



QUALITY CHEMICAL INDUSTRIES LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The Directors of Quality Chemical Industries Limited ("Qcil" or "the Company") present the summary unaudited interim financial statements for the six months ended 30 September 2024.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	6 months ended 30 Sep 2024 (Unaudited) US\$ 000	6 months ended 30 Sep 2023 (Unaudited) US\$ 000
Revenue	152,240,313	121,192,767
Cost of sales	(93,512,877)	(94,920,363)
Gross profit	58,727,436	26,272,404
Other income	62,936	32,944
General and administrative expenses	(26,940,914)	(20,153,766)
Reversal of impairment/(impairment allowance)	78,719	(334,151)
Operating profit	31,928,177	5,817,431
Finance income	2,059,251	2,534,320
Finance costs	(2,103,673)	(1,183,698)
Profit before tax	31,883,755	7,168,053
Taxation	(9,830,249)	(3,608,379)
Profit for the period	22,053,506	3,559,674
Other comprehensive income	-	-
Total comprehensive income for the period	22,053,506	3,559,674
Basic and diluted earnings per share (US\$)	6.04	0.97

CONDENSED STATEMENT OF FINANCIAL POSITION

	At 30 Sep 2024 (Unaudited) US\$ 000	At 31 Mar 2024 (Audited) US\$ 000
ASSETS		
Non-current assets		
Property, plant, equipment and right-of-use assets	56,675,121	61,317,371
Capital work-in-progress	3,749,645	3,059,294
Intangible assets	704,727	451,018
	61,129,493	64,827,683
Current assets		
Inventories	80,917,994	86,319,714
Trade and other receivables	42,777,879	27,098,634
Income tax recoverable	-	287,392
Cash in hand and at bank	48,030,477	53,451,182
	171,726,350	167,156,922
TOTAL ASSETS	232,855,843	231,984,605
EQUITY AND LIABILITIES		
EQUITY		
Share capital	45,648,865	45,648,865
Capital reserve	2,275,000	2,275,000
Proposed dividend	12,781,682	14,972,828
Retained earnings	134,575,093	125,303,269
	195,280,640	188,199,962
LIABILITIES		
Non-current liabilities		
Deferred tax liability	661,102	155,083
Lease liabilities	96,701	168,398
	757,803	323,481
Current liabilities		
Lease liabilities	104,129	109,328
Trade and other payables	36,713,271	43,351,834
	36,817,400	43,461,162
TOTAL LIABILITIES	37,575,203	43,784,643
TOTAL EQUITY AND LIABILITIES	232,855,843	231,984,605

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital US\$ 000	Capital reserve US\$ 000	Proposed dividend US\$ 000	Retained earnings US\$ 000	Total equity US\$ 000
Balance as at 1 April 2023 (Audited)	45,648,865	2,275,000	14,972,828	114,358,827	177,255,520
Profit for the period	-	-	-	3,559,674	3,559,674
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	45,648,865	2,275,000	14,972,828	117,918,501	180,815,194
Dividend paid	-	-	(14,972,828)	-	(14,972,828)
Transaction with owners of the Company	-	-	(14,972,828)	-	(14,972,828)
Balance as at 30 September 2023 (Unaudited)	45,648,865	2,275,000	-	117,918,501	165,842,366
Balance as at 1 April 2024 (Audited)	45,648,865	2,275,000	14,972,828	125,303,269	188,199,962
Profit for the period	-	-	-	22,053,506	22,053,506
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	45,648,865	2,275,000	14,972,828	147,356,775	210,253,468
Proposed dividend	-	-	12,781,682	(12,781,682)	-
Dividend paid	-	-	(14,972,828)	-	(14,972,828)
Transaction with owners of the Company	-	-	(14,972,828)	(12,781,682)	(14,972,828)
Balance as at 30 September 2024 (Unaudited)	45,648,865	2,275,000	12,781,682	134,575,093	195,280,640

CONDENSED STATEMENT OF CASH FLOWS

	6 months ended 30 Sep 2024 (Unaudited) US\$ 000	6 months ended 30 Sep 2023 (Unaudited) US\$ 000
Operating activities		
Profit before tax	31,883,755	7,168,053
Adjustment for:		
- Reversal of impairment/(impairment allowance)	(78,719)	334,151
- Depreciation	4,877,672	5,091,015
- Amortisation	206,041	241,625
- (Reversal of provision)/provision for obsolete stock	(2,211,714)	311,525
- Interest expense	115,040	247,375
- Interest income	(1,748,498)	(854,054)
	33,043,577	12,539,690
Changes in:		
- Inventories	7,613,434	9,077,999
- Trade and other receivables	(15,600,526)	30,268,628
- Trade and other payables	(10,383,765)	15,058,973
Cash generated from operating activities	14,672,720	66,945,290
Interest paid on bank overdraft	(101,859)	(101,259)
Interest paid on term loan	-	(134,767)
Payment of interest on lease liabilities	(13,181)	(11,349)
Tax paid	(5,291,636)	(285,036)
Net cash generated from operating activities	9,266,044	66,412,879
Cash flows from investing activities		
Interest received	1,748,498	854,054
Purchase of property, plant and equipment	(235,422)	(213,296)
Additions to capital work-in-progress	(1,150,101)	(2,986,941)
Net cash from/(used in) investing activities	362,975	(2,346,183)
Cash flows from financing activities		
Dividends paid	(14,972,828)	(9,129,773)
Repayment of term loan	-	(5,400,750)
Repayment of lease liability	(76,896)	(67,734)
Net cash used in financing activities	(15,049,724)	(14,598,257)
Net change in cash in hand and at bank	(5,420,705)	49,468,439
Cash and cash equivalents at 1 Apr	53,451,182	10,812,571
Cash in hand and at bank at 30 Sep	48,030,477	60,281,010

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Basis of preparation

The unaudited interim financial statements of the Company for the six months ended 30 September 2024 ("financial statements") were prepared in accordance with IAS 34 Interim Financial Reporting. The financial statements do not include all the disclosures required by IAS 1 Presentation of Financial Statements and should be read in conjunction with the Company's audited annual financial statements for the year ended 31 March 2024.

Revenue

Revenue for H1 FY25 increased by 25.6% compared to H1 FY24, driven by record growth across the Company's key customer segments. Orders from sovereign customers rose by US\$31.6 billion, marking a 35.7% increase, while institutional orders grew by US\$8.3 billion, representing a 35.2% increase.

These gains were slightly offset by a decline in the private market segment, attributed to the discontinuation of Cipla Limited's import business.

Profit for the period

Gross profit margins increased significantly from 21.7% in H1 FY24 to 38.6% in H1 FY25, driven by ongoing improvements in manufacturing efficiencies and effective raw material cost containment. The margin expansion was further boosted by a shift in product mix. ARVs, as a portion of total sales, grew from 43.9% in H1 FY24 to 75.9% in H1 FY25, while the share of ACTs reduced from 53.1% to 24.1% over the same period.

General and administrative expenses increased from US\$20.2 billion in H1 FY24 to US\$26.9 billion in H1 FY25, primarily linked to higher sales volumes and inflationary headwinds.

The Directors approved a long-term incentive scheme, commencing with effect from FY24, for selected staff to align with the Company's growth objectives. As a result, a once-off provision of US\$2.0 billion was recorded in the financial statements to initially recognise the obligation. This provision will be reassessed based on Company performance and other metrics and adjusted accordingly at each reporting date.

Finance income was generated from short-term investments and foreign currency exchange rate gains. Income from short-term investments doubled from US\$0.9 billion in H1 FY24 to US\$1.8 billion, driven primarily by an improved cash position resulting from strong operational performance.

Cash flow

In H1 FY25, the Company generated US\$9.2 billion from operating activities, compared to US\$6.4 billion in H1 FY24, primarily due to the timing of once-off payments in H1 FY24, including advance payments from an export customer for a large emergency order.

Net cash used in financing activities was US\$15.0 billion in H1 FY25, only slightly higher than US\$14.6 billion in H1 FY24, mainly due to the payment of the FY24 final dividend during H1 FY25. The

balance of the term loan was settled in H1 FY24, leaving the Company with no long-term debt.

Dividends

Qcil is committed to maintaining an efficient balance sheet. Based on H1 FY25 performance, the Directors have approved an interim dividend of US\$3.5 per share. The interim dividend will be paid on or before 12 December 2024 to shareholders whose names appear on the Company's share register at close of business on 29 November 2024.

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

Outlook

The Board and management are committed to maintaining the momentum achieved in H1 FY25. In H2 FY25, management will continue to focus on securing new orders, controlling costs and driving further efficiency gains.

The Company is already the region's largest producer of WHO-prequalified HIV/AIDS and Malaria treatments and is delighted to have obtained Board approval to construct a second facility at its existing site.

The new facility will increase production capacity for the existing portfolio, enable entry into new treatment areas such as Tuberculosis, and facilitate the production of injectables and other innovative products. This expansion will address the growing demand for Qcil's treatments and is expected to be debt financed.

Abbreviations

ACTs	Artemisinin-based Combination Therapies
ARVs	Antiretroviral treatments
FY24	Financial year ended 31 March 2024
FY25	Financial year ending 31 March 2025
H1	Period from 1 April to 30 September
H2	Period from 1 October to 31 March

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

The unaudited interim financial statements were approved by the Board of Directors on **6 November 2024**.

Emmanuel Katongole
Chairman and Co-Founder

Ajay Kumar Pal
Chief Executive Officer

