MANDHARE
HEAD OF SUPPLY CHAIN

FINANCIAL PERFORMANCE

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REPORT FROM THE CHIEF FINANCE OFFICER

NAVIGATING CHANGE, SUSTAINING EXCELLENCE

FY26 was another year of strong financial and operational performance for Quality Chemical Industries Limited (Qcil). Revenue rose to a record UShs 290.5 billion, an increase of 8.7%, the gross profit margin expanded to 46.7% from 40.6%, and profit after tax grew by 38.8% to UShs 56.4 billion. Excluding the one-off recovery of previously impaired receivables from the Government of Zambia, the Company delivered record profit before tax of UShs 73.5 billion, an increase of 25.8%. These results reflect the strength of our business model, disciplined execution of strategy, and growing demand for locally manufactured pharmaceutical products.

Our performance was underpinned by continued investment in manufacturing capabilities, operational excellence, prudent financial management and a steadfast commitment to expanding access to affordable, quality healthcare across Africa. These achievements have strengthened our financial position and enhanced our capacity to create sustainable value for shareholders and other stakeholders.

KEY FINANCIAL HIGHLIGHTS FY26

+8.7%
REVENUE
UShs **290.5** bn
(FY25: UShs 267.1 bn)

+25.2%
GROSS PROFIT
UShs **135.8** bn
(FY25: UShs 108.5 bn)

+26.3%
PROFIT BEFORE TAX
UShs **77.9** bn
(FY25: UShs 61.7 bn)

+38.8%
PROFIT AFTER TAX
UShs **56.4** bn
(FY25: UShs 40.7 bn)

+38.8%
EARNINGS PER SHARE
UShs **15.5**
(FY25: UShs 11.1)

+23.0%
TOTAL DIVIDEND PER SHARE
UShs **16.6**
(FY25: UShs 13.5)

+122.5%
OPERATING CASH FLOW
UShs **67.5** bn
(FY25: UShs 30.4 bn)

+229.6%
CAPITAL EXPENDITURE
UShs **20.8** bn
(FY25: UShs 6.3 bn)

DELIVERING SUSTAINABLE SHAREHOLDER RETURNS

Qcil remains committed to delivering growth investments alongside shareholder returns through a disciplined capital allocation framework.

In determining shareholder distributions, the Board considered the Company's strong earnings performance, robust cash flow generation, future capital requirements and debt-free position as at 31 March 2026. During the year, two interim dividends were declared, resulting in a gross interim dividend of UShs 10.2 per ordinary share, compared to UShs 7.5 per ordinary share in FY25.

The Board has proposed a final dividend of UShs 6.4 per ordinary share for FY26, increasing the total dividend to UShs 16.6 per ordinary share for the year (FY25: UShs 13.5 per share). This reflects the Company's one-off collection of Government of Zambia overdue receivables, and the Company's confidence in its future prospects, while maintaining sufficient flexibility to support strategic investments and long-term growth objectives.

MAINTAINING FINANCIAL STRENGTH

A strong balance sheet remains central to Qcil's strategy. The Company maintains a conservative capital structure, strong liquidity reserves and rigorous financial discipline to support sustainable growth.

Our treasury and financial management practices are designed to preserve capital, optimise cash flows and manage financial risks effectively. This approach enables the Company to remain resilient in a dynamic operating environment while pursuing opportunities that enhance shareholder value.

Post year-end, the Company collected USD 1.4 million of the receivables owing from Medpro Pharmaceutica (Pty) Ltd (Medpro) in terms of the Manufacturing and Supply Agreement entered into between Qcil and Medpro at the time of Africa Capitalworks SSA 3's acquisition of control of the Company in November 2023.

INTERNAL CONTROLS AND RISK MANAGEMENT

Qcil maintains a robust framework of internal controls, governance structures and risk management processes designed to safeguard assets, ensure the integrity of financial reporting and support sound decision-making.

Key financial controls are documented through comprehensive policies and procedures, which are regularly reviewed and strengthened by management and the Board. The internal audit function performs periodic reviews of these controls, providing independent assurance on their effectiveness and compliance with best practice.

The Audit and Risk Committee oversees financial reporting, internal controls and risk management activities and is satisfied that no material weaknesses were identified during the year.

TREASURY AND CAPITAL MANAGEMENT

The Company's Treasury Policy provides a structured framework for managing liquidity, foreign exchange exposure, interest rate risk, counterparty risk and capital allocation decisions.

Qcil remains focused on maintaining adequate liquidity to meet operational and strategic requirements while ensuring efficient deployment of capital. Treasury activities are executed within approved risk parameters and are subject to ongoing oversight by the Audit and Risk Committee.

This disciplined approach supports financial stability, operational continuity and sustainable long-term growth.

TAX COMPLIANCE AND TRANSPARENCY

Qcil is committed to maintaining the highest standards of tax compliance, transparency and ethical conduct.

The Company complies with applicable tax legislation and engages external tax advisers to monitor regulatory developments and support proactive tax risk management. All statutory obligations are fulfilled on a timely basis, and tax governance remains subject to oversight by the Audit and Risk Committee.

Through responsible tax practices, Qcil continues to contribute meaningfully to national development while upholding the principles of accountability and integrity.

OUTLOOK:

Qcil remains focused on disciplined execution, cost optimisation, operational efficiency, capacity planning and strategic portfolio expansion, while advancing access to affordable, high-quality medicines across Uganda and the wider African region.

The strong FY26 performance benefited from non-recurring items, including the recovery of previously impaired receivables from the Government of Zambia. Looking ahead, the Company is experiencing pricing pressure on several key products arising from heightened global competition, evolving procurement dynamics and changing market conditions. Margins also remain sensitive to shifts in product mix and to the pricing of key inputs, including active pharmaceutical ingredients. These factors may weigh on near-term profitability.

The Company is currently operating near its manufacturing capacity. To support future growth and operational resilience, Qcil commenced construction of a new manufacturing facility at Luzira during the year. The facility is expected to be commissioned within the next 24 months and will expand production capacity, support diversification into new therapeutic areas, and strengthen the Company's long-term competitive position.

We will continue to monitor global geopolitical and macroeconomic developments, including foreign exchange volatility and supply-chain disruptions, which continue to influence operating conditions.

While near-term performance is expected to reflect prevailing market headwinds and a more subdued operating environment, the Board and Management remain confident that Qcil's strong financial foundation, growing manufacturing capabilities, increasingly diversified product portfolio, and disciplined execution approach position the Company well to navigate current challenges and sustain its long-term growth trajectory.

APPRECIATION

I would like to express my sincere appreciation to the Board of Directors for its strategic guidance and oversight, the Executive Committee for its leadership, and all Qcil employees for their dedication and commitment throughout the year.

I also extend my gratitude to our customers, healthcare partners, suppliers, regulators, financial institutions and shareholders for their continued trust and support. Together, we are advancing our mission of improving healthcare access across Africa while building a more sustainable future for Qcil.

FREDERICK ANDREW KAKOOZA
Chief Finance Officer

DIRECTORS' REPORT

The Directors have the pleasure of submitting their report on the financial statements of Quality Chemical Industries Limited ("the Company") for the year ended 31 March, 2026, which disclose the state of affairs of the Company.

(A) INCORPORATION AND PRINCIPAL ACTIVITY

The Company's principal activity is manufacturing and sale of pharmaceutical drugs with emphasis on antiretroviral ("ARVs") and Artemisinin-based Combination Therapy ("ACTs" or anti-malarial drugs).

The Company was incorporated on 10 June, 2005 as a joint venture between Quality Chemicals Limited ("QCL"), a private limited company incorporated in the Republic of Uganda, and Cipla Limited ("Cipla"). Cipla subsequently acquired a controlling interest in the Company, holding 51.05% and 11.25% of the Company's shares through Meditab Holdings Limited and Cipla (EU) Limited, respectively, until September 2018. The Company name changed to Cipla Quality Chemical Industries Limited.

The Company converted to a public company on 7 October, 2016, and on 17 September, 2018, the Company listed on the Uganda Securities Exchange ("USE"), offering 18.00% of the shareholding to individual and institutional investors in an initial public offering ("IPO"). During the IPO, Cipla (EU) Limited reduced its shareholding from 11.25% to 0.13% and therefore, Cipla's interest in the Company reduced to 51.18%.

On 14 March, 2023, the Board of Directors was advised by Africa Capitalworks SSA 3 of its intention to acquire 51.18% of the issued ordinary shares of the Company from the Cipla Group. On 14 November, 2023, Africa Capitalworks SSA 3 concluded the purchase of all the shareholdings of Meditab Holdings Limited and Cipla (EU) Limited, being 51.05% and 0.13%, respectively. On 14 February, 2024, the Company reverted to its original name, Quality Chemical Industries Limited.

(B) RESULTS FOR THE YEAR

Full details of the financial position, results of operations, and cash flows of the Company are set out in the accompanying financial statements.

(C) DIVIDENDS

Subject to shareholders' approval at the Annual General Meeting to be held on 30 June, 2026, the Board of Directors has recommended a final dividend of UShs 6.4 per share, increasing the total dividend to UShs 16.6 per share for the financial year ended 31 March, 2026 (2025: a dividend of UShs 13.5 per share). All dividend payments are subject to withholding tax, although the rate may vary, depending on the domicile and percentage shareholding of the shareholder.

(D) DIRECTORS AND OFFICERS

The Directors who held office during the year and to the date of this Report were:

Name (Nationality)	Designation
Emmanuel Katongole (Ugandan)	Co-Founder and Director (Board Chairman)
Ajay Kumar Pal (Indian)	Executive Director (Chief Executive Officer)
Dr. Frances Philomena Namatovu (Ugandan)	Executive Director
George Baguma (Ugandan)	Co-Founder and Director
Frederick Mutebi Kitaka (Ugandan)	Co-Founder and Director
Beth Lisa Mandel (American)	Non-Executive Director
Botsang Ramorwa (Motswana)	Non-Executive Director
Stevens Mwanje (Ugandan)	Non-Executive Director
Dr. Peter Mugyenyi (Ugandan)	Independent Non-Executive Director
Vusi Raseroka (Motswana)	Independent Non-Executive Director
Joseph Baliddawa (Ugandan)	Independent Non-Executive Director
Zain Latif (British)	Alternate to George Baguma

(E) DIRECTORS' INTEREST IN SHARES

During the year, no contracts were entered into in which Directors or officers of the Company had an interest and which significantly affected the business of the Company.

As at 31 March, 2026, the following Directors held a direct interest in the Company's share capital as reflected in the table below:

Directors	Number of shares	% Holding
Emmanuel Katongole	101,933,042	2.7912
Frederick Kitaka Mutebi	101,933,042	2.7912
George Baguma	101,933,042	2.7912
Stevens Mwanje	19,400	0.0005
	305,818,526	8.3741

As part of Africa Capitalworks SSA 3's majority acquisition on 14 November, 2023, Emmanuel Katongole, George Baguma and Frederick Kitaka Mutebi indirectly acquired additional shareholding in the Company of 1.5% each.

(F) APPROVED EXPANSION PLANS

As part of its strategic growth initiatives, the Company is undertaking a major expansion to strengthen production capacity and diversify its product portfolio.

Construction of the second factory commenced during the year and is expected to be completed within 24 months. The project, financed through a term loan of USD 36.0 million, will enhance production capacity to meet growing demand, support entry into new therapeutic areas such as a tuberculosis line consistent with evolving patient treatment preferences.

(G) INDEPENDENT AUDITOR

The auditor, Grant Thornton Certified Public Accountants, has expressed its willingness to continue in office in accordance with section 163 (2) of the Companies Act Cap 106.

(H) EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, the Company collected USD 1.4 million (UShs 5.3 billion) from Medpro Pharmaceutical (Pty) Limited in settlement of a portion of the long-outstanding receivable balance of USD 3.0 million (UShs 11.5 billion) outstanding at year-end.

By Order of the Board,

GRACE KARUHANGA
Company Secretary

28 May, 2026
Kampala, Uganda

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act Cap. 106 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of the financial affairs of the Company as at the end of the financial year and of its operating results for that year. It also requires the Directors to ensure that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are ultimately responsible for the system of internal control established by the Company. The Directors delegate responsibility for internal control to management. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of the Company's assets. These systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The Directors accept responsibility for the financial statements for the year ended 31 March, 2026, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act Cap. 106.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next 12 months from the date of this statement.

The financial statements on pages 95 to 126, which have been prepared on the going concern basis, were approved by the Board of Directors on 28 May, 2026 and signed on its behalf by:

EMMANUEL KATONGOLE
Board Chairman

Date: 28 May, 2026
Kampala, Uganda

AJAY KUMAR PAL
Chief Executive Officer

Date: 28 May, 2026
Kampala, Uganda

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF QUALITY CHEMICAL INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Quality Chemical Industries Limited ("the Company") set out on pages 95 to 126, which comprise the statement of financial position as at 31 March, 2026 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March, 2026 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act Cap. 106.

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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Uganda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Uganda. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter	How the matter was addressed in our audit
Expected credit losses on trade receivables	
The Company recognises expected credit loss ("ECL") on its financial assets measured at amortised cost, mainly trade receivables which are stated at UShs 41,507,160 thousand as at 31 March, 2026 (2025: UShs 31,495,748 thousand). The ECL as at that date is UShs 4,752,463 thousand against the trade receivables (2025: UShs 9,117,445 thousand). The Company uses a simplified approach in accounting for ECLs on trade receivables based on historical experience, external indicators, and forward-looking information. We noted that the ECL calculations require significant judgement and assumptions and hence we have considered this to be a key audit matter.	Our audit procedures included understanding and testing of the design, implementation and operating effectiveness of the relevant controls around: – approving, recording and monitoring of sales and customer credit; – identifying impaired trade receivables; and – the governance process of continuous reassessment of the appropriateness of assumptions and estimates used in determining the loss allowance. Our testing of the design, implementation and operating effectiveness of the controls provided a basis for us to continue with the planned nature, timing and extent of our substantive audit procedures. Our substantive audit procedures included the following: – for selected balances, we substantiated the recorded amounts by counterparty confirmation or by performing alternative procedures; – we performed a sensitivity analysis to determine which assumptions are significant (i.e., those that have a greater effect on the outcome of the ECL);

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter	How the matter was addressed in our audit
Expected credit losses on trade receivables (Continued)	– evaluated whether management's simplified modelling approach is appropriate. This included understanding whether the model methodology and logic meet all relevant requirements of IFRS 9 – Financial Instruments; – considered whether the individual inputs and assumptions appear reasonable. This included validation of individual assumptions to relevant supporting information and performing a retrospective review of the assumptions; – considered whether the assumptions appropriately reflect current market information; – tested historical loss data to validate the completeness and accuracy of key parameters; – assessed whether the matrix is applied to appropriate groupings of assets which share credit risk characteristics; – evaluated the completeness and accuracy of asset level data; – reviewed the judgements and decisions made by management in estimating the ECL to identify whether indicators of possible management bias exist; and – obtained relevant representations from the Directors about whether the Directors believe that significant assumptions used in estimating the ECL are reasonable. Based on the procedures performed, the exceptions identified were corrected by the Directors, and as a result, there are no material misstatements in the ECLs recognised in the financial statements.

Valuation of inventories and related provisions
 	
Inventories, stated at UShs 91,358,503 thousand as at 31 March, 2026 (2025: UShs 90,525,972 thousand), represent the substantial proportion of assets on the statement of financial position of the Company.
 	
There are significant estimates involved in valuation of the inventories related to the assessment of direct costs and allocation of the manufacturing and production overheads.
 	
In addition, the valuation of the inventories is done at the lower of cost or net realisable value as per the Company's accounting policy and management's assessment of the percentage of write down for inventories is based on historical experience and judgement.
	Our audit procedures included understanding and testing of the design, implementation and operating effectiveness of the relevant controls around:
	– issue of materials for production;
	– physical inventories;
	– valuation of the inventories; and
	– valuation of the provision for the obsolete, expired or slow-moving inventories.
	Our testing of the design, implementation and operating effectiveness of the controls provided a basis for us to continue with the planned nature, timing and extent of our substantive audit procedures.
	
	Our substantive audit procedures included the following:
	– reviewed periodic reconciliations of perpetual physical counts;
	– assessed the appropriateness and reasonableness of the inventory provision through evaluating;
	  – historical inventory and sales data;
	  – management's latest forecasts and trading plans; and
	  – selling prices achieved subsequent to the year-end.
	– we recalculated the inventory provision using the verified data to test the calculations within management's workings;
	– reviewed reconciliations of inventories to the cost of goods sold;
	– evaluated the methods of measurement and assumptions used in the systematic allocation of fixed and variable production overheads; and
	– on a sample basis tested the valuation of work-in-progress, raw materials, consumables, and finished goods for compliance with IAS 2 – Inventories.
	Based on our review, we did not identify any exceptions that would result in material misstatement to the financial statements.

Key audit matter	How the matter was addressed in our audit
Revenue recognition The Company's revenue for the year ended 31 March, 2026 was UShs 290,493,752 thousand (2025: UShs 267,129,934 thousand). Given the significance of revenue as a key performance indicator, there is an increased risk of misstatement to meet performance targets. In this regard, revenue has been considered a key audit matter. Also, there is a risk that revenue may not be recognised in accordance with IFRS 15: Revenue from Contracts with Customers, and that the cut-off point at which customers obtain control of goods may not be correctly reflected in the financial statements.	Our audit procedures included understanding and testing of the design, implementation, and operating effectiveness of the relevant controls around the sales process. We obtained and reviewed sales contracts held with major partners by the Company to understand and identify the performance obligations, transaction price and inspect the key terms and conditions of contracts and assess if there were any terms and conditions that may have affected the accounting treatment. We performed sales cut-off testing immediately before and after the year-end by testing sales invoices to evidence of delivery to ensure that revenue had been recognised in the correct accounting period, additionally we have performed similar detailed testing on credit notes to confirm that the credit notes have been recognised in the appropriate accounting period. We performed analytical procedures around revenue and gross profit margins and checked reasonableness of revenues recognised by reconciling inventory movements for finished goods to the sales recorded. In addition, we tested significant manual journal entries posted to revenue, to identify and understand unusual or irregular items and obtained evidence to support their recognition. As a result of the procedures performed, we have been able to conclude that revenue has been recognised in accordance with the Company's revenue recognition policy and IFRS 15 – Revenue from Contracts with Customers.

Other information

The Directors are responsible for the other information on pages 4 to 90 and 127 to 141.

Our opinion on the financial statements does not cover the other information, and we do not express an audit opinion or 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. 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 and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act Cap. 106, and 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.

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 have 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 the 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.
- 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extreme rare circumstances, we determine that a matter may 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

As required by the Companies Act Cap. 106 we report to you, based on our audit, that:

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

ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Morris Mubangizi - P0582.

Morris Mubangizi
P0582

Grant Thornton
Certified Public Accountants

28 May, 2026
Kampala, Uganda

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH, 2026

	Notes	2026 UShs '000	2025 UShs '000
Revenue	4	**290,493,752**	267,129,934
Cost of sales	5	**(154,718,943)**	(158,642,358)
Gross profit		**135,774,809**	108,487,576
Other income	6	**26,949**	206,974
General and administrative expenses	7	**(66,325,845)**	(52,574,183)
Reversal of impairment allowance	18	**4,364,982**	3,250,396
Operating profit		**73,840,895**	59,370,763
Finance income	10	**4,971,986**	4,563,153
Finance costs	11	**(920,359)**	(2,257,516)
Profit before tax	12	**77,892,522**	61,676,400
Taxation	13(a)	**(21,463,360)**	(21,023,488)
Profit for the year		**56,429,162**	40,652,912
Other comprehensive income		**–**	–
Total comprehensive income for the year		**56,429,162**	40,652,912
Basic and diluted earnings per share (UShs)	20(d)	**15.45**	11.13

The notes on pages 99 to 126 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH, 2026

	Notes	2026 UShs '000	2025 UShs '000
ASSETS			
Non-current assets			
Property, plant, equipment and right-of-use assets	14	**48,812,755**	56,173,656
Capital work-in-progress	15	**20,129,059**	3,885,421
Intangible assets	16	**2,440,110**	1,054,870
Deferred tax asset	13(b)	**1,279,604**	–
		72,661,528	61,113,947
Current assets			
Inventories	17	**91,358,503**	90,525,972
Trade and other receivables	18	**52,324,199**	42,270,404
Cash in hand and at bank	19	**22,448,923**	34,989,806
		166,131,625	167,786,182
TOTAL ASSETS		**238,793,153**	228,900,129
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20(a)	**45,648,865**	45,648,865
Reserves	21	**2,275,000**	2,275,000
Proposed dividends	22	**23,372,219**	21,911,455
Retained earnings		**112,462,876**	116,655,407
		183,758,960	186,490,727
LIABILITIES			
Non-current liabilities			
Deferred tax liability	13(b)	**–**	1,136,000
Lease liabilities	23	**92,525**	175,596
		92,525	1,311,596
Current liabilities			
Lease liabilities	23	**106,518**	103,145
Trade and other payables	24	**54,835,150**	40,994,661
		54,941,668	41,097,806
TOTAL LIABILITIES		**55,034,193**	42,409,402
TOTAL EQUITY AND LIABILITIES		**238,793,153**	228,900,129

The financial statements on pages 95 to 126 were approved by the Board of Directors on 28 May, 2026 and signed on its behalf by:

EMMANUEL KATONGOLE
Board Chairman

AJAY KUMAR PAL
Chief Executive Officer

The notes on pages 99 to 126 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH, 2026

	Share capital UShs '000	Reserve UShs '000	Proposed dividend UShs '000	Retained earnings UShs '000	Total equity UShs '000
Balance as at 1 April, 2024	**45,648,865**	**2,275,000**	**14,972,828**	**125,303,269**	**188,199,962**
Profit for the year	**–**	**–**	**–**	**40,652,912**	**40,652,912**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**40,652,912**	**40,652,912**
Proposed dividends (note 22)	**–**	**–**	**49,300,774**	**(49,300,774)**	**–**
Dividends paid	**–**	**–**	**(42,362,147)**	**–**	**(42,362,147)**
Transaction with owners of the Company	**–**	**–**	**6,938,627**	**(49,300,774)**	**(42,362,147)**
Balance as at 31 March, 2025	**45,648,865**	**2,275,000**	**21,911,455**	**116,655,407**	**186,490,727**
Balance as at 1 April, 2025	**45,648,865**	**2,275,000**	**21,911,455**	**116,655,407**	**186,490,727**
Profit for the year	**–**	**–**	**–**	**56,429,162**	**56,429,162**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**56,429,162**	**56,429,162**
Proposed dividends (note 22)	**–**	**–**	**60,621,693**	**(60,621,693)**	**–**
Dividends paid	**–**	**–**	**(59,160,929)**	**–**	**(59,160,929)**
Transaction with owners of the Company	**–**	**–**	**1,460,764**	**(60,621,693)**	**(59,160,929)**
Balance as at 31 March, 2026	**45,648,865**	**2,275,000**	**23,372,219**	**112,462,876**	**183,758,960**

The notes on pages 99 to 126 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

AS AT 31 MARCH, 2026

	Notes	2026 UShs '000	2025 UShs '000
Cash flows from operating activities			
Profit before tax		**77,892,522**	61,676,400
Adjustment for non-cash items:			
- Reversal of impairment allowance		**(4,364,982)**	(3,250,396)
- Depreciation of property, plant, equipment and right-of-use assets	14	**9,201,697**	9,589,478
- Amortisation of intangible assets	16	**1,334,013**	489,750
- Reversal of provision for obsolete stock		**(523,462)**	(3,062,993)
- Loss on disposal of property, plant, equipment and right-of-use assets	6	**–**	62,548
- Interest expense on lease liabilities and bank overdraft		**128,619**	175,734
		83,668,407	65,680,521
Changes in working capital:			
- Inventories		**(309,069)**	(1,143,265)
- Trade and other receivables		**(5,688,813)**	(11,921,375)
- Trade and other payables		**13,840,489**	(2,357,173)
Cash generated from operating activities		**91,511,014**	50,258,708
Interest paid on bank overdraft	11	**(82,763)**	(140,404)
Tax paid	13(c)	**(23,878,964)**	(19,755,178)
Net cash generated from operating activities		**67,549,287**	30,363,126
Cash flows used in investing activities			
Purchase of property, plant, and equipment	14	**(57,831)**	(2,754,258)
Additions to capital work-in-progress	15	**(18,026,603)**	(2,923,782)
Purchase of intangible assets	16	**(2,719,253)**	(633,852)
Net cash used in investing activities		**(20,803,687)**	(6,311,892)
Cash flows used in financing activities			
Dividends paid		**(59,160,929)**	(42,362,147)
Repayment of principal on lease liabilities	23(c)	**(107,954)**	(91,380)
Payment of interest on lease liabilities	23(c)	**(45,856)**	(35,330)
Foreign exchange differences on lease liabilities	23(c)	**28,256**	(23,753)
Net cash used in financing activities		**(59,286,483)**	(42,512,610)
Net change in cash in hand and at bank		**(12,540,883)**	(18,461,376)
Cash in hand and at bank at start of year		**34,989,806**	53,451,182
Cash in hand and at bank at end of year	19	**22,448,923**	34,989,806

The notes on pages 99 to 126 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH, 2026

1. COMPANY INFORMATION

Quality Chemical Industries Limited was incorporated on 10 June, 2005 as a joint venture between QCL and Cipla, for the manufacture and sale of pharmaceutical drugs with emphasis on ARVs and ACTs. The Company owns a pharmaceutical plant at Luzira Industrial Park.

Cipla subsequently acquired a controlling interest in the Company, holding 51.05% and 11.25% of the Company's shares through Meditab Holdings Limited and Cipla (EU) Limited, respectively. The Company's name was subsequently changed from Quality Chemical Industries Limited to Cipla Quality Chemical Industries Limited.

The Company converted to a public company on 7 October, 2016, and on 17 September, 2018, the Company listed on the USE, offering 18.00% of the shareholding to individual and institutional investors in an IPO. During the IPO, Cipla (EU) Limited reduced its shareholding from 11.25% to 0.13% and, therefore, Cipla's interest in the Company reduced to 51.18%.

On 14 November, 2023, Africa Capitalworks SSA 3 acquired 51.18% of the issued ordinary shares of the Company from Cipla and on 14 February, 2024, the Company reverted to its original name, Quality Chemical Industries Limited.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of accounting

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and presented in Uganda Shillings ("UShs") which is the Company's functional currency.

All financial amounts presented in UShs have been rounded to the nearest thousand except when otherwise indicated. Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency), except where otherwise indicated.

(b) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB and in compliance with the requirements of the Companies Act Cap. 106.

These accounting policies have been applied consistently in all periods presented.

For purposes of reporting under the Companies Act Cap. 106, the balance sheet in these financial statements is represented by the statement of financial position, and the profit and loss account is represented by the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(c) New standards, interpretations, and amendments to standards

New standards, interpretations, and amendments to standards adopted during the year

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and relevant to its operations:

Standard/ Amendment	Effective date – Year beginning on or after	Key requirements	Impact
Lack of exchangeability (Amendments to IAS 21)	1 January, 2025	The amendments include both updates to guidance to assist preparers in correctly accounting for foreign currency items and increases the level of disclosure required to help users understand the impact of a lack of exchangeability on the financial statements. The amendments: • Introduce a definition of whether a currency is exchangeable, and the process by which an entity should assess this exchangeability. • Provide guidance on how an entity should estimate a spot exchange rate in cases where a currency is not exchangeable. • Require additional disclosures in cases where an entity has estimated a spot exchange rate due to a lack of exchangeability, including the nature and financial impact of the lack of exchangeability, and details of the spot exchange rate used and the estimation process. The additional disclosure requirements provide useful information about the additional level of estimation uncertainty, and risks arising for the entity due to difficulty in exchangeability.	The impact of the amendment is not material.
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January, 2025	The amendments require additional disclosures that complement the existing disclosures in these IAS 7 and IFRS 7. They require entities to disclose: • The terms and conditions of the arrangement. • The amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities are included on the statement of financial position. • Ranges of payment due dates. • Liquidity risk information. These additional disclosure requirements address investors wanting more visibility around supplier finance arrangements which in some jurisdictions around the world are better known as reverse factoring arrangements.	The impact of the amendment is not material.

New standards, interpretations and amendments not early adopted by the Company

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 1 January, 2026 or later periods:

Standard/ Amendment	Effective date – Year beginning on or after	Key requirements	Impact
Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments	1 January, 2026	Settlement of liabilities through electronic payment systems There has been diversity in practice over the timing of the recognition and derecognition of financial assets and financial liabilities, particularly when they are settled using an electronic payment system. The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised. Under the amendments, a company generally derecognises its trade payable on the settlement date. Normally this is the date on which payment is completed. The amendments also provide an optional exception, which allows the Company to derecognise its trade payable earlier than the settlement date, potentially on the date when payment is initiated and cannot be cancelled. The exception is available when the Company uses an electronic payment system that meets all of the following criteria: • No practical ability to withdraw, stop or cancel the payment instruction; • No practical ability to access the cash to be used for settlement as a result of the payment instruction; and • The settlement risk associated with the electronic payment system is insignificant. Companies can choose to apply the exception for electronic payments on a system-by-system basis. Classification of financial assets with ESG-linked features Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented solely payments of principal and interest (SPPI), which is a condition for measurement at amortised cost. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss. The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are: • Not related directly to a change in basic lending risks or costs; and • Not measured at fair value through profit or loss. Contractually linked instruments (CLIs) and non-recourse features	The impact of the amendment is unlikely to be material.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(c) New standards, interpretations, and amendments to standards (continued)

Standard/ Amendment	Effective date – Year beginning on or after	Key requirements	Impact
Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments	1 January, 2026	The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). Disclosures on investments in equity instruments The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in FVOCI.	The impact of the amendment is unlikely to be material.
Amendments to IFRS 10 and IAS 28	1 January, 2027	The amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that: a full gain or loss is recognised when a transaction between an investor and its associate or joint venture transfers assets that constitute a business. If the assets do not constitute a business, only a partial gain or loss is recognised.	The impact of the amendment is unlikely to be material.
IFRS 18 Presentation and Disclosure in Financial Statements	1 January, 2027	Under current IFRS Accounting Standards, entities use different formats to present their results, making it difficult for investors to compare financial performance across entities. IFRS 18 does not change an entity's net profit but promotes a more structured income statement. In particular it requires all entities to: – Classify all income and expenses into five categories, three of which are new, based on their main business activities. – Present a newly defined 'operating profit' and other sub-totals on the face of the income statement; and Present operating expenses either by function, by nature or on a mixed basis on the face of the income statement. MPMs – Disclosed and subject to audit IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management Performance Measures ("MPMs"), requiring them to be: • A sub-total of income and expenses; • Used in public communications outside the financial statements; and • Reflective of management's view of financial performance.	The impact of the amendment is likely to be material.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January, 2027	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date: • It does not have public accountability; • Its parent produces consolidated financial statements under IFRS Accounting Standards. A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted.	The impact of the amendment is unlikely to be material.
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January, 2028	It establishes general requirements with the objective of requiring an entity to disclose information about its sustainability-related risks and opportunities and how an entity should prepare and present its sustainability-related financial information. It sets out general requirements for the content and presentation of these disclosures so that the information disclosed is useful to primary users of financial reporting in making decisions about the provision of resources to the entity.	The impact of the amendment is expected to be material.
IFRS S2 Climate-related disclosures	1 January, 2028	It sets out requirements for identifying, assessing and disclosing information about climate-related risks and opportunities that is useful to the primary users of general-purpose financial reporting.	The impact of the amendment is expected to be material.

(d) Use of significant judgement and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimations and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities.

The key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Allowance for slow moving, damaged and obsolete inventory

The Company reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether a provision for obsolescence should be recorded in profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realisable value for such product. Accordingly, provision for obsolescence is made where the net realisable value is less than cost based on best estimates by the management, ageing of inventories and historical movement of the inventory.

Useful lives of property, plant, equipment and right-of-use assets

Management assesses the appropriateness of the useful lives and residual values of property, plant and equipment at the end of each reporting period. When the estimated useful life or residual value of an asset differs from the previous estimates, the change is applied prospectively in determination of the depreciation charge.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(d) Use of significant judgement and key sources of estimation uncertainty (continued)

Determination of lease term and incremental borrowing rate

The significant judgements in the implementation were determining if a contract contained a lease, and the determination of whether the Company is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates in the respective economic environments.

Expected credit losses on trade receivables

The Company uses a provision matrix to calculate expected credit losses ("ECL") for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss-patterns. The matrix is initially based on historically observed default rates. The matrix is adjusted with forward-looking information. The assessment of the correlation between historical default rates and forecast economic conditions and ECLs is a significant estimate.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Management makes estimates for the provisions, based on the historical data available and reassesses them at the end of every reporting period.

Impairment of non-financial assets

The Company reviews its non-financial assets to assess the likelihood of impairment on an annual basis. In determining whether such assets are impaired, management makes judgements as to whether there are any conditions that indicate potential impairment of such assets.

(e) Financial instruments

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price when the fair value of financial instruments at initial recognition differs from the transaction price.

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in profit or loss. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Measurement categories of financial assets and liabilities

The Company classifies all its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through profit or loss ("FVTPL")

The Company classifies and measures its trading portfolio at FVTPL and may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading and are derivative instruments or the fair value designation is applied.

Financial assets

The Company measures receivables and other financial assets at amortised cost only if both of the following conditions are met:

i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely SPPI on the principal amount outstanding.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. Considerations are made based on the following criteria:

i) The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed.

ii) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

iii) The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process, the Company assesses the contractual terms of the financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

Derecognition of financial assets and liabilities financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Financial instruments (continued)

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates;
- The Company cannot sell or pledge the original asset other than as security to the eventual recipient; and
- The Company must remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Company considers control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Impairment of financial assets

The Company considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime ECL. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators, and forward-looking information to calculate the ECL using a provision matrix. For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Write off

The gross carrying amount of financial assets is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. 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 to comply with the Company's procedure for recovery of amounts due.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at FVTPL. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains and losses recognised in profit or loss (other than derivative financial instruments that are designated as effective hedging instruments).

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(f) Property, plant, equipment and right-of-use assets

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour; any other costs directly attributable to bringing assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located; and, capitalised borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write down the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Company.

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised. Refer item (q) below on leases for detailed policies for right-of-use assets.

Depreciation is calculated on a straight-line basis (prorated over the useful life) at annual rates estimated to write off the carrying values of assets over their expected useful lives. The annual depreciation rates or life in use are:

Item	Depreciation method	Depreciation rates/Useful life
Buildings	Straight line	Lower of 4.00% and lease period of land the building stands on.
Motor vehicles	Straight line	25.00%
Tools and equipment	Straight line	25.00%
Computers	Straight line	33.30%
Furniture and fittings	Straight line	25.00%
Plant and machinery	Straight line	10.00%
Right-of-use assets	Straight line	3 - 5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Intangible assets

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets comprise computer software, which is amortised over its economic useful life of three years.

(h) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventory, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets/CGU.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Inventories

Inventories comprise mainly raw materials, work-in-progress, finished goods, spares and supplies. They are stated at the lower of cost or net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a weighted average basis including transport costs, handling costs, duties and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work-in-progress: cost of direct raw materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Any write down to net realisable value is recognised in profit or loss in the period it is determined.

(j) Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

The Company operates a defined contribution scheme for Directors. The contribution scheme is funded through contributions made by the Company. The Company's contributions are charged to the statement of profit or loss in the year in which they relate.

The Company and all its employees contribute to the NSSF, which is a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays a fixed contribution to a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the scheme are held in a separate trustee administered fund which is funded by contributions from both the Company and employees.

The Company's contributions to the defined contribution scheme are charged to the statement of profit or loss and other comprehensive income in the year which they fall due.

(k) Cash-settled share-based payment arrangements

The Company operates a management incentive plan under which select employees are granted performance share units that are settled in cash based on the calculated equity value of the Company at the time of vesting. These awards are subject to both service and performance conditions.

The plan is classified as a cash-settled share-based payment. Accordingly, a liability is recognised in the financial statements for the estimated fair value of the obligation at each reporting date. The liability is remeasured at fair value at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss.

The fair value of the awards is determined using the Company's calculated equity valuation. Awards are subject to malus and clawback provisions and may vest early in cases of death, disability, or corporate transactions, subject to Remuneration Committee discretion.

The cost of the awards is recognised over the vesting period, which includes both the performance period and the employment period, based on the best available estimate of the number of awards expected to vest.

(l) Taxation

Current tax

Taxation is provided in the statement of comprehensive income on the basis of the results included therein, adjusted in accordance with the provisions of the Income Tax Act (Cap. 340). Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised outside profit or loss is recognised in other comprehensive income.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised outside profit or loss is recognised in other comprehensive income. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(l) Taxation (continued)

Value added tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of goods and services is not recoverable from Uganda Revenue Authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense for the item as applicable; and
- Receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(m) Provisions and contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value for money and the risks specific to the obligation. Contingent assets and contingent liabilities are not recognised.

(n) Revenue from contracts with customers

Revenue arises mainly from the sale of ARVs, ACTs and other pharmaceutical products. To determine whether to recognise revenue, the Company follows a five-step process:

- Identifying a contract with the customer;
- Identifying performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognising revenue when/as performance obligation(s) are satisfied.

The Company often enters into transactions involving a range of the Company's products and services. In all cases, the total transaction price is allocated amongst the various performance obligations based on their relative standalone selling prices. The transaction price excludes any amounts collected on behalf of third parties.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sale of ARVs, ACTs, and other pharmaceutical products

Revenue from the sale of ARVs, ACTs and other pharmaceutical products is recognised when or as the Company transfers control of the goods to the customer. Invoices for goods or services transferred are due upon receipt of goods or services by the customer.

Revenue from the sale of goods is recognised upon the passage of title to the customer, which generally coincides with their delivery and acceptance. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due and associated costs or the possible return of goods.

(o) Dividends

The Company recognises a liability to make cash distributions to shareholders when the distribution is authorised and the distribution is no longer at the discretion of the Company. A final distribution is authorised when it is approved by the shareholders. An interim dividend may be declared at the discretion of the Directors. The dividend is recognised directly in equity and recorded as a liability until paid.

(p) Leases

The Company as a lessee

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been disclosed separately.

(q) Operating segments

Operating segments are identified and reported in a manner consistent with the internal reports regularly reviewed by the entity's Chief Operating Decision Maker (CODM), in accordance with IFRS 8 Operating Segments. The Chief Executive Officer (CEO) has been identified as the CODM, as defined by IFRS 8, as he is responsible for allocating resources and assessing the performance of the operating segments.

The CODM monitors the financial performance and position of the Company for the purpose of making strategic decisions. Operating segment details are disclosed in note 26.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Senior management is responsible for developing and monitoring the Company's risk management policies and report regularly to the Board of Directors on their activities.

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management practices in others. The risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Audit and Risk Committee ("ARC") oversees, inter alia, how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. ARC is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of the Company's risk management controls and procedures, the results of which are reported to ARC. The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables and lease liabilities.

The main risks arising from the Company's financial instruments are liquidity risk, market risk and credit risk. The Company has policies for managing financial risks as summarised below:

(a) Market risk

i) Foreign currency risk

The Company has transactional currency exposures. Such exposure arises from revenue receipts and purchases by the Company in currencies other than its functional currency (UShs). Most of the Company's sales are in United States Dollars (USD). The proceeds from USD sales are used to pay for liabilities denominated in USD as much as is practicable. When the need arises for foreign currency, the Company purchases its requirements in the open market, and any exchange gains or losses are immediately posted to profit or loss. The Company also maintained undrawn term loan and short-term borrowing facilities. Otherwise, the Company does not engage in currency derivatives or other measures of managing foreign currency risk.

At 31 March, 2026	USD	UShs '000
Financial assets		
Cash at bank	**235,137**	891,168
Trade and other receivables	**9,553,738**	36,208,667
	9,788,875	37,099,835
Financial liabilities		
Trade and other payables	**2,828,489**	10,719,973
Lease liabilities	**52,518**	199,043
	2,881,007	10,919,016
Net currency exposure - Assets	**6,907,868**	26,180,819
At 31 March, 2025		
Financial assets		
Cash at bank	330,046	1,211,268
Trade and other receivables	7,805,245	28,645,249
	8,135,291	29,856,517
Financial liabilities		
Trade and other payables	4,559,223	16,732,349
Lease liabilities	75,951	278,740
	4,635,174	17,011,089
Net currency exposure - Assets	3,500,117	12,845,428

The analysis below summarises the post-tax effect on profit/(loss) and components of equity if the currency had weakened/strengthened by 1% against the USD, mainly as a result of foreign exchange gains or losses on translation of USD denominated assets and liabilities with all other variables held constant.

	2026 UShs '000	2025 UShs '000
+1%	**(183,220)**	(89,918)
-1%	**183,220**	89,918
Exchange rate	**3,790**	3,670

ii) Interest rate risk

The Company's interest-bearing financial instruments include a bank overdraft. The overdraft interest rate is a floating rate with an additional margin for the bank, exposing the Company to cash flow interest rate risk. The Company regularly monitors available financing options to ensure optimum interest rates are obtained.

The overdraft facility was utilised during the year. However, as at 31 March, 2026, although the facility was still available, there was no utilisation. Consequently, the Company had no interest rate risk exposure due to fluctuations in interest rates at that date (2025: Nil).

(b) 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, other receivables and balances with banks.

The Company manages its credit risk by only trading with creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to minimise the Company's exposure to bad debts.

Credit risk on deposits with banking institutions is managed by dealing with institutions with good credit ratings. The maximum exposure to credit risk is equivalent to the bank balances and trade and other receivables balance as at the end of the year as indicated below:

	2026 UShs '000	2025 UShs '000
Trade receivables (note 18)	**41,507,160**	31,495,748
Cash at bank (note 19)	**22,446,729**	34,988,320
	63,953,889	66,484,068

The Company's major customers are National Medical Stores (Government of Uganda), sovereign customers, Global Fund to Fight AIDS, Tuberculosis and Malaria and other private customers. The concentration of credit risk of the Company's major customers is as follows:

	2026 UShs '000	2025 UShs '000
National Medical Stores (Government of Uganda)	**14,824,142**	4,515,315
Medpro Pharmaceutica (Pty) Limited	**11,496,329**	5,145,395
Other sovereign customers	**68,220**	16,475,684
Multilateral agencies	**9,819,976**	1,084,567
Private market customers	**5,298,493**	4,274,787
	41,507,160	31,495,748

ECL for trade receivables are determined for each reporting period using a single loss rate approach. Under the loss rate approach, the Company develops loss rate statistics based on the amounts collected over the life of the financial assets rather than using separate probability of default and loss given default statistics. The Company then adjusts these historical credit loss trends for current conditions and expectations about the future. The loss rates are based on the respective customer categories. The calculation reflects a simple average of all loss rates per period, reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company does not hold collateral as security.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The amounts due from Medpro Pharmaceutica (Pty) Limited were subjected to an individual impairment assessment, as they do not share similar credit risk characteristics with the Company's other receivables. Subsequent to year-end, USD 1.4 million (UShs 5.3 billion) was received, reducing the outstanding balance from UShs 11.5 billion.

The ECL for the other financial assets are generally determined using ECL rates derived from the prevailing credit ratings of the counter parties. The determination of ECL reflects the probability-weighted outcome, time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and expected future economic conditions. No other financial assets were in default (2025: None).

Set out below is the credit risk exposure arising from the Company's trade and other receivables using a single loss rate approach:

	2026			
	Gross carrying amount UShs '000	Weighted Average loss rates %	Expected credit loss UShs '000	Net carrying amount UShs '000
Trade receivables				
Sovereign customers	**14,892,362**	**0.00%**	**–**	**14,892,362**
Medpro Pharmaceutica (Pty) Limited	**11,496,329**	**8.40%**	**965,639**	**10,530,690**
Multilateral agencies	**9,819,976**	**0.00%**	**–**	**9,819,976**
Private market customers	**5,298,493**	**71.47%**	**3,786,824**	**1,511,669**
	41,507,160	**11.45%**	**4,752,463**	**36,754,697**
Other financial assets				
Cash at bank	**22,446,729**	**0.00%**	**–**	**22,446,729**
	22,446,729	**0.00%**	**–**	**22,446,729**
Total financial assets	**63,953,889**	**7.43%**	**4,752,463**	**59,201,426**

	2025			
	Gross carrying amount UShs '000	Weighted Average loss rates %	Expected credit loss UShs '000	Net carrying amount UShs '000
Trade receivables				
Sovereign customers	20,990,999	21.30%	4,471,268	16,519,731
Medpro Pharmaceutica (Pty) Limited	5,145,395	9.03%	464,821	4,680,574
Multilateral agencies	1,084,567	0.00%	–	1,084,567
Private market customers	4,274,787	97.81%	4,181,356	93,431
	31,495,748	28.95%	9,117,445	22,378,303
Other financial assets				
Cash at bank	34,988,320	0.00%	–	34,988,320
	34,988,320	0.00%	–	34,988,320
Total financial assets	66,484,068	13.71%	9,117,445	57,366,623

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. In addition, an unsecured USD 15 million overdraft facility is maintained.

The following tables detail the Company's remaining contractual obligations for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company could be required to pay.

	Up to 3 months UShs '000	3 to 12 months UShs '000	Above 12 months UShs '000	Total UShs '000
As at 31 March, 2026				
Lease liabilities	**34,297**	**102,890**	**115,586**	**252,773**
Trade and other payables	**50,323,715**	**–**	**–**	**50,323,715**
	50,358,012	**102,890**	**115,586**	**50,576,488**
As at 31 March, 2025				
Lease liabilities	33,211	99,632	244,769	377,612
Trade and other payables	36,894,308	–	–	36,894,308
	36,927,519	99,632	244,769	37,271,920

(d) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide employment and returns for shareholders and to maintain a capital structure that optimises the cost of capital. In order to optimise the capital structure, the Company may limit the amount of dividends paid to shareholders, issue new shares, or modify its level of borrowings.

4. Revenue

	2026 UShs '000	2025 UShs '000
Local sales	**242,291,410**	202,689,365
Export sales	**48,202,342**	64,440,569
	290,493,752	267,129,934

Revenues mainly relate to the sale of ARVs and ACTs as shown in the table below:

	2026 UShs '000	2025 UShs '000
ARVs	**212,788,825**	203,781,236
ACTs	**71,339,726**	57,709,006
Other pharmaceutical products	**6,365,201**	5,639,692
	290,493,752	267,129,934

5. Cost of sales

	2026 UShs '000	2025 UShs '000
Materials consumed	**105,404,944**	111,824,251
Other overheads	**34,169,919**	31,783,863
Staff expenses (note 8)	**7,655,076**	8,650,813
Depreciation of property, plant, equipment and right-of-use assets (note 9)	**7,906,526**	8,247,728
Stock write-off	**–**	1,145,064
Royalties	**105,940**	53,632
Reversal of provision for obsolete inventories	**(523,462)**	(3,062,993)
	154,718,943	158,642,358

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Other income

	2026 UShs '000	2025 UShs '000
Sale of scrap	**26,949**	269,522
Loss on disposal of property, plant, equipment and right-of-use assets	**–**	(62,548)
	26,949	206,974

7. General and administrative expenses

	2026 UShs '000	2025 UShs '000
Staff expenses (note 8)	**42,514,993**	30,183,762
Other administration expenses	**12,085,273**	14,093,925
Office expenses	**4,695,656**	3,880,909
Advertising and promotions	**2,242,124**	1,441,302
Depreciation of property, plant, equipment and right-of-use assets (note 9)	**1,295,171**	1,341,750
Professional fees	**1,775,846**	648,479
Amortisation of intangible assets (note 16)	**1,334,013**	489,750
Bank charges	**291,682**	339,559
Auditor's remuneration	**91,087**	154,747
	66,325,845	52,574,183

8. Staff expenses

	2026 UShs '000	2025 UShs '000
Salaries and wages	**23,395,561**	21,801,832
Provident fund	**3,755,125**	3,858,109
Medical costs	**2,532,444**	2,650,619
NSSF contribution	**2,581,466**	2,395,363
Long-term incentive scheme*	**11,019,556**	2,269,953
Catering	**2,096,083**	2,252,250
Provision for staff bonus	**2,557,427**	1,990,962
Staff welfare	**2,269,182**	1,538,780
Staff recruitment costs	**20,520**	53,742
Training costs	**28,955**	28,447
Reversal of leave provision	**(86,250)**	(5,482)
	50,170,069	38,834,575
Staff costs are allocated as follows:		
Cost of sales (note 5)	**7,655,076**	8,650,813
General and administrative expenses (note 7)	**42,514,993**	30,183,762
	50,170,069	38,834,575

*The Board of Directors had previously approved a long-term incentive scheme in the year ending 31 March, 2025, for select employees to align with the Company's growth objectives, which has since been renewed through to 2028.

In accordance with IFRS 2 Share Based Payments, a provision continues to be recognised based on forecast performance. For the year ended 31 March, 2026, the increase in the provision reflects improved performance against targets as well as accruals for subsequent periods following the renewal of the scheme through to 2028. The provision is reassessed at each reporting date to ensure the carrying amount represents the Company's best estimate of its obligation.

9. Depreciation of property, plant, equipment and right-of-use assets

	2026 UShs '000	2025 UShs '000
Depreciation is allocated as follows:		
Cost of sales (note 5)	**7,906,526**	8,247,728
General and administrative expenses (note 7)	**1,295,171**	1,341,750
	9,201,697	9,589,478

10. Finance income

	2026 UShs '000	2025 UShs '000
Interest income from bank deposits	**4,971,986**	4,563,153

11. Finance costs

	2026 UShs '000	2025 UShs '000
Net foreign exchange loss	**522,115**	2,081,782
Interest expense on bank overdraft	**82,763**	140,404
Interest expense on lease liabilities	**45,856**	35,330
Commitment fees on term loan	**269,625**	–
	920,359	2,257,516

12. Profit before tax

	2026 UShs '000	2025 UShs '000
Profit before tax is stated after charging:		
Depreciation of property, plant, equipment and right-of-use assets	**9,201,697**	9,589,478
Net foreign exchange loss	**522,115**	2,081,782
Amortisation of intangible assets	**1,334,013**	489,750
Auditor's remuneration	**91,087**	154,747
Loss on disposal of property, plant, equipment and right-of-use assets	**–**	(62,548)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Taxation

(a) Amounts recognised in statement of profit or loss

	2026 UShs '000	2025 UShs '000
Current tax	**23,878,964**	20,042,570
Deferred tax	**(2,415,604)**	980,918
	21,463,360	21,023,488

Reconciliation of tax expense

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2026 UShs '000	2025 UShs '000
Profit before tax	**77,892,522**	61,676,400
Tax calculated at the statutory income tax rate of 30%	**23,367,757**	18,502,920
Tax effect on non-deductible expenses	**(1,904,397)**	2,520,568
	21,463,360	21,023,488
	1,279,604	(1,136,000)

(b) Deferred tax asset/(liability)

Deferred income tax is calculated on all temporary differences using the liability method at the applicable rate of 30%. The movement on the deferred tax account is as follows:

Reconciliation of deferred tax

	2026 UShs '000	2025 UShs '000
At the beginning of year	**(1,136,000)**	(155,083)
Deductible temporary differences on property, plant, equipment and right-of-use assets	**467,160**	137,511
Deductible / (taxable) temporary difference on provisions	**3,131,239**	(1,201,492)
Deductible / (taxable) temporary difference on foreign exchange differences	**126,701**	(186,452)
(Taxable) / deductible temporary differences on impairment allowance	**(1,309,496)**	269,516
	1,279,604	(1,136,000)

(c) Current tax recoverable

	2026 UShs '000	2025 UShs '000
Balance at beginning of the year	**–**	287,392
Current tax for the year recognised in profit or loss	**(23,878,964)**	(20,042,570)
Tax paid	**23,878,964**	19,755,178
Balance at end of the year	**–**	–

14. Property, plant, equipment and right-of-use assets

	Leasehold land* UShs '000	Buildings UShs '000	Plant & machinery Buildings	Furniture & fittings UShs '000	Tools & equipment UShs '000	Computers UShs '000	Motor vehicles UShs '000	Right-of-use asset UShs '000	Total UShs '000
COST									
Balance at 1 April, 2024	2,776,233	34,024,026	91,806,477	1,823,379	8,467,503	4,397,554	3,499,645	356,459	147,151,276
Additions	–	561128	804,664	125,384	754,750	251,218	257,115	116,148	2,870,407
Transfer from CWIP (note 15)	–	85,495	1,347,475	2,733	70,597	131,605	–	–	1,637,905
On disposal	–	–	(2,383,606)	(268,083)	(415,155)	(409,817)	–	–	(3,476,661)
Balance at 31 March, 2025	2,776,233	34,670,649	91,575,010	1,683,413	8,877,695	4,370,560	3,756,760	472,607	148,182,927
Balance at 1 April, 2025	**2,776,233**	**34,670,649**	**91,575,010**	**1,683,413**	**8,877,695**	**4,370,560**	**3,756,760**	**472,607**	**148,182,927**
Additions	**–**	**–**	**–**	**5,169**	**38,848**	**–**	**13,814**	**–**	**57,831**
Transfer from CWIP (note 15)	**–**	**193,659**	**1,312,632**	**21,380**	**–**	**255,294**	**–**	**–**	**1,782,965**
Balance at 31 March, 2026	**2,776,233**	**34,864,308**	**92,887,642**	**1,709,962**	**8,916,541**	**4,625,856**	**3,770,574**	**472,607**	**150,023,723**
ACCUMULATED DEPRECIATION									
Balance at 1 April, 2024	–	13,486,365	58,511,308	1,691,671	6,457,040	3,869,915	1,699,743	117,863	85,833,905
Depreciation charge for the year	–	1,367,707	5,890,347	94,877	989,674	324,008	827,773	95,092	9,589,478
On disposals	–	–	(2,321,464)	(268,082)	(414,821)	(409,745)	–	–	(3,414,112)
Balance at 31 March, 2025	–	14,854,072	62,080,191	1,518,466	7,031,893	3,784,178	2,527,516	212,955	92,009,271
Balance at 1 April, 2025	**–**	**14,854,072**	**62,080,191**	**1,518,466**	**7,031,893**	**3,784,178**	**2,527,516**	**212,955**	**92,009,271**
Depreciation charge for the year	**–**	**1,394,572**	**5,682,927**	**65,343**	**829,027**	**426,723**	**706,027**	**97,078**	**9,201,697**
Balance at 31 March, 2026	**–**	**16,248,644**	**67,763,118**	**1,583,809**	**7,860,920**	**4,210,901**	**3,233,543**	**310,033**	**101,210,968**
NET CARRYING VALUE									
Balance at 31 March, 2026	**2,776,233**	**18,615,664**	**25,124,524**	**126,153**			**537,031**	**162,574**	**48,812,755**
Balance at 31 March, 2025	2,776,233	19,816,577	29,494,819	164,947			1,229,244	259,652	56,173,656

The capital work-in-progress (CWIP) mainly comprises the cost of machinery under installation and ongoing construction work at the Luzira factory. The analysis of CWIP has been summarised in note 15.

*Included in leasehold land is an amount of UShs 501,233 thousand that was incurred in regularising the lease on the land from Uganda Investment Authority.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Capital work-in-progress

COST	Buildings UShs '000	Plant & machinery Buildings	Furniture & fittings UShs '000	Computers UShs '000	Tools & equipment UShs '000	Software UShs '000	Total UShs '000
Balance at 1 April, 2024	889,711	1,023,074	2,733	131,605	153,509	858,662	3,059,294
Additions	–	1,487,498	–	–	–	1,436,284	2,923,782
Reallocations	(756,013)	1,057,751	–	–	(25,110)	(276,628)	–
Transfer to property, plant and equipment	(85,495)	(1,347,475)	(2,733)	(131,605)	(70,597)	–	(1,637,905)
Transfer to intangible assets (note 16)	–	–	–	–	–	(459,750)	(459,750)
Balance at 31 March, 2025	48,203	2,220,848	–	–	57,802	1,558,568	3,885,421
Balance at 1 April, 2025	48,203	2,220,848	–	–	57,802	1,558,568	3,885,421
Additions	4,702,622	5,838,339	433,291	443,457	741,372	5,867,522	18,026,603
Transfer to property, plant and equipment	(193,659)	(1,312,632)	(21,380)	(255,294)	–	–	(1,782,965)
Balance at 31 March, 2026	**4,557,166**	**6,746,555**	**411,911**	**188,163**	**799,174**	**7,426,090**	**20,129,059**

16. Intangible assets

	2026 UShs '000	2025 UShs '000
Cost		
At start of year	**4,957,550**	3,863,948
Transfer from CWIP (note 15)	**–**	459,750
Additions	**2,719,253**	633,852
At end of year	**7,676,803**	4,957,550
Accumulated amortisation		
At start of year	**3,902,680**	3,412,930
Amortisation for the year	**1,334,013**	489,750
At end of year	**5,236,693**	3,902,680
Net carrying value	**2,440,110**	1,054,870

The intangible asset mainly consists of various IT software applications.

17. Inventories

	2026 UShs '000	2025 UShs '000
Raw materials	**33,656,982**	43,516,694
Finished goods	**33,455,102**	21,713,743
Work-in-progress	**12,634,070**	7,316,724
Packing materials	**6,045,744**	6,790,916
Stocks in transit	**6,832,042**	13,023,187
Spares and consumables	**1,618,230**	1,571,837
	94,242,170	93,933,101
Less: provision for obsolete inventories	**(2,883,667)**	(3,407,129)
	91,358,503	90,525,972

18. Trade and other receivables

Financial instruments

	2026 UShs '000	2025 UShs '000
Trade receivables	**41,507,160**	31,495,748
Less: expected credit losses	**(4,752,463)**	(9,117,445)
	36,754,697	22,378,303
Non-financial instruments		
Advance payments to suppliers	**8,390,140**	13,870,479
Other receivables*	**3,934,625**	4,515,027
VAT recoverable	**1,149,832**	644,331
Prepayments	**1,393,756**	859,156
Deferred finance charges	**660,600**	–
Staff advances	**40,549**	3,108
	52,324,199	42,270,404
Movement in expected credit losses		
Opening balance	**9,117,445**	12,367,841
Reversal of impairment allowance **	**(4,364,982)**	(3,250,396)
Closing balance	**4,752,463**	9,117,445

* Included in other receivables is an amount advanced to the Uganda Revenue Authority (URA) as a requirement to appeal tax assessments made on the Company. The Company challenged URA's interpretation and application of the law concerning VAT on imported services and capital gains tax. To progress the appeals, the Company was required to pay 30% of the disputed tax in each case. Consequently, a total of UShs 3.2 billion was paid to progress both disputes, and this amount was recorded as a receivable from URA. Each of these deposits is recoverable if the respective appeal is successful.

** The reversal of impairment allowance for the year is mainly related to the collection of overdue amounts from the Government of Zambia that had been fully impaired in previous years.

The analysis below shows the credit quality and the maximum exposure to credit risk based on the Company's credit rating system. These amounts have not been staged since the Company has used the simplified approach to assess impairment. The gross trade receivables are graded as follows:

	2026 UShs '000	2025 UShs '000
Grading of receivables		
High grade (0–90 days)	**30,445,149**	22,855,629
Standard grade (91–365 days)	**6,309,548**	19,481
Collectively impaired (over 365 days)	**423,227**	4,149,370
Individually impaired and over 365 days	**4,329,236**	4,471,268
Total	**41,507,160**	31,495,748

The movement in gross trade receivables is as follows:

Movement in trade receivables		
Opening balance	**31,495,748**	31,848,677
Sales during the year	**290,493,752**	267,129,934
Receipts	**(280,482,340)**	(267,482,863)
Closing balance	**41,507,160**	31,495,748

Expected credit loss assessment for customers

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Trade and other receivables (continued)

As at 31 March, 2026	Weighted average loss rate	Gross carrying amount UShs '000	Loss allowance UShs '000	Credit impaired
Current (not past due)	0.06%	25,459,555	15,117	No
1-30 days past due	0.11%	4,866,192	5,130	No
31-60 days past due	3.96%	542,629	21,481	No
61-90 days past due	61.08%	198,656	121,330	No
90-180 days past due	18.92%	6,009,429	1,137,231	No
180-365 days past due	87.30%	101,463	88,577	Yes
More than 365 past due	77.69%	4,329,236	3,363,597	Yes
		41,507,160	**4,752,463**	
As at 31 March, 2025				
Current (not past due)	2.08%	22,283,644	464,821	No
1-30 days past due	35.13%	24,432	8,583	No
31-60 days past due	–	–	–	No
61-90 days past due	1.30%	547,553	7,094	No
90-180 days past due	83.72%	19,481	16,309	Yes
180-365 days past due	–	–	–	No
More than 365 past due	100.00%	8,620,638	8,620,638	Yes
		31,495,748	9,117,445	

19. Cash in hand and at bank

	2026 UShs '000	2025 UShs '000
Cash in hand	**2,194**	1,486
Cash at bank	**22,446,729**	34,988,320
	22,448,923	34,989,806

The cash and bank balances are held at Stanbic Bank Uganda Limited and Absa Bank Uganda Limited and, to the extent that the Directors are able to measure any credit risk to these assets, it is deemed to be limited. Accordingly, the Company has not recognised an impairment allowance on bank balances as at 31 March, 2026 (2025: Nil).

The Company obtained an overdraft facility with Stanbic Bank Uganda Limited to support short-term cash flow management. The facility carries a limit of USD 15 million (2025: USD 15 million) and bears interest at 3.75% per annum above the 3-month Secured Overnight Financing Rate (SOFR). The utilised outstanding balance as at 31 March, 2026 was UShs Nil (2025: UShs Nil).

The carrying amounts of the Company's cash at the bank are denominated in the following currencies:

	2026 UShs '000	2025 UShs '000
USD	**891,168**	1,211,268
Uganda Shillings	**21,555,561**	33,777,052
	22,446,729	34,988,320

20. Share capital

(a) Ordinary shares - authorised, issued and fully paid-up

	2026	2025
Number of shares	**3,651,909,200**	3,651,909,200
Nominal value per share (UShs)	**12.5**	12.5
Authorised, issued and fully paid-up capital (UShs '000)	**45,648,865**	45,648,865

On 5 October, 2016, the shareholders pursuant to Section 71 and Article 45(b) of Table A of the Companies Act Cap. 106 and Article 20(b) of the Company's Articles of Association, resolved that the par value of each share in the Company be adjusted by way of a share split from UShs 5,000 to UShs 12.5 per share and the number of shares was increased accordingly from 9,129,773 to 3,651,909,200 ordinary shares.

All ordinary shares rank equally with regard to the Company's residual assets. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the Company's general meetings.

(b) Shareholding

The top ten direct shareholders in the Company are shown in the table below.

	2026		2025	
	Shares	Percentage	Shares	Percentage
Africa Capitalworks SSA 3	**1,869,170,684**	**51.18%**	1,869,170,684	51.18%
AMISTAD Limited	**420,402,713**	**11.51%**	420,402,713	11.51%
Capitalworks SSA 1	**407,152,191**	**11.15%**	407,152,191	11.15%
Government Employees Pension Fund	**312,000,000**	**8.54%**	312,000,000	8.54%
National Social Security Fund	**269,361,386**	**7.38%**	269,361,386	7.38%
Emmanuel Katongole	**101,933,042**	**2.79%**	101,933,042	2.79%
Frederick Kitaka Mutebi	**101,933,042**	**2.79%**	101,933,042	2.79%
George Baguma	**101,933,042**	**2.79%**	101,933,042	2.79%
Joseph Yiga	**4,000,000**	**0.11%**	4,000,000	0.11%
Others	**64,023,100**	**1.76%**	64,023,100	1.76%
	3,651,909,200	**100.00%**	3,651,909,200	100.00%

(c) Spread of shares

Holding at 31 March, 2026	No. of investors	No. of shares held	Percentage holding
Between 0 and 1,000 shares	**461**	**393,942**	**0.01%**
Between 1,001 and 5,000 shares	**954**	**2,647,602**	**0.07%**
Between 5,001 and 10,000 shares	**404**	**3,429,457**	**0.09%**
Between 10,001 and 1,000,000 shares	**745**	**49,919,320**	**1.37%**
Above 1,000,001 shares	**13**	**3,595,518,879**	**98.46%**
	2,577	**3,651,909,200**	**100.00%**
Holding at 31 March, 2025			
Between 0 and 1,000 shares	442	384,298	0.01%
Between 1,001 and 5,000 shares	946	2,637,104	0.07%
Between 5,001 and 10,000 shares	398	3,393,357	0.09%
Between 10,001 and 1,000,000 shares	734	49,071,262	1.34%
Above 1,000,001 shares	14	3,596,423,179	98.49%
	2,534	3,651,909,200	100.00%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Share capital (continued)

(d) Earnings per share

Profit attributable to ordinary equity holders of the Company (UShs)	**56,429,162**	40,652,912
Weighted average number of ordinary shares in issue during the year	**3,651,909,200**	3,651,909,200
	15.45	11.13

Diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential shares into ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

21. Reserves

On 21 December, 2005, the Company leased land at Luzira Industrial Park from Uganda Investment Authority ("lessor") for an initial period of five years. The land was developed and the lease was subsequently extended to 99 years after notification by the Company to the lessor of its intention to renew the lease. The leasehold land was valued at an initial sum of UShs 2.2 billion.

The cost of the lease was waived by the Government of Uganda, and the valuation of the land was therefore recognised as a non-distributable reserve in line with the Company's accounting policy.

22. Proposed dividend

Subject to shareholders' approval at the Annual General Meeting to be held on 30 June, 2026, the Board of Directors has recommended a final dividend of UShs 6.4 per share, increasing the total dividend to UShs 16.6 per share for the financial year ended 31 March, 2026 (2025: a dividend of UShs 13.5 per share). All dividend payments are subject to withholding tax, although the rate may vary, depending on the domicile and percentage shareholding of the shareholder.

23. Right-of-use assets and lease liabilities

		2026 UShs '000	2025 UShs '000
(a)	Right-of-use assets		
	At start of year	**259,652**	238,596
	Additions	**–**	116,148
	Depreciation	**(97,078)**	(95,092)
	At end of year	**162,574**	259,652
(b)	Lease liabilities		
	Current	**106,518**	103,145
	Non-current	**92,525**	175,596
	At end of year	**199,043**	278,741
	Cash outflows for leases during the year comprised:		
	Payments for principal portion of lease liabilities	**107,954**	91,380
	Payments of interest on lease liabilities	**45,856**	35,330
		153,810	126,710
(c)	Reconciliation of lease liabilities		
	At start of year	**278,741**	277,726
	New lease	**–**	116,148
	Charged to statement of profit or loss:		
	Interest on finance lease liabilities	**45,856**	35,330
	Foreign exchange loss / (gain)	**28,256**	(23,753)
	Cash flows:		
	Cash flows used in financing activities	**(153,810)**	(126,710)
	At end of year	**199,043**	278,741

The Company leases land and motor vehicles. The leases for the land are for 99 years. The leases for the motor vehicles are for periods of three to four years.

24. Trade and other payables

	2026 UShs '000	2025 UShs '000
Financial instruments		
Trade payables	**25,321,185**	20,937,598
Accruals*	**25,002,530**	15,956,710
Non-financial instruments		
Advances from customers	**1,892,617**	2,472,196
Withholding tax payable	**2,618,818**	1,628,157
	54,835,150	40,994,661

* Included within accruals is a provision for long-term incentive scheme amounting to UShs 13.3 billion (2025: UShs 2.3 billion). Details of the long-term incentive scheme are provided in note 8. The remaining accruals balance relates to outstanding obligations to suppliers.

25. Related parties

The Company is controlled by Africa Capitalworks SSA 3, which holds a 51.18% equity interest and is incorporated in Mauritius. The remaining 48.82% shareholding is held mainly by the Co-Founders and four institutional investors. During the normal course of business, the Company did not engage in any transactions with Africa Capitalworks SSA 3.

The key Company officers' compensation was UShs 7.4 billion for the year ended 31 March, 2026 (2025: UShs 6.8 billion).

26. Segment information

The Company operates as a single segment, the financial information presented in the statement of profit or loss and other comprehensive income, statement of financial position, and statement of cash flows represent the results, assets, and liabilities of this segment. No further disaggregation is considered necessary.

Geographic Information

The Company's operations are based in Uganda, with sales made both locally and to regional markets within Africa. Below is the disaggregation between local sales and exports.

Segment revenue

	2026 UShs '000	2025 UShs '000
Local sales	**242,291,410**	202,689,365
Exports	**48,202,342**	64,440,569
	290,493,752	267,129,934

Major customers

For the years ended 31 March, 2026 and 31 March, 2025, revenue from sovereign customers, including the National Medical Stores (Government of Uganda), together with multilateral agencies such as the Global Fund to Fight AIDS, Tuberculosis and Malaria and the U.S. President's Malaria Initiative, accounted for more than 90% of the Company's total revenue.

Non-current assets

All of the Company's non-current assets are located in Uganda. These primarily comprise property, plant and equipment, intangible assets, and right-of-use assets. No significant non-current assets are held outside Uganda.

27. Contingent liabilities

The Company is a defendant in various legal actions. In the opinion of the Directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Commitments

The Company had the following significant outstanding commitments as at 31 March, 2026 (2025: UShs Nil)

(a) Guarantee to customer

The Company has issued a performance bond/guarantee of UShs 932.5 million (USD 246,044) through Stanbic Bank (U) Limited on behalf of a customer in favour of the Zambia Medicines and Medical Supplies Agency. The bond represents an undertaking by the Company to facilitate the execution of an order between the parties. The guarantee expired on 11 May, 2026.

(b) Financing arrangements

During the year, the Company entered into a term loan facility agreement with Stanbic Bank Uganda Limited for a facility of up to UShs 136.4 billion (USD 36.0 million) to finance construction activities. The facility bears interest at a variable rate comprising term SOFR plus a margin of 3.75% per annum.

The facility accrues commitment fees daily from the effective date on the undrawn and uncancelled portion of the facility at 30% of the margin per annum.

The facility has a final maturity of 84 months from the date of first utilisation. Principal repayments are payable after a 24-month grace period and thereafter amortised in 20 equal quarterly instalments. The facility is secured by a first ranking fixed and floating charge over all the Company's present and future assets.

As at 31 March, 2026, no amounts had been drawn under the facility.

(c) Capital commitments

During the year, the Company entered into a contract with a reputable contractor for the construction of a second manufacturing plant and an administrative block intended to expand production capacity, at a total contract value of UShs 56.0 billion. As at 31 March, 2026, advance payments of UShs 11.2 billion had been made under the contract.

The remaining UShs 44.8 billion represents outstanding capital commitments which have not been recognised in the financial statements as at the reporting date.

(d) Purchase commitments

As at year-end, the Company had committed to raw material purchases totalling UShs 2.1 billion, payable upon delivery in accordance with the agreed terms.

29. Events after the reporting period

Subsequent to the reporting date, the Company collected USD 1.4 million (UShs 5.3 billion) from Medpro Pharmaceutica (Pty) Limited in settlement of a portion of the long-outstanding receivable balance of USD 3.0 million (UShs 11.5 billion) outstanding at year-end.

30. Comparatives

Except as otherwise required, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

SUPPLEMENTARY AND STATUTORY INFORMATION

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SHAREHOLDERS' REPORT

ISIN: UG0000000196 LEI: 25490083G9EU7SRI0Y64

SUMMARY OF SHAREHOLDERS AS AT 31 MARCH 2026

NATIONALITY	CATEGORY	NO. OF MEMBERS	NO. OF SHARES	PERCENTAGE HOLDING
Local investors	Corporate	90	281,716,155	7.71%
	Individual	2,358	355,657,499	9.73%
		2,448	**637,373,654**	**17.45%**
Foreign	Corporate	4	3,008,725,588	82.38%
	Individual	125	5,809,958	0.16%
		129	**3,014,535,546**	**82.54%**
GRAND TOTALS		**2,577**	**3,651,909,200**	**100.00%**

OUR SHARE DISTRIBUTION AS AT 31 MARCH 2026

RANGE ID	DESCRIPTION	NO. OF INVESTORS	NO. OF SHARES HELD	PERCENTAGE HOLDING
1	Between 0 and 1,000 shares	461	393,942	0.00%
2	Between 1,001 and 5,000 shares	954	2,647,602	0.07%
3	Between 5,001 and 10,000 shares	404	3,429,457	0.09%
4	Between 10,001 and 1,000,000 shares	745	49,919,320	1.36%
5	Above 1,000,001 shares	13	3,595,518,879	98.45%
	TOTAL	**2,577**	**3,651,909,200**	**100.00%**

SHAREHOLDER MOVEMENT

	FEB 2026	MARCH 2026
Local individual investors	2,358	2,358
Local corporate investors	90	90
Foreign individual investors	125	125
Foreign corporate Investors	4	4

TOP 10 LOCAL SHAREHOLDERS AS AT 31 MARCH 2026

	SHAREHOLDER NAME	NO. OF SHARES HELD	%
1	National Social Security Funds	269,361,386	7.38%
2	George Willy Baguma	101,933,042	2.79%
3	Emmanuel Katongole	101,933,042	2.79%
4	Frederick Kitaka Mutebi	101,933,042	2.79%
5	Joseph Yiga	4,000,000	0.11%
6	UAP Insurance – General Life Fund	2,731,000	0.07%
7	UAP Insurance Uganda Ltd	1,923,000	0.05%
8	Patrick Mutimba	1,536,379	0.04%
9	Samson Kalema William	1,442,400	0.04%
10	Kankunda Miriam Tumukunde	1,000,000	0.03%

TOP 10 INTERNATIONAL SHAREHOLDERS AS AT 31 MARCH 2026

	SHAREHOLDER NAME	NO. OF SHARES HELD	% HOLDINGS
1	Africa Capitalworks SSA 3	1,869,170,684	51.18%
2	Amistad Limited	420,402,713	11.51%
3	Capitalworks SSA 1	407,152,191	11.15%
4	Government Employees Pension Fund	312,000,000	8.54%
5	Jain Rajnish	779,726	0.02%
6	Nirav Jashvantkumar Patel	738,400	0.02%
7	Namrata Nirav Patel	306,000	0.01%
8	Kalpesh Dahyabhai Patel	243,158	0.01%
9	Kassam Ebrahim	200,000	0.01%
10	Rajeshkumar Arvindbhai Patel	200,000	0.01%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING (AGM)** of Quality Chemical Industries Limited (the Company) for the year ended 31 March 2026, will be held as a hybrid meeting, comprising both physical and electronic means on **Tuesday, 30 June, 2026** at **11:00 a.m**. EAT to conduct the following business:

ORDINARY BUSINESS

1. To receive, consider and if deemed fit, pass an ordinary resolution to adopt the Company's audited financial statements for the year ended 31 March 2026, including the reports of the Directors and External Auditor.
2. To consider and if deemed fit, pass an ordinary resolution to approve the Directors' recommendation to declare a final dividend of UShs 6.4 per ordinary share, for the year ended 31 March 2026.
3. To consider and if deemed fit, pass an ordinary resolution to re-elect the following Non-Executive Directors retiring by rotation and, being eligible, offer themselves for re-election in accordance with Article 115 of the Articles of Association:
   a. Beth Mandel
   b. Dr. Peter Mugyenyi
4. To consider and if deemed fit, pass an ordinary resolution to approve fees payable to Non-Executive Directors for the financial year 2026/27.
5. To conduct any other business for which due notice will have been received.

By Order of the Board

8 June, 2026

GRACE KARUHANGA
Company Secretary

NOTES

AGM REGISTRATION

1. The AGM shall be conducted by hybrid means. Shareholders will be provided with an option to participate in the meeting physically or virtually during registration. Physical attendance will be granted on a first-come, first-in basis.
2. To participate in the AGM, shareholders should register by following the instructions below.
   i. Dial *284*705# on (Uganda mobile networks) and follow the prompts;
   ii. Send a registration email request to **qcilagm@image.co.ug** or **shareholder@qcil.com**; or
   iii. If the Company possesses your valid email address, follow the registration link that will be sent to you.

To facilitate verification and registration, shareholders will be required to provide their National Identity Card/Passport number that was used to purchase their shares and/or their SCD Account details.

3. Registration for both physical and electronic attendance shall only be done electronically from Monday, 8 June 2026 and will close on Monday, 29 June, 2026 at 5:00 p.m. EAT. For support during the registration process, please call +256 762 260 804 or +256 758 336 660 between 9:00 am and 5:00 pm, from Monday to Friday, or send an email to **qcilagm@ image.co.ug** or **shareholder@qcil.com**.
4. The AGM will be streamed live at the scheduled time and date. Registered shareholders will receive reminders and a link to attend the AGM 24 hours in advance through SMS or USSD for those with Ugandan mobile numbers and via email for foreign shareholders. A second SMS or USSD prompt will be sent one hour before the meeting. By registering, shareholders consent to receiving these notifications.
5. By registering to attend the AGM, shareholders consent to the collection, use, and processing of their personal data for purposes related to the convening, administration and conduct of the AGM, including the distribution of all AGM-related communications.

PROXIES

6. Shareholders unable to attend the AGM are encouraged to complete and return a proxy form, which can be downloaded from the Company's website at **www.qcil.com**.
7. Duly completed proxy forms should be delivered to the Company Secretary at the Company's physical address or emailed to **qcilagm@image.co.ug** or **shareholder@qcil.com** at least 48 hours before the scheduled start of the meeting. In default of this, it shall be treated as invalid.

VOTING DURING THE AGM

8. Shareholders will receive an SMS/USSD prompt with instructions on their registered mobile phone number, alerting them to propose and second the resolutions indicated in the Notice of AGM.
9. Voting by physical and electronic attendees shall be done electronically using the "Resolution" tab on the live stream link and via USSD. All registered shareholders and proxies may vote (when prompted to) using the live stream link or the USSD prompts. A poll shall be conducted for all the resolutions indicated in the Notice of AGM.
10. Results of the resolutions will be announced at the end of the meeting and published on the Company's website at **www.qcil.com** and on the Uganda Securities Exchange website at **www.use.or.ug**.

SHAREHOLDERS' RIGHT TO ASK QUESTIONS

11. Shareholders wishing to raise questions or request clarifications may do so in writing, to be received by 11:00 am EAT on 29 June, 2026, through the following means:
    i. by dialling the USSD codes *284*705# (on Uganda mobile networks) and selecting the "Ask Question" option; or
    II. by emailing **qcilagm@image.co.ug** or **shareholder@qcil.com**; or
12. Shareholders must provide their full details (full names and ID or Passport Number or SCD Account Number) when submitting their questions.
13. Although some questions shall be addressed during the AGM, the responses to others will be published on the Company's website after the AGM.

AGM INFORMATION

14. The Notice of the AGM, annual report, audited financial statements, proxy form and notes to the agenda items 3 and 4 will be uploaded to the Company's website, **www.qcil.com**. The reports may also be accessed via the live stream link or the USSD code ***284*705#** under the "Reports" option.

DIVIDENDS

15. Subject to approval at the AGM, a final dividend for the year ended 31 March 2026 of UShs 6.4 per ordinary share, less applicable withholding tax, will be paid on or about 28 July 2026 to shareholders registered as of the close of business on 21 July 2026. For the avoidance of doubt, this final dividend is exclusive of the first interim dividend of UShs 4.2 per share, paid on 5 December 2025, and the second interim dividend of UShs 6.0 per share, paid on 5 March 2026.
16. Shareholders are urged to contact the Share Registrar or their preferred stockbroker to update their contact and bank details for ease of communication and receipt of dividends.
17. Shareholders who have not received past declared dividends are requested to contact the Share Registrar or email **shareholder@qcil.com**.

COMPANY'S REGISTERED OFFICE

Quality Chemical Industries Limited
Plot 1–7, 1st Ring Road, Luzira Industrial Park
P.O. Box 34871, Kampala, Uganda
Email: **shareholder@qcil.com**

SHARE REGISTRAR

SCD Registrars,
4th Floor, Block A, UAP Nakawa Business Park,
Plot 3–5 New Port-Bell Road
Email: **registry@use.or.ug**

SUPPLEMENTARY NOTICE OF ANNUAL GENERAL MEETING

We refer to the Notice of the Annual General Meeting **(Original Notice)** of Quality Chemical Industries Limited (the Company) dated 8 June 2026, convening the Annual General Meeting to be held as a hybrid meeting, comprising both physical and electronic means on **Tuesday, 30 June 2026** at **11:00 a.m.** (EAT).

NOTICE IS HEREBY GIVEN that, subsequent to the issuance of the Original Notice, the Board of Directors has resolved to issue this Supplementary Notice for the purpose of including an additional item of business for consideration by shareholders at the Annual General Meeting.

This Supplementary Notice shall be read together with, and forms an integral part of, the Original Notice. Save as expressly set out herein, all other resolutions, details and explanatory notes contained in the Original Notice remain unchanged.

ORDINARY BUSINESS

RESOLUTION 5: APPOINTMENT OF EXTERNAL AUDITOR

To consider and if deemed fit, pass an ordinary resolution to appoint KPMG Uganda, as the External Auditor of the Company for the financial year ending 31 March 2027 and authorise the Board of Directors to set the External Auditor's remuneration in accordance with Article 162 of the Articles of Association.

By Order of the Board

GRACE KARUHANGA
COMPANY SECRETARY
26 June 2026

NOTES:

1. This Supplementary Notice should be read in conjunction with the Original Notice of the Annual General Meeting dated 8 June 2026.
2. Save for the inclusion of the additional resolution set out above, all other agenda items remain unchanged.
3. Proxy forms already submitted in respect of the Original Notice remain valid for the existing resolutions.
4. A supplementary proxy form reflecting this resolution shall be circulated to shareholders and uploaded on the Company's website at www.qcil.com. Shareholders who wish to vote on the additional resolution are advised to complete and submit the supplementary proxy form to the Company Secretary at the Company's physical address or emailed to **qcilagm@image.co.ug** or **shareholder@qcil.com** at least 24 hours before the scheduled start of the meeting. In default of this, it shall be treated as invalid.

PROXY FORM

A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote on his/her stead. A proxy need not be a member of the Company.

I/We _____ (Name in block letters)

of _____ (Address in block letters),

being a shareholder(s) and holder(s) of _____ ordinary shares and entitled to vote, hereby appoint,

1. _____

or failing him/her

2. _____

or failing him/her

3. **The Chairman of the Annual General Meeting** as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 30 June, 2026, starting at 11:00 a.m. EAT and at any adjournment thereof as follows:

AGENDA	VOTES		
	FOR*	AGAINST*	WITHHELD*
1. To receive, consider and if deemed fit, pass an ordinary resolution to adopt the Company's audited financial statements for the year ended 31 March 2026, including the reports of the Directors and External Auditor.			
2. To consider and if deemed fit, pass an ordinary resolution to approve the Directors' recommendation to declare a final dividend of UShs 6.4 per ordinary share, for the year ended 31 March 2026.			
3a. To consider and if deemed fit, pass an ordinary resolution to re-elect Beth Mandel who is retiring by rotation and, being eligible, offers herself up for re-election in accordance with Article 115 of the Articles of Association.			
3b. To consider and if deemed fit, pass an ordinary resolution to re-elect Dr Peter Mugyenyi who is retiring by rotation and, being eligible, offers himself up for re-election in accordance with Article 115 of the Articles of Association.			
4. To consider and if deemed fit, pass an ordinary resolution to approve fees payable to Non-Executive Directors for the financial year 2026/27.			

** Please indicate a cross or tick for each resolution above, representing how you wish your votes to be cast. The 'abstain' option above is provided to enable you to withhold your vote on any resolution. However, it should be noted that a vote abstained is not a vote and will not be counted in the calculation of the proportion of the votes 'for' and 'against' a resolution.*

** If no options are marked, the proxy can vote as deemed fit.*

Dated this: _____ day of _____ 2026

Signature:

Name: _____

Address: _____

Quality Chemical Industries Limited

Plot 1–7, 1st Ring Road, Luzira Industrial Park P.O. Box 34871, Kampala, Uganda

Tel: +256 312 341 100
Email: shareholder@qcil.com
qcilagm@image.co.ug

SUPPLEMENTARY PROXY FORM

A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote on his/her stead. A proxy need not be a member of the Company.

I/We.....
(Name in block letters)
of .....
(address in block letters),

being a shareholder(s) and holder(s) of _____ ordinary shares and entitled to vote hereby appoint,

1. .....
   or failing him/her
2. .....
   or failing him/her
3. **The Chairman of the Annual General Meeting**

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 30 June 2026 starting at 11:00 a.m EAT and at any adjournment thereof as follows:

	VOTES		
	For*	**Against***	**Abstain***
AGENDA			
ORDINARY BUSINESS **RESOLUTION 5: APPOINTMENT OF EXTERNAL AUDITOR**			
To consider and if deemed fit, pass an ordinary resolution to appoint KPMG Uganda, as External Auditor of the Company for the financial year ending 31 March 2027 and authorise the Board of Directors to set the External Auditor's remuneration in accordance with Article 162 of the Articles of Association.			

** Please indicate a cross or tick for the resolution above, representing how you wish your vote to be cast. The 'abstain' option is provided to enable you to withhold your vote on the resolution. However, it should be noted that a vote abstained is not a vote and will not be counted in the calculation of the proportion of the votes 'for' and 'against' a resolution.*

** If no option is marked, the proxy can vote as deemed fit.*

Dated this _____ day of _____, 2026

Signature: _____

Name: _____

Address: _____

Quality Chemical Industries Limited,
Plot 1-7, 1st Ring Road, Luzira Industrial Park,
P.O Box 34871, Kampala-Uganda
Tel: +256 312 341 100
Email: shareholder@qcil.com
qcilagm@image.co.ug

SUSTAINABILITY-RELATED METRICS

Qcil's disclosure and materiality process has been substantially informed by the SASB and GRI Standards. The table below outlines the key sustainability disclosure topics and corresponding metrics reported under these frameworks.

STANDARD	TOPIC	METRIC	FY 2025 (PGS/ REMARKS)	FY 2024 (PGS/ REMARKS)
SASB	Access to Medicine	Actions and initiatives taken to promote access to healthcare products for priority diseases in priority countries	Pgs. 10-101	Pgs. 16-73
		List of products on the WHO list of prequalified medical products as part of its prequalification of medicines program (PQP)	Pgs. 22, 52	Pgs. 34 - 35
		No. of drugs / medicines in portfolio	Pgs. 10, 22	Pg. 26
	Drug Safety	Product recalls	Zero	Zero
		Fatalities associated with our products	Zero	Zero
		No. of enforcement actions taken in response to violations of GMP or equivalent standards by type	Zero	Zero
	Counterfeit Drugs	Methods and technologies used to maintain traceability of products through the supply chain and prevent counterfeiting	Pgs. 18, 46, 48, 51	Pg. 41
		Process for alerting customers and business partners to potential or known risks associated with counterfeit products	Patient information leaflet & QR Code	Patient information leaflet & QR Code
		Number of actions that led to raids, seizure, arrests, or filing of criminal charges related to counterfeit products	Zero	Zero
	Ethical Marketing	Total amount of monetary losses because of legal proceedings associated with false marketing claims	None	None
		Description of code of ethics governing the promotion of off-label use of products	Not listed	Not listed
	Employee Recruitment, Development, and Retention	Talent recruitment and retention efforts made by the Company for scientists, and R&D staff	Pgs. 54 - 57	Pgs. 38, 39
	Business Ethics	Total amount of monetary losses because of legal proceedings associated with corruption & bribery	Zero	Zero
		Code of ethics governing interactions with healthcare professionals	Policy in place	Policy in place

STANDARD	TOPIC	METRIC	FY24/25 (PGS/ REMARKS)	FY23/24 (PGS/ REMARKS)
GRI	GRI 2 General Disclosures	Organisational details	Pgs. 6 - 9	Pg. 8
		Reporting period and external assurance	Pg. 4	Pg. 4
		Activities, value chain, and other business relationships	Pgs. 28 - 31	Pgs. 20-23
		Employees and workers who are not employees	Pgs. 54 - 57	Pgs. 38-39
		Governance structure, composition, nomination, and selection	Pgs. 70 - 83	Pgs. 50-71
	GRI 3 Material Topics	Process of determining material topics	Pg. 5	Pg. 4
		List of material topics	Pg. 34	Pg. 28
	GRI 302 Energy	302-1 Energy consumption within the organisation	41,998 GJ	39,551 GJ
		302-4 Reduction in energy consumption	6%	4.83%
	GRI 303-5 Water & Effluents	303-3,4,5 Water withdraw, discharge & consumption respectively	7%	27%
	GRI 305 Emissions	305-1, 2 Scope 1 and Scope 2 emissions	Pg. 62, 65	Pgs. 42-43
		305-5 Emissions reduction	16%	5.29%
	GRI 306 Waste	306-3, 4, 5 Waste generated, diverted from disposal, directed to disposal	255%	54%
	GRI 403 Occupational Health & Safety	403-1, 2, 3, 4,5, 7, 8, 9, 10 OHS Management system, hazard identification, risk assessment and incident investigation, occupational health services, worker participation, consultation and communication on occupational health and safety, training, work-related injuries and ill health	Pgs. 54 - 57	Pgs. 28,61
	GRI 404 Training & Education	404-1, 2, 3 Hours of training per year per employee, programmes for upgrading employee skills and transition assistance programmes, % of employees receiving regular performance & career development reviews	Pg. 57	Pgs. 33, 38, 39

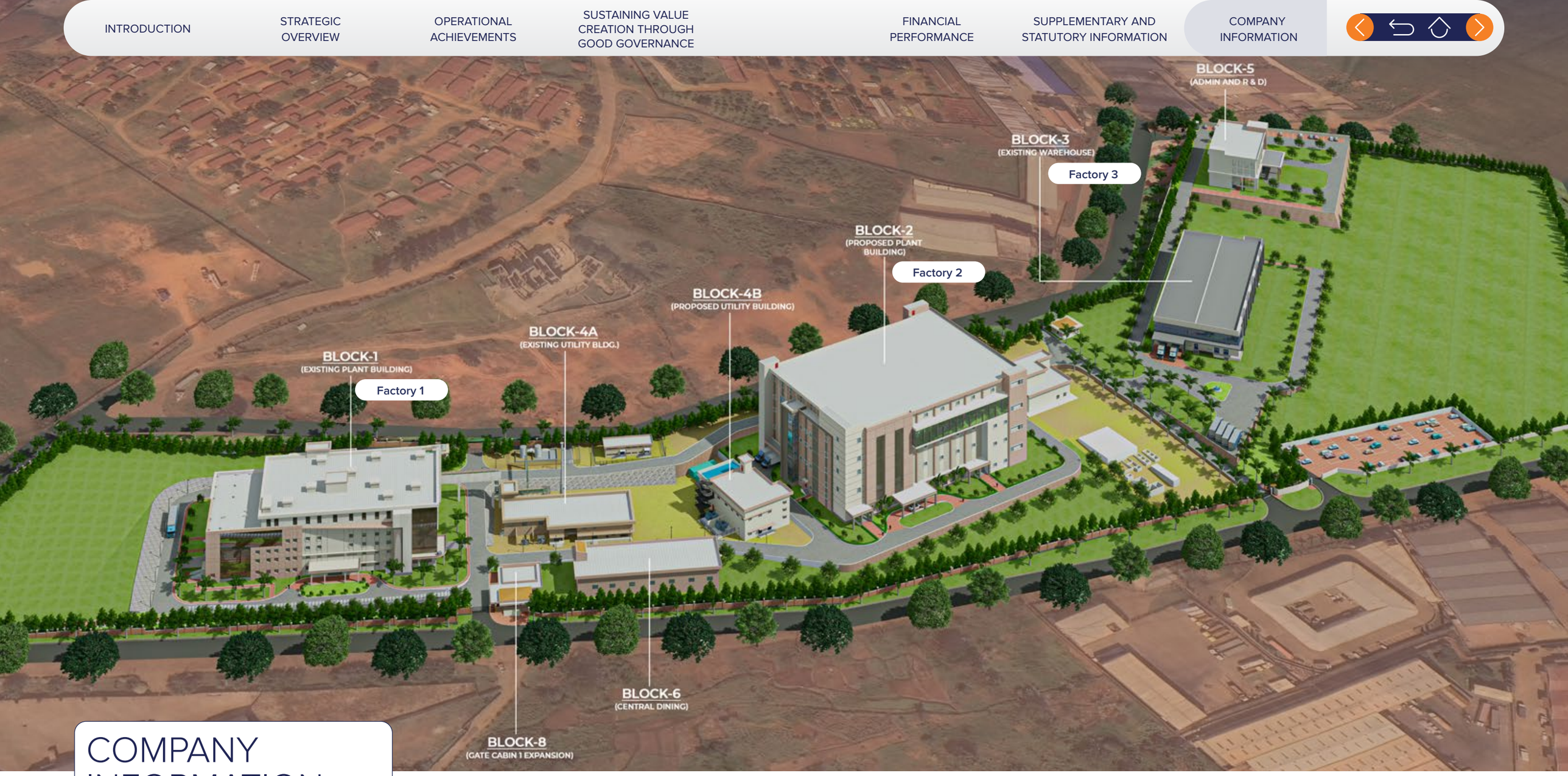
LIST OF ACRONYMS AND TECHNICAL DEFINITIONS

ACRONYMS

AGM	Annual General Meeting
APIS	Active Pharmaceutical Ingredients
CAPA	Corrective and Preventive Action
CEO	Chief Executive Officer
CFR	Code of Federal Regulations
COSO	Community of Sponsoring Organisations of the Treadway Commission
COVID-19	Coronavirus disease
CSR	Corporate Social Responsibility
cGMP	Current Good Manufacturing Practices
EAC	East African Community
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortisation
EHS	Environment, Health and Safety
EPS	Earnings Per Share
ESG	Environmental, Social and Governance
ETP	Effluent Treatment Plant
FTE	Full-time equivalent
FY	Financial Year
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GLP	Good Laboratory Practices
GMP	Good Manufacturing Practices
GX	Generic Prescription (Generic Rx)
ICH	International Council for Harmonisation
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting <IR> Council
ISO	International Organisation for Standardisation
KCCA	Kampala Capital City Authority
KPI	Key Performance Indicator
LIMS	Laboratory Information Management System
LTI	Lost Time Incident
MAS	Marketing Authorisations
NCD	Non-Communicable Disease
NDA	National Drug Authority
NDP	National Drug Policy
NEMA	National Environment and Management Authority
NSSF	National Social Security Fund
PEPFAR - U.S.	President's Emergency Plan for AIDS Relief
PPM	Planned Preventive Maintenance
PwC	PricewaterhouseCoopers
QMS	Quality Management System
QR	Quick Response (Code)
RA	Regulatory Affairs
RX	Prescription Medicine
SAP	Systems, Applications and Products in Data Processing
SCD	Securities Central Depository
SDGs	Sustainable Development Goals
SOPs	Standard Operating Procedures
TIR	Total Injury Rate
USAID	United States Agency for International Development
WHO	World Health Organization
WHP	WHO Prequalification of Medicines Programme

DEFINITIONS

COMPOUND ANNUAL GROWTH RATE (CAGR) (%)	The average year-on-year growth rate of an investment over several years.
CORE CAPITAL	Permanent shareholder equity in the form of issued and fully paid-up shares plus disclosed reserves, less goodwill or intangible assets.
COST-TO-INCOME RATIO (%)	Total operating expenses as a percentage of total income before deducting provision for credit losses.
DIVIDEND COVER (TIMES)	Earnings per share divided by total dividends per share.
DIVIDEND PER SHARE (UShs)	Total ordinary dividends declared per share for the year.
DIVIDENDS YIELD (%)	Dividends per share as a percentage of the closing share price.
EARNINGS PER SHARE (EPS) (UShs)	Earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue.
EFFECTIVE TAX RATE (%)	Income tax charge as a percentage of income before tax, excluding income from associates.
EFFLUENT TREATMENT PLANT	A wastewater treatment process used to treat industrial and domestic wastewater, including organic and inorganic matter, heavy metals, oil, grease and other contaminants.
PERCENTAGE CHANGE IN IMPAIRMENT CHARGE (%)	Change in the rate of impairment charge between time periods.
PRICE EARNINGS RATIO (%)	Closing share price divided by earnings per share.
PROFIT FOR THE YEAR (UShs)	Annual profit attributable to ordinary shareholders.
RETURN ON AVERAGE ASSETS (%) – ROA	Earnings as a percentage of average total assets.
RETURN ON AVERAGE EQUITY (%) – ROE	Earnings as a percentage of average ordinary shareholders' funds.
TOTAL CAPITAL	The sum of core capital and supplementary capital.



COMPANY INFORMATION

PRINCIPAL PLACE OF BUSINESS

Quality Chemical Industries Limited
Plot 1-7, 1st Ring Road
Luzira Industrial Park
P.O. Box 34871
Kampala, Uganda

PRINCIPAL BANKERS

Absa Bank Uganda Limited
Plot 2, Hannington Road
P.O. Box 7101
Kampala, Uganda

Stanbic Bank Uganda Limited
Plot 17, Hannington Road
P.O. Box 7131
Kampala, Uganda

SOLICITORS

K&K Advocates
K&K Chambers
Plot 5A2 Acacia Avenue Kololo
P.O. Box 606
Kampala, Uganda

MMAKS Advocates
4th Floor, Redstone house
Plot 7 Bandali Rise – Bugolobi
P.O. Box 7166
Kampala, Uganda

BROKER

Dyer and Blair Investment Bank
1 Lumumba Avenue
Ground Floor, Rwenzori House,
Kampala, Uganda

INDEPENDENT AUDITOR

Grant Thornton Certified Public Accountants
3rd Floor, Lugogo One
Plot 23, Lugogo Bypass
P.O. Box 7158
Kampala, Uganda