

DIRECTORS' REPORT

This report has been prepared in compliance with Section 184 of the Companies Act 1994 and Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission (BSEC) notification no. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 03 June 2018.

The Board of Directors of Beacon Pharmaceuticals PLC is pleased to present the Directors' Report on the overall performance of the company along with the Audited Financial Statements for the year ended 30 June 2024.

Pharmaceutical Industry Outlook and Prospects in Bangladesh

During the FY 2023-2024, businesses have been experienced significant challenges to deliver value to investors because of declining GDP growth, rising inflation, increasing capital costs, fluctuating foreign exchange rates, increasing power and energy costs resulting reducing buying power of consumers and customers.

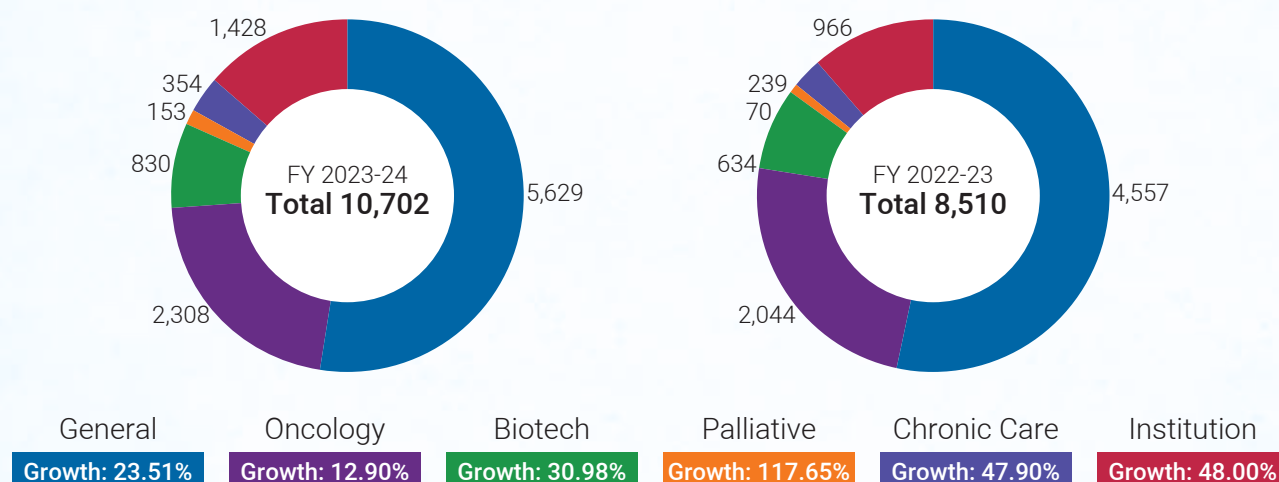
However, pharmaceutical industry will continue to focus on expanding its presence in the domestic market. Improved healthcare infrastructure and accessibility will drive greater consumption of pharmaceutical products within Bangladesh. In addition, Bangladesh has become a major player in the global generic pharmaceuticals market. The production of high-quality, cost-effective generic drugs is expected to remain a cornerstone of the industry's growth. Compliance with international regulatory standards, including those of the U.S. Food and Drug Administration (USFDA) and the European Medicines

Agency (EMA), will remain a priority. Meeting stringent quality and safety standards is essential for accessing global markets.

Bangladesh exports pharmaceutical products to around 155 countries, meeting 98% of its domestic demand. In FY 2023-2024 up to the month of May, pharmaceutical exports amounted to \$184.25 million compared to the prior year \$161.17 million, resulting a 14.32% increase compared to the month of May of previous year.

The Pharmaceuticals market in Bangladesh is expected to witness significant growth in the coming years. According to projections, the revenue in this market is estimated to reach US\$4.37bn in at the end of year 2024. This indicates a steady rise in the market's performance. Moreover, the market is anticipated to exhibit an annual growth rate (CAGR 2024-2029) of 6.47%, leading to a market volume of \$5.98bn by the year 2029. When compared globally, it is worth noting that United States is projected to generate the highest revenue in the Pharmacies market, with an estimated figure of \$387.30bn in 2024. This highlights the dominance of the US market in terms of revenue generation. To put things into perspective, in Bangladesh, the per person revenue in the Pharmacies market is expected to be around US\$24.99 in 2024. This figure reflects the amount of revenue generated per individual in relation to the total population of the country. Overall, the future outlook for the Pharmacies market in Bangladesh is promising, with substantial revenue growth projected in the coming years. The pharmaceutical market in Bangladesh is witnessing a surge in demand for generic medicines due to their affordability and accessibility.

Segment Wise Revenue (BDT in Million)



Risks and Concerns

The Board of Beacon Pharmaceuticals PLC regularly monitors, assesses and identifies potential risks, threats to sustainability, profitability and negative impact on environment. Risk Management is embedded in strategic and operational framework. We believe that risk resilience is the key to achieving our strategic goals and securing a sustainable business environment. The Company's Board and Management are fully committed to maintaining an effective risk management process to safeguard its assets and Shareholders' interests.

Beacon Pharmaceuticals PLC has robust risk management framework encompasses strategic, regulatory, financial, operational, technological, safety and climate risks. There is a structured risk management process in place for the timely identification, assessment and prioritization of risks affecting the Company in the short term and in the foreseeable future. The process also suggests setting a mitigation strategy to adequately address the risks, to foster a reliable and secure business environment.

Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin

Cost of Goods Sold during the FY 2023-2024 is BDT 5,168,915,584 compared to previous year BDT 4,220,996,982. COGS is raised by 22.46% to meet the positive growth of the revenue.

Gross profit for the FY 2023-2024 is BDT 5,532,772,995 which has been grown by 29% compared to prior year. Efficient management of costs along with improved product mix leading to the upward growth.

Net profit for the FY 2023-2024 is BDT 521,005,604 contributed to increase by 2.19% compared to last year. Higher revenue growth and efficient cost management resulted in the growth of net profit.

Extraordinary Activities

Beacon Pharmaceuticals PLC has no extra ordinary activities during the year that are required to disclose on the financial statements or annual report.

Related Party Transaction

The Company did not engage in any Related Party Transaction that could potentially conflict with the interest of the Company. All transactions, contracts, or arrangements with related parties, as defined under IAS 24, that the Company entered into during the year were conducted in the normal course of business. Details of related party transactions along with the rationale for such transactions have been disclosed in note 34 of the Financial Statements.

Variance within the Financial Year

There was no event of significant variance between quarterly financial performances during the year under review. Despite different adversities, the company performed well until the third quarter, but political activities in country in the fourth quarter hampered business operations, making it a more challenging period. As a result of these crises, the company fell short of reaching its targeted level in the fourth quarter.

Remuneration to Directors

This information is incorporated in Notes 34.1 of the notes to the Financial Statements regarding the "Transactions with key management personnel" mentioning figures concerning the remuneration of the Managing Director including fees for the other Directors' attendance at meetings.

Internal Controls

The system of internal control is sound in design and has been effectively implemented and monitored. The Board ensures that the control framework is commensurate with the size, scale and complexity of the business. The Audit Committee comprises of professionally qualified Directors, who interact with the statutory auditors, internal auditors and management in dealing with matters within its terms of reference. The signatory matrix is authorized by the Board in accordance with the Segregation of Duties to strictly ensure authorized use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls. An extensive program of internal audits and management reviews supplement the process of internal financial control framework. Documented policies, guidelines and procedures are in place for all critical business processes. The internal audit function monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies. Based on the internal audit reports, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions proposed to remedy the observations are presented to the Audit Committee of the Board.

In addition, the Company has identified and documented the key risks and controls for each process that has a relationship to the financial operations and reporting. At regular intervals, internal audit function tests identified key controls. The Company also has a robust compliance management framework to monitor and ensure legal & regulatory compliance. The said framework is also tested for adequacy and effectiveness to safeguard the company from any compliance risk. The Company has further automated internal controls through IT solutions and also has a robust information and cyber security framework to ensure the efficient functioning and safety of automated internal control framework.

Minority Shareholder Protection

The minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress. The Company maintains effective investor relations and shareholder management processes, through which the management, in particular, the Company Secretary, the Chief Financial Officer and the Managing Director, continuously interacts with its shareholders across various channels.

The company has also formulated its dividend policy which was approved by the board and published on the website of the company to ensure easy access of all shareholders. The dividend distribution policy is also presented in this report in accordance with BSEC directive dated 14 January 2021. The dividend policy will enable shareholders to understand the internal and external factors pertaining to dividend declaration and payout. The company ensures that critical information about the company is available to all shareholders by duly circulating disclosures, price sensitive information and by uploading all such information at the company's website under the Investors section. Detailed disclosures on material decisions and related party transactions are presented in this report for review and approval by shareholders at the Annual General Meeting.

Code of Conduct

The Company's Code of Conduct (CoC) has been reviewed by the Nomination & Remuneration Committee and adopted by the Board which applies to all members of the company including the Board of Directors and Key Management Personnel.

Statutory Auditors

- i. Habib Sarwar Bhuiyan & Co. Chartered Accountants will be completing their first term of Audit for the Company at the 23rd Annual General Meeting (AGM). In this context, based on the suggestions of the Audit Committee, the Board has recommended re-appointment of Selected firm name as statutory auditors in accordance with Section 210 of the Companies Act 1994 to hold office until the conclusion of the 24th AGM at a consolidated fee of BDT 4,00,000 excluding VAT.
- ii. As required under the BSEC CG Code, the Compliance Auditor will be appointed at the 23rd Annual General Meeting.

Directors' Statement on Financial Reporting and Other Disclosures

The Directors, in accordance with the Corporate Governance Code 2018 confirm the following to the best of their knowledge:

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and

changes in equity.

- b) Proper books of account of the issuer company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in the preparation of the financial statements, and any departure there from has been adequately disclosed.
- e) There is no significant doubt upon the issuer company's ability to continue as a going concern.
- f) All significant deviations from the previous year in the Company's operating results have been highlighted and reasons thereof have been explained.
- g) The key operating and financial data for the last five years have been disclosed in this report.
- h) Beacon Pharmaceuticals PLC went for initial public offering in the year 2010 and fund raised thereby has already been utilized accordingly as reported to the regulators. No other equity instrument has been issued since then.
- i) Beacon Pharmaceuticals PLC has recommended the final dividend for the year 2024. The company has not declared Bonus Share or Stock Dividend as an Interim Dividend in 2024.
- j) The declaration by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) on Financial Statements 2024 to the Board as prescribed is annexed to this report as **Annexure-A**.
- k) The report and certificate regarding compliance of Corporate Governance Code as prescribed are annexed to this report as **Annexure-B** and **Annexure-C** respectively.
- l) Number of Board Meetings and Attendance of Directors has been presented in **Annexure-D**
- m) Pattern of Shareholding has been presented in **Annexure-E**
- n) Management discussion and analysis has been duly signed by the Managing Director of the Company and is presented in this Annual Report. **Annexure-F**

Acknowledgement

The Board takes this opportunity to express their heartfelt thanks to all stakeholders including its shareholders, investors, employees, customers, business partners, banks and financial institutions, regulatory bodies and auditors, for their immense support and contribution towards the success of the Company.

On behalf of the Board

Nurun Nahar Karim

Nurun Nahar Karim
Chairman, Board of Directors