

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 2025.

Pharmaceutical Industry Outlook and Prospects in Bangladesh

• Economic Challenges During FY 2024-2025

During the financial year 2024-2025, businesses across Bangladesh have faced considerable challenges in delivering value to investors. The economic environment has been characterized by declining GDP growth, rising inflation, increasing capital costs, fluctuating foreign exchange rates, and escalating power and energy expenses. These factors collectively contributed to a reduction in purchasing power among consumers and customers, affecting overall business performance across various sectors.

• Resilience of the Pharmaceutical Industry

Despite these macroeconomic headwinds, the pharmaceutical industry has continued to demonstrate resilience and strategic focus. The sector remains committed to expanding its presence in the domestic market, supported by the ongoing improvement of healthcare infrastructure and greater accessibility to medical services nationwide. These developments are driving higher consumption of pharmaceutical products within Bangladesh.

• Bangladesh's Global Position in Generic Pharmaceuticals

Bangladesh has also solidified its position as a major global player in the generic pharmaceuticals market. The industry's ability to produce high-quality, cost-effective generic drugs continues to be a cornerstone of its sustainable growth. Maintaining strict compliance with international regulatory standards-including those set by the U.S. Food and Drug Administration (USFDA) and the European Medicines Agency (EMA)-remains a top priority for manufacturers. Adherence to such rigorous quality and safety benchmarks is essential for sustaining access to international markets and enhancing the global reputation of Bangladesh's pharmaceutical sector.

• Export Performance and Domestic Market Coverage

Currently, Bangladesh exports pharmaceutical products to approximately 166 countries, while catering to nearly 98% of the nation's domestic demand. In FY 2024-2025, pharmaceutical exports reached USD 213 million, compared to USD 205 million in FY 2023-2024, marking a 4% year-on-year increase.

• Future Market Outlook

Looking ahead, the outlook for the pharmaceutical market in Bangladesh remains highly promising. Market projections indicate that revenue is expected to surpass USD 6 billion by 2025, reflecting a strong upward trajectory. Furthermore, the market is anticipated to grow at a compound annual growth rate (CAGR) of 6.28% from 2025-2029.

• Global Market Comparison

In comparison, the global pharmaceutical market is led by the United States, which is projected to generate USD 662.48 billion in 2025, underscoring its dominant position worldwide. In Bangladesh, per capita revenue in the pharmaceutical market is estimated to reach USD 26.58 in 2025, representing the sector's growing contribution to the economy.

• Strategic Importance and Long-Term Viability

Overall, the pharmaceutical industry in Bangladesh continues to exhibit robust growth potential, driven by rising domestic demand, expanding export opportunities, and a steady shift toward the production of affordable and accessible generic medicines. The sector's sustained performance amid economic challenges underscores its strategic importance and long-term viability within both national and global contexts.

Risk Factors and Management

The Board of Beacon Pharmaceuticals PLC continuously monitors and evaluates potential risks that may affect the Company's sustainability, profitability, and long-term growth. Risk management is firmly embedded within the Company's strategic and operational framework, guided by the belief that resilience to risk is essential to achieving strategic objectives and maintaining stakeholder confidence.

The pharmaceutical industry in Bangladesh operates within a complex and evolving environment influenced by macroeconomic volatility, regulatory requirements, and global market dynamics. Rising production costs, exchange rate fluctuations, and inflationary pressures continue to pose significant financial challenges, while the Company's dependence on imported raw materials exposes it to supply chain disruptions and cost variability.

Regulatory compliance remains a critical area of focus, as stringent local and international quality standards govern the sector. Beacon mitigates these risks through strict adherence to current Good Manufacturing Practices (cGMP), continuous process improvements, and regular compliance audits aligned with the USFDA and EMA frameworks.

Technological advancement and innovation are vital to sustaining competitiveness in the pharmaceutical sector. The risk of technological obsolescence is effectively managed through ongoing investments in research and development, automation, and digital transformation initiatives aimed at improving productivity, product quality, and process efficiency.

Environmental and sustainability risks are addressed through responsible manufacturing practices, efficient energy use, waste reduction, and adherence to environmental regulations. The Company's commitment to sustainable operations reinforces its long-term business viability and alignment with global best practices.

The Board remains confident that Beacon's proactive and structured risk management framework will continue to safeguard its assets, ensure operational continuity, and strengthen the Company's resilience in an increasingly competitive and dynamic pharmaceutical landscape.

During the financial year 2024-2025, the Company achieved a robust revenue growth of 17.20%, primarily driven by increased domestic sales, product diversification, and improved market penetration. Gross profit rose by 18%, reflecting better production efficiency and effective cost control measures.

Despite rising operating expenses associated with business expansion and inflationary pressure, net profit before tax increased by 36.47%, underscoring strong operational performance. Furthermore, a reduction in income tax expenses contributed to a significant 81.67% rise in net profit after tax, demonstrating the Company's enhanced profitability and improved financial health.

Overall, the financial results highlight the Company's resilience, strategic efficiency, and sustainable growth momentum, even amid challenging economic conditions.

Financial Results at a Glance

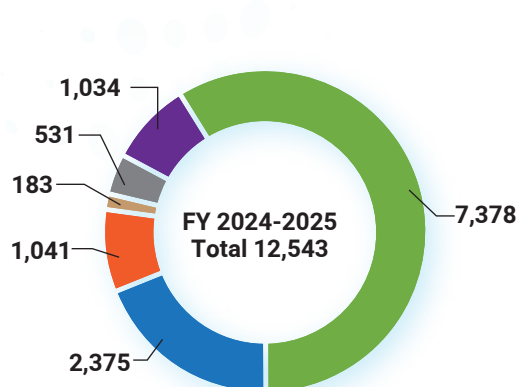
The company's financial results for the year ended June 30, 2025, as compared to the previous year, are summarized below:

Particulars	2024-2025 (BDT in million)	2023-2024 (BDT in million)	%	↓ ↑
Revenue	12,543	10,702	17.20	↑
Cost of Goods Sold	6,015	5,169	16.36	↑
Gross Profit	6,528	5,533	17.99	↑
Operating Expenses	4,129	3,671	12.48	↑
Net Profit Before Tax	1,301	953	36.47	↑
Income Tax Expenses	355	432	17.99	↓
Net Profit After Tax	947	521	81.67	↑

Segment-Wise Revenue Performance

The overall revenue of the Company is derived from several operating segments, each contributing to the business's diversified growth. The performance of these segments during the financial year 2024-2025 is summarized below:

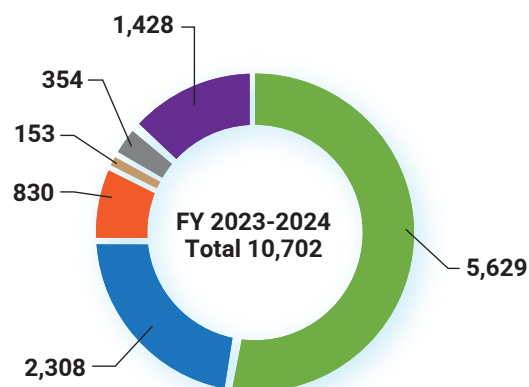
Figures are in Million (BDT)



General
Growth: 31.07%

Oncology
Growth: 2.92%

Biotech
Growth: 25.38%



Palliative
Growth: 19.88%

Chronic Care
Growth: 49.96%

Institution
Growth: -27.57%

Contribution to the National Exchequer

The Company remains committed to fulfilling its fiscal responsibilities and contributing to the national economy through regular payments to the Government exchequer in various forms, including income tax, customs duty, and value-added tax (VAT).

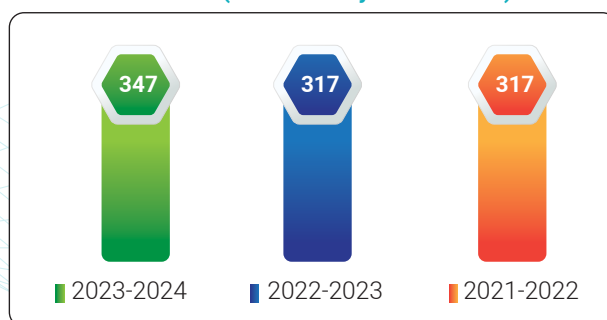
During the financial year ended June 30, 2025, Beacon Pharmaceuticals PLC contributed a total of Tk. 2,071,368,819 to the National Exchequer. This contribution represents 16.16% of the Company's net sales revenue for the year, underscoring Beacon's continued dedication to national development and economic growth.

Dividend

The Board of Directors has recommended a cash dividend of 21% (i.e., Taka 2.10 per share) for general and institutional shareholders, excluding the sponsors and directors, for the financial year ended 30 June 2025.

The dividend will be paid to shareholders whose names appear in the register maintained by CDBL up to the cut-off date, Sunday, 16 November 2025, which has been fixed as the Record Date for dividend entitlement. No interim dividend was declared during the year.

The dividend payment for the past three years are summarized below (Dividend Payout in Million):



Product Development

In the reporting year, 57 new products were added to the Company's portfolio, each receiving strong endorsement from medical professionals and positive acceptance from consumers. Furthermore, 26 new generic formulations were launched. These strategic introductions reflect the Company's unwavering commitment to innovation, expansion of therapeutic coverage, and strengthening of its leadership position within the pharmaceutical industry.



Product Launched
During the FY 2024-25



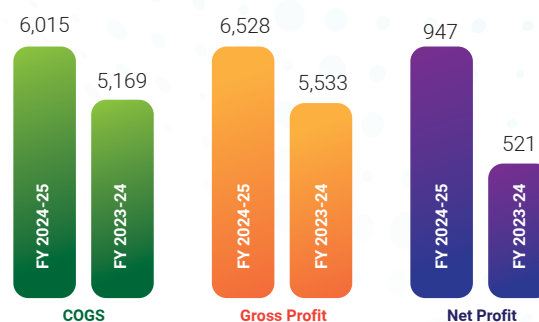
Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin

The Cost of Goods Sold (COGS) for FY 2024-2025 amounted to BDT 6,014,611,260, compared to BDT 5,168,915,584 in the previous year, reflecting an increase of 16.36%. Although the total COGS rose in line with higher sales volumes, the COGS as a percentage of sales remained stable, as material costs and other direct expenses were largely unchanged.

The Gross Profit for the year stood at BDT 6,528,105,954, reflecting an 18% growth over the prior year. This was primarily driven by higher revenue and an improved product mix, supported by effective cost management and operational efficiency.

The Net Profit for FY 2024-2025 reached BDT 946,511,761, marking a substantial 81.67% increase compared to the previous year. This strong performance was fueled by robust revenue growth, stable production costs, and effective tax management, which optimized after-tax profitability and enhanced overall financial strength.

Figures are in Million (BDT)



Extraordinary Activities

The Board wishes to note that during the financial year ended June 30, 2025, the Company did not engage in any extraordinary activities that resulted in significant gains or losses. All income and expenses recorded in the year pertain to the ordinary course of business operations, including revenue from product sales, operating expenses, and statutory obligations.

Related Party Transaction

The Company engaged in certain related party transactions during the year, all of which have been duly reflected in the Financial Statements. These transactions were conducted in the ordinary course of business and have been structured to ensure that they do not conflict with the interests of the Company or its shareholders. Details of these transactions, along with the rationale for each, are disclosed in Note 35.2 of the Financial Statements, in accordance with IAS 24 - Related Party Disclosures, and are summarized below:

Name of the related parties	Nature of the relationship	Nature of transaction	30 June 2025
Beacon Medicare Ltd.	Sister concern	Sale/Loan and advances	2,464,226,709
Ereba Capsules Ltd.	Sister concern	Purchase/Loan and advances	363,701,594
Beacon Business Solutions Ltd.	Sister concern	Purchase/Loan and advances	(31,617,528)
Beacon Nutraceuticals Ltd.	Sister concern	Loan and advances	43,749,090
MEK Pharmatech Ltd.	Sister concern	Loan and advances	69,616,958
MEK Auto Bricks Ltd.	Sister concern	Loan and advances	5,366,735
Beacon Cephalosporin Ltd.	Sister concern	Purchase/Loan and advances	467,799,874
Beacon Oncology Ltd.	Sister concern	Loan and advances	53,544,296
Beacon Developments Ltd	Sister concern	Service received/Loan and advances	794,105,824
Beacon Power Systems Ltd.	Sister concern	Loan and advances	70,000
UB Nutraceuticals Ltd.	Sister concern	Loan and advances	139,477,191
Total			4,370,040,744

Variance within the Financial Year

There were no significant variances between the quarterly financial performances during the year under review. The Company delivered strong results through the first three quarters, demonstrating resilience despite various operational challenges. However, heightened political activities in the fourth quarter disrupted business operations, making it a more challenging period. As a result, the Company was unable to fully achieve its targeted performance for the final quarter.

Remuneration to Directors

Details of transactions with key management personnel are disclosed in Note 35.1 of the Financial Statements. This includes the remuneration of the Managing Director and fees paid to other Directors for their attendance at Board and Committee meetings, in accordance with applicable governance and disclosure requirements.

Internal Controls

The Company maintains a sound system of internal controls, which is well-designed, effectively implemented, and regularly monitored. The Board ensures that the control framework is commensurate with the size, scale, and complexity of the business.

The Audit Committee, comprising professionally qualified Directors, interacts closely with statutory auditors, internal auditors, and management to address matters within its terms of reference. The signatory matrix, approved by the Board in line with the Segregation of Duties principle, ensures that all transactions are properly authorized. In addition, operational and fraud risk controls cover the full spectrum of internal financial processes.

An extensive program of internal audits and management reviews supports the internal control framework. Documented policies, guidelines, and procedures exist for all critical business processes, and the internal audit function continuously monitors and evaluates their effectiveness, adequacy, and compliance with established operating systems, accounting procedures, and policies. Based on internal audit reports, process owners undertake corrective actions in their respective areas, thereby further strengthening controls. Significant audit observations and proposed corrective measures are presented to the Audit Committee of the Board.

The Company has also identified and documented key risks and controls for each process relevant to financial operations and reporting. These key controls are tested periodically by the internal audit function. A robust compliance management framework ensures adherence to all legal and regulatory requirements and is regularly assessed for adequacy and effectiveness to mitigate compliance risks.

Minority Shareholder Protection

The Company ensures that minority shareholders are protected from any abusive actions, whether direct or indirect, by controlling shareholders, and provides effective means of redress. The Company maintains strong investor relations and shareholder management processes, through which management—including the Company Secretary, Chief Financial Officer, and Managing Director—continuously engages with shareholders via multiple channels.

The Company has formulated a dividend policy, approved by the Board and published on the Company's website, to ensure transparent access for all shareholders. This policy, presented in this report in accordance with the BSEC directive dated 14 January 2021, helps shareholders understand the internal and external factors considered in dividend declaration and payout decisions.

To maintain transparency, the Company ensures that critical information is available to all shareholders by disseminating disclosures, sharing price-sensitive information, and uploading such updates to 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 second term of Audit for the Company at the 24th 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 25th AGM at a consolidated fee of BDT 3,91,304 (including AIT).

ii. As required under the BSEC CG Code, the Compliance Auditor will be appointed at the 24th 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 therefrom has been adequately disclosed.
- e) There is no significant doubt about 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 the 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 an initial public offering in the year 2010 and the funds raised thereby have 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 2025. The company has not declared a Bonus Share or Stock Dividend as an Interim Dividend in 2025.
- j) The declaration by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) on Financial Statements 2025 to the Board as prescribed, is annexed to this report as **Annexure-A**.
- k) The report and certificate regarding compliance with the 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 in **Annexure-F**.

Acknowledgement

The Board takes this opportunity to express its 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

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Chairman, Board of Directors