



### AGM 2021 QUESTIONS

	QUESTION	ANSWER
1.	Will the capital expenditure for investing in oncology be financed with bank loans or through a rights issue. Shouldn't the Company focus on improving its financial performance first rather than investing in such an expansion.	The Company's gearing ratio leaves us with adequate room for borrowing. From assessments that have been conducted, the risk of the project is not high and the best model for financing the investment is by taking out a loan. Term sheets from several banks that are willing to facilitate the project have been reviewed and are ready for execution. The demand for oncology products is growing significantly and the Board has committed to providing a solution to this growing concern. More details on the project will be shared with investors in due course.
2.	Trade receivable reduced by 25% from 87 billion to 65 billion however still very high. What is the plan to reduce this going forward?	The trade receivables should be viewed together with the sales. If you look at the Company's days in debtors, average for the year reduced significantly from 167 in FY 19/20 to 85 in the current year. The reduction is partly explained by the write down of the final provision for the Zambia debt and an improvement in collections especially from Sovereigns where the Company is now taking letters of credit for products supplied. To ensure that the amounts are coming down the receivables position is being tightly monitored. The Company is still within its acceptable period of 90 days for major customers.
3.	How much of the jump in revenue relates to the one off COVID drugs supplies?	The Company supplied a one-off small portion of Remdesevir at the request of the Government of Uganda however this did not have a significant impact on the revenue.
4.	What is driving the huge jump in administrative expenses?	Included in Administrative expenses are one off costs relating to a factory that the Company had intended to put up to increase capacity. The plans for that factory have been altered and the structure that will be required for the new factory would be very different from the one that was initially planned for the new expansion. Some costs in relation to the factory expansion had been

		deferred and which were to be capitalized together with the new factory. Currently it is no longer appropriate to continue incurring those costs. Accordingly, those costs have been expensed in this financial year and that expense will not recur.
5.	Why is CiplaQCIL not listed on the Nairobi Stock Exchange	Listing on the NSE was considered at the time of the IPO in 2018 however it was decided that being a locally established Company, it was important to give an opportunity to Ugandans first to invest in the Company.
6.	How are you ensuring profitability of the Company going forward?	The Company is making steady progress to ensure that it is profitable.
7.	Please shade more light on the Impairment allowance on the receivable from the government of Zambia.	In the previous financial year, the remaining overdues from the Government of Zambia to the tune of \$3.6Mn were provisioned for and all the remaining overdues have now been fully provisioned for. In this current financial year the Company received two payments from the Government of Zambia and continues to engage with the Ministry of Health which now has a new team place following the change in government. We are hopeful that with the new team in place we will receive all outstanding balances. No timeframe as to when the remaining overdues are to be received has been provided however.
8.	Does the Company have any plans of diversifying into manufacturing treatments for non-communicable diseases like hypertension, diabetes	The Company plans to diversify its portfolio of products to include NCDs such as hypertension, diabetes, cancer and respiratory diseases.
9.	How is the performance of the company shares on the stock exchange related to the profitability of the Company. What caused the Company's performance to move from highly profitable at the time of listing to declaring losses. The share price has also considerably dropped yet the Company plans to make more investments which might take any profits away from shareholders.	Unfortunately, the Company's performance since the IPO has been impacted greatly by the Zambian factor more particularly in the past financial year which resulted into an Expected Credit Loss of UGX 9billion. This amount has been fully provisioned for and as Zambia continues to make payments on the outstanding balance, we expect this to reflect positively on the balance sheet. The health of the Company however is now good and is improving daily. An improvement in the Company's performance will in effect impact the share price in a more positive direction.
10.	I am concerned about what caused the change in top management. Was this change	The outgoing CEO has reached retirement age and has been replaced by the new CEO Mr. Ajay Kumar Pal

	due to poor performance from top management or a strategic decision.	who has worked with Cipla for 15 years in a variety of roles in India and most recently South Africa. Mr Ajay joined the Company in February 2020 as the Chief Operating Officer. This was part of the succession plan for a new CEO.
11.	What is the relationship between Cipla India and Cipla Uganda	Cipla India is a majority shareholder in CiplaQCIL and has a technical support contract with CiplaQCIL for technology transfer. It is this technical support that has enabled the company remain and operate as a World Health Organization certified facility.
12.	How many countries does the company currently export to?	In the past financial year the Company exported drugs to five new countries and there are plans to expand our footprint across Africa this current financial year.
13.	Why isn't the company developing COVID-19 vaccine	Currently the Company does not have the capability to manufacture a COVID-19 vaccine.
14.	What happened to the innovation of treatments for Tuberculosis and is it still being pursued.	The Company's strategy is to keep on evolving as the market changes. The plan to manufacture TB products locally was dropped because it needed a dedicated facility where no other products can be manufactured. However, we have introduced new products which are in the registration and regulatory approval pipeline. Some of these new products will be used in the treatment of TB and do not require a dedicated facility to be manufactured. We will inform shareholders once these have been launched in the market.
15.	As shareholders we don't have space to raise ideas to management and the board. We need a platform for this	The AGM is one of the avenues for shareholders to express their views to the Board and Management. Every shareholder has a right to attend the meeting express their views and ask questions. Shareholders are encouraged to attend and ask questions at the AGM. The Company has a corporate website ( <a href="http://www.ciplaqcil.co.ug">www.ciplaqcil.co.ug</a> ) on which corporate information is uploaded including annual reports and financial statements. The Company has also set up an Investor Relations unit that receives shareholder concerns and queries. Please send an email to <a href="mailto:shareholder@ciplaqcil.co.ug">shareholder@ciplaqcil.co.ug</a> in case you have any queries and management will respond to you. Management is also available for one-on-one discussions with shareholders. Should you need to

		express your views to Management in a one-on-one meeting please send an email to <a href="mailto:shareholder@ciplaqcil.co.ug">shareholder@ciplaqcil.co.ug</a> and the meeting shall be scheduled.
16.	How much are directors earning and when are shareholders getting the dividends	Independent Non-Executive Directors are remunerated a sitting allowance of USD. 1000 for a committee chairperson and USD. 750 for members and a quarterly fee of USD. 3000.
17.	Why do we pay directors if we are not making money?	Directors are remunerated for the skill and experience they bring to the Board. Failure to remunerate directors makes it a challenge to attract and retain skilled and experienced directors whose contribution is needed including among others, to reverse the financial position of the Company.
18.	What's my account statement like	To get details of your account, please contact the stockbroker that assisted you in opening your Securities Depository (SCD) Account.