

**TENTH OF RAMADAN FOR PHARMACEUTICAL
INDUSTRIES AND DIAGNOSTIC REAGENTS
(RAMEDA) (S.A.E)**

**CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT
FOR THE YEAR ENDED 31 December 2022**

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

**Consolidated Financial Statements
For the Year Ended 31 December 2022**

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Auditor's Report

TO THE SHAREHOLDERS OF TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)** (the "Parent Company") and its subsidiaries (together the "Group"), represented in the consolidated statement of financial position as at 31 December 2022, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Parent Company's Management, as Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

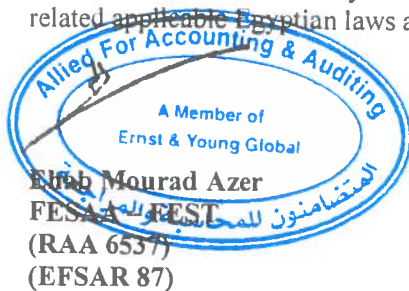
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the "Group", as at 31 December 2022, and its consolidated financial performance and consolidated cash flows for year then ended in accordance with the Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.



Allied For Accounting & Auditing
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Ernst & Young Global
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(RAA 6537)
(EFSAR 87)

Cairo: 7 March 2023

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 December 2022

	Notes	31 December 2022 EGP	31 December 2021 EGP
ASSETS			
Non-current assets			
Fixed assets and projects under construction	(5)	540,765,324	541,954,828
Right of use assets	(6-A)	16,215,560	13,032,359
Intangible assets	(7)	457,567,619	389,663,289
Total non-current assets		1,014,548,503	944,650,476
Current assets			
Inventories	(8)	348,410,615	259,398,338
Trade and notes receivable	(9)	900,686,830	659,403,591
Treasury Bills	(10)	361,862,202	468,010,954
Due from related parties	(33)	25,500	25,500
Prepayments and other receivables	(11)	80,541,679	74,809,972
Cash on hand and at banks	(12)	66,956,028	14,001,699
Total current assets		1,758,482,854	1,475,650,054
TOTAL ASSETS		2,773,031,357	2,420,300,530
EQUITY AND LIABILITIES			
Equity			
Paid up Capital	(15)	250,000,000	250,000,000
Paid under capital increase	(15)	160,606	-
Legal reserve		125,000,000	26,446,118
General reserve	(16)	397,521,390	486,965,000
Treasury Shares	(17)	(65,926,198)	-
Share based payments reserve	(18)	14,873,267	-
Other reserves		278,952	278,952
Profits for the year and retained earnings		796,678,614	584,420,299
Total equity of Parent Company		1,518,586,631	1,348,110,369
Non-controlling interest		4,590,062	(2,621,626)
Total equity		1,523,176,693	1,345,488,743
LIABILITIES			
Non-current liabilities			
Long term lease liabilities	(6-B)	16,343,678	12,256,160
Deferred tax liabilities	(30)	51,555,823	40,498,236
Total non-current liabilities		67,899,501	52,754,396
Current liabilities			
Provisions	(13)	14,158,105	14,261,845
Credit facilities	(19)	904,752,873	820,655,235
Current portion of long-term loans	(20)	-	21,949,676
Current portion of lease liabilities	(6-B)	3,663,480	3,130,595
Trade, notes and other payables	(14)	205,666,967	128,568,694
Income taxes payable		53,713,738	33,491,346
Total current liabilities		1,181,955,163	1,022,057,391
TOTAL LIABILITIES		1,249,854,664	1,074,811,787
TOTAL LIABILITIES AND EQUITY		2,773,031,357	2,420,300,530

Finance Director

Mohamed Abo Amira



Board Member

Amr Abdallah Morsy



The accompanying notes from (1) to (37) are an integral part of these consolidated financial statements.
Auditor's Report Attached.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the Year Ended 31 December 2022

	Notes	31 December 2022 EGP	31 December 2021 EGP
Revenues	(23)	1,483,951,426	1,246,434,628
Cost of revenues	(24)	(763,908,530)	(668,909,524)
GROSS PROFIT		720,042,896	577,525,104
Selling and marketing expenses	(25)	(296,417,891)	(251,984,883)
General and administrative expenses	(26)	(65,912,870)	(51,901,349)
Other income	(27)	5,909,850	41,606
OPERATING PROFIT		363,621,985	273,680,478
Finance income	(28)	56,732,176	59,973,000
Finance expenses	(29)	(92,084,277)	(94,817,656)
Net foreign exchange gain/(loss)		25,651,093	(596,919)
NET FINANCE COST		(9,701,008)	(35,441,575)
Impairment of trade and notes receivable	(9)	(3,643,441)	(105,600)
Provisions	(13)	-	(1,250,000)
Share Based payment expenses	(18)	(17,847,920)	-
Contribution for health insurance		(3,975,441)	(3,272,995)
PROFITS FOR THE YEAR BEFORE INCOME TAXES		328,454,175	233,610,308
Income taxes	(30)	(75,566,400)	(53,524,475)
PROFITS FOR THE YEAR		252,887,775	180,085,833
Attributable to:			
Equity holders of the Parent Company		245,676,087	181,088,753
Non-controlling interests		7,211,688	(1,002,920)
		252,887,775	180,085,833
Basic Earnings Per Share	(31)	0.2329	0.1664
Diluted Earnings Per Share		0.2311	0.1664

Finance Director

Mohamed Abo Amira

Board Member

Amr Abdallah Morsy

The accompanying notes from (1) to (37) are an integral part of these consolidated financial statements.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2022

	<i>31 December 2022</i>	31 December 2021
	<i>EGP</i>	<i>EGP</i>
PROFITS FOR THE YEAR	252,887,775	180,085,833
OTHER COMPREHENSIVE INCOME	-	-
OTHER COMPREHENSIVE INCOME	252,887,775	180,085,833
Attributable to		
Equity holders of the Parent Company	245,676,087	181,088,753
Non-controlling interest	7,211,688	-1,002,920
	252,887,775	180,085,833

The accompanying notes from (1) to (37) are an integral part of these consolidated financial statements

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31 December 2022

	<i>Paid up capital</i>	<i>Paid under capital increase</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Treasury Shares</i>	<i>Share based payment reserve</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Total equity of parent company</i>	<i>Non-controlling interest</i>	<i>Total</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Balance as at 1 January 2021	192,150,000	-	20,798,851	486,965,000	-	-	278,952	484,995,947	1,185,188,750	(1,618,706)	1,183,570,044
Effect of adoption of EAS (47)	-	-	-	-	-	-	-	(3,467,134)	(3,467,134)	-	(3,467,134)
Balance as at 1 January 2021 (Adjusted)	192,150,000	-	20,798,851	486,965,000	-	-	278,952	481,528,813	1,181,721,616	(1,618,706)	1,180,102,910
Transferred to legal reserve	-	-	5,647,267	-	-	-	-	(5,647,267)	-	-	-
Transferred from retained earnings to capital increase	57,850,000	-	-	-	-	-	-	(57,850,000)	-	-	-
Dividend distributions	-	-	-	-	-	-	-	(14,700,000)	(14,700,000)	-	(14,700,000)
Total comprehensive income for the year	-	-	-	-	-	-	-	181,088,753	181,088,753	(1,002,920)	180,085,833
Balance as at 31 December 2021	250,000,000	-	26,446,118	486,965,000	-	-	278,952	584,420,299	1,348,110,369	(2,621,626)	1,345,488,743
Balance as at 1 January 2022	250,000,000	-	26,446,118	486,965,000	-	-	278,952	584,420,299	1,348,110,369	(2,621,626)	1,345,488,743
Transferred to legal reserve	-	-	98,553,882	(89,443,610)	-	-	-	(9,110,272)	-	-	-
Paid under capital increase (Note 15)	-	160,606	-	-	-	-	-	-	160,606	-	160,606
Acquisition of treasury shares	-	-	-	-	(65,926,198)	-	-	-	(65,926,198)	-	(65,926,198)
Share based Payment reserve	-	-	-	-	-	14,873,267	-	-	14,873,267	-	14,873,267
Dividends distributions	-	-	-	-	-	-	-	(24,307,500)	(24,307,500)	-	(24,307,500)
Total comprehensive income for the year	-	-	-	-	-	-	-	245,676,087	245,676,087	7,211,688	252,887,775
Balance as at 31 December 2022	250,000,000	160,606	125,000,000	397,521,390	(65,926,198)	14,873,267	278,952	796,678,614	1,518,586,631	4,590,062	1,523,176,693

The accompanying notes from (1) to (37) are an integral part of these consolidated financial statements.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended 31 December 2022

	Notes	31 December 2022 EGP	31 December 2021 EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the year before income taxes		328,454,175	233,610,308
Adjustments to reconcile profit before tax to net cash flow:			
Net foreign exchange differences		(17,220,563)	187,866
Depreciation and amortization	(5,6,7)	65,484,366	46,181,573
Share based payment expense		17,847,920	-
Provision charged	(13)	(103,740)	1,974,226
Impairment of trade and notes receivable	(9)	3,643,441	105,600
Impairment of inventory	(8)	19,856,361	18,387,576
Finance income		(56,724,822)	(59,960,672)
Finance expenses	(29)	89,532,944	92,746,112
Unwinding interests of lease liabilities	(29)	2,551,333	2,071,544
Loss from sale of fixed assets	(5)	128,285	717,262
		453,449,700	336,021,395
Change in inventories		(88,594,743)	47,579,708
Used of inventory provision		(20,273,895)	(19,886,059)
Change in trade and notes receivable		(243,641,353)	(29,454,076)
Used of Impairment of trade and notes receivable		(1,285,327)	-
Change in prepayments and other receivables		(9,794,716)	(6,108,338)
Change in trade, notes and other payable		68,594,495	31,511,141
Cash flows provided from operating activities		158,454,161	359,663,771
Debit interests paid		(84,819,761)	(89,408,266)
Income taxes paid		(44,286,421)	(28,905,238)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		29,347,979	241,350,267
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets	(5)	(24,769,326)	(14,483,900)
Payments to acquire assets under construction	(5)	(9,606,254)	(38,187,101)
Payments to acquire intangible assets	(7)	(93,899,161)	(185,528,408)
Payment to acquire treasury bills		(1,322,700,580)	(1,057,602,853)
Matured treasury bills collection		1,461,450,000	1,125,175,000
Sale of Treasury bills		29,003,101	-
Proceeds from sale of fixed assets	(5)	22,850	22,740
Investment in term deposits	(12)	(279,270)	491,501
NET CASH FLOWS RESULTED FROM (USED IN) INVESTING ACTIVITIES		39,221,360	(170,113,021)
CASH FLOWS FROM FINANCING ACTIVITIES			
Credit facilities used	(19)	1,205,464,975	1,172,462,925
Payment of credit facilities	(19)	(1,121,367,337)	(1,156,366,726)
Payment of long-term loans	(20)	(21,949,676)	(66,450,000)
Acquisition of Treasury shares		(65,926,198)	-
Dividends paid during the year		(24,307,500)	(14,700,000)
Lease payments paid during the year		(5,189,717)	(4,735,213)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		(33,275,453)	(69,789,014)
Net change in cash and cash equivalent during the YEAR		35,293,886	1,448,232
Net foreign exchange difference		17,220,567	(187,866)
Cash and cash equivalent - beginning of the year		13,886,158	12,625,792
CASH AND CASH EQUIVALENT - END OF THE YEAR	(12)	66,400,611	13,886,158

The accompanying notes from (1) to (37) are an integral part of these consolidated financial statements.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

1- BACKGROUND

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) (S.A.E) (the “Company” or the “Parent Company”) was established under the provisions of Law No. 43 of 1974.

The Company was registered in the commercial registry under No.84008 on 15 January 1986.

The listing of Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) (S.A.E) on the Egyptian stock exchange was approved in 26 November 2019 according to resolution of listing committee of Egyptian stock exchange.

The registered office is located at plot No. 5 Second Industrial Zone, 6th of October City – Giza– Egypt. The consolidated financial statements include the separate financial statements of the Parent Company and its subsidiaries (collectively referred to as the “Group”).

The Group is principally engaged in:

- Manufacturing, marketing, selling and storing of pharmaceutical reagents for human and veterinary use.
- Manufacturing, marketing, selling and storing of diagnostic reagents necessary for individuals, laboratories and hospitals.
- Importing pharmaceutical reagents and raw materials necessary for serving the Company’s purposes without trading.
- Producing pharmaceutical reagents for human and veterinary and diagnostic use for others and by others.
- Producing food supplements for human use for others and by others.

Below is a brief background about the subsidiaries:

Rameda for Pharmaceuticals Trading Company

A subsidiary with 99.97% shareholding. Its principal activity is importing and exporting pharmaceutical reagents, producing, marketing, selling and storing of pharmaceutical reagents and producing pharmaceutical reagents for human and veterinary and diagnostic use for others

Ramecare Company

A subsidiary with 49% legal ownership. Its principal activity is producing, marketing, selling and storing of pharmaceutical reagents, producing pharmaceutical reagents for human and veterinary and diagnostic use for others.

It was considered a subsidiary since the Parent Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over it.

Ramepharma Company

A subsidiary with 49% legal ownership. Its principal activity is producing, marketing, selling and storing of pharmaceutical reagents, producing pharmaceutical reagents for human and veterinary and diagnostic use for others.

It was considered a subsidiary since the Parent Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over it.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-1 Basis of preparation

The consolidated financial statements are prepared under the going concern assumption on a historical cost basis.

The consolidated financial statements are prepared and presented in Egyptian pounds, which is the Group's functional currency.

The consolidated financial statements of the Group have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

The accounting policies adopted in this year are consistent with the policies adopted in the prior year.

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2-2-1 Basis of consolidation

The consolidated financial statements comprise the separate financial statements of the Parent Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Right arising from other contractual arrangements.
- The Group voting rights and potential voting rights.

The Group re-assess whether or not it controls an investee if facts and circumstances indicates that there are changes to one or more of the three elements of controls. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The following steps are followed in preparing the consolidated financial statements:

- a- Eliminate the carrying amount of the Parent Company investment in each subsidiary and the Parent Company share of equity of each subsidiary.
- b- Identify the non-controlling interest in the profit or loss of the consolidated subsidiaries for the reporting year.
- c- Identify the non-controlling interests in the net assets of consolidated subsidiaries and presented in the consolidated financial statement separately from the Parent ownership interests. Non-controlling interests in the net assets consist of:
 - (1) The amount of non-controlling interests as of the original date of combination.
 - (2) The non-controlling interests' share of changes in equity since the date of the combination.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

2-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d- Intergroup balances and transactions, revenues and expenses are eliminated.
- The separate financial statements of the Parent Company and its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same date.
 - The separate financial statements of the Parent Company and its subsidiaries used in the preparation of the consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events with similar circumstances.

Non-controlling interests are presented in the consolidated financial position within equity, separately from the equity of the owners of the Parent Company, and the non-controlling interests share in the group profit or loss is presented separately.

2-2-2 Business combination

Accounting for business combination under EAS 29 only applies if it is considered that a business has been acquired. For acquisitions meeting the definition of a business, the acquisition method of accounting is used to account for the acquisition of subsidiaries by the Parent Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of profit or loss.

2-2-3 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

2-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2-4 Foreign currency translation

Transactions in foreign currencies are initially recorded using prevailing exchange rates at date of transaction, whenever practical management may use fixed monthly exchange rates that are revised in case there is a significant change in the prevailing exchange rate at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the financial position date. All differences are recognized in the consolidated statement of profit or loss.

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date of the initial recognition.

Nonmonetary items measured at fair value in foreign currencies are translated using the exchange rates prevailing at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in consolidated statement of other comprehensive income ("OCI") or profit or loss are also recognized in consolidated statement of OCI or consolidated statement of profit or loss, respectively).

2-2-5 Fixed assets

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major improvement is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Buildings	33
Machinery and equipment	20
Transportation and dragging equipment	5-10
Laboratory equipment	10
Tools	10
Furniture and fixtures	4-10

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing the asset is included in the consolidated statement of profit or loss when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial position date. The useful lives of machinery and equipment related to the production activity were re-estimated to be 20 years.

Freehold Land is recognized at its acquisition cost and is not depreciated.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

2-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group assesses at each financial position date whether there is an indication that fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

2-2-6 Assets under construction

Assets under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets or intangible assets until it is ready to be used in the operation, upon which it is transferred to fixed assets or intangible assets. Assets under construction are valued at cost less impairment.

2-2-7 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets internally generated are not capitalized and the expenditures are charged to the consolidated statement of profit or loss in the year in which the expenditure was incurred

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite live are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense is charged to the consolidated statement of profit or loss.

The period of amortization and the amortization method for an intangible asset with finite useful lives are reviewed at each financial position date.

2-2-8 Available for sale

These assets are measured on initial recognition of the fair value, plus the cost of the transaction directly related to the acquisition or issue of the financial asset.

After the initial recognition, they are measured at fair value, changes in the fair value other than the impairment losses and the effects of changes in foreign currency exchange rates for debt instruments are recognized within the other comprehensive income items and accumulated in the fair value reserve, and from the exclusion of these assets, the recognized accumulated profits or losses are reclassified Included in other comprehensive income previously to profit or loss

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For the Year Ended 31 December 2022

2-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2-9 Inventory

The inventory elements are valued as follows:

- a) Raw materials and packing materials: at the lower of cost (using the moving weighted average method) or net realizable value.
- b) Spare parts: at the lower of cost (using the moving weighted average method) or net realizable value.
- c) Finished goods: at the lower of cost (using the weighted average method) or net realizable value.
The cost includes direct materials, direct labor and allocated share of manufacturing overhead excluding borrowing costs.
- d) Work in process: at the lower of cost or net realizable value. Cost includes direct material, direct labor and allocated share of manufacturing overheads based on the percentage of completion.

Goods in transit: at the lower of cost or net realizable value, and is recognized in the consolidated financial statements when risks and rewards are transferred to the Group which is determined based on shipping terms. Cost includes the purchase price of the materials and directly attributable expenses incurred to date.

Net realizable 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.

The amount of any write down of inventories to net realizable value and all losses of inventories are recognized in cost of sales in the consolidated statement of profit or loss in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, is recognized as reduction of cost of sales in the consolidated statement of profit or loss in the period in which the reversal occurs.

2-2-10 Trade and Notes receivables and other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

These receivables are recognized initially at fair value.

After initial measurement, such financial assets are subsequently measured at amortized cost less impairment. The Group assesses whether impairment exists individually, for receivables that are individually significant, or collectively for receivables that are not individually significant.

The calculation of impairment is based on actual incurred historical data. The impairment loss is recognized in the consolidated statement of profit or loss. Reversal of impairment is recognized in the consolidated statement of profit or loss in the period in which it occurs.

2-2-11 Trade and notes payable, accrued expenses and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

2-2-12 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation.

Where discounting is used, the increase in the provision due to the passage of time is recognized in the consolidated statement of profit or loss.

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For the Year Ended 31 December 2022

2-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2-13 Insurance

The Group makes contributions to the Social Insurance Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

2-2-14 Legal reserve

According to the Group's articles of association, 5% of the net profits of the year of the parent Company based on separate financial statement is transferred to the legal reserve until this reserve reaches 50% of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the Board of Directors. The transfer to the legal reserve is made once the consolidated financial statements for the year are approved in the general assembly meeting.

2-2-15 General Reserve

According to the Group's articles of association, the general assembly meeting may decide to allocate a certain percentage of the net profits of the year to the general reserve. The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors. The general reserve forms part of other reserves.

2-2-16 Borrowings

Borrowings are initially recognized at fair value less transaction cost. Amounts maturing within one year are classified as current liabilities, unless the Group has the right to postpone the settlement for a period exceeding one year after the financial position date, then the loan balance should be classified as non-current liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance expenses in the consolidated statement of profit or loss.

2-2-17 Income taxes

Income tax is calculated in accordance with the Egyptian tax law.

Current income tax

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 authority.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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For the Year Ended 31 December 2022

2-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred 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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2-2-18 Dividends

The Group recognizes a liability to pay a dividend when the distribution is authorized and distribution is no longer at the discretion of the Group. As per law 159, a distribution is authorized when it is approved by the shareholders in the general assembly meeting.

2-2-19 Interest income

Interest income is recognized as interest accrues using the effective interest "EIR" method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

2-2-20 Expenses

All expenses including cost of revenues, general and administrative expenses, selling and marketing expenses, finance expenses and other expenses are recognized and charged to the consolidated statement of profit or loss in the financial year in which these expenses are incurred.

2-2-21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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For the Year Ended 31 December 2022

2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2-22 Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Boards of Directors.

2-2-23 Contingent Liabilities and Assets

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

2-2-24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the consolidation financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2-25 Impairment of assets

Impairment of financial assets

The Financial assets of the Group include cash on hand and at banks, trade and notes receivable and due from related parties. The Group assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. The policy for the measurement of the impairment losses is included in respective financial assets accounting policy.

Impairment of non-financial assets

The Group assesses at each financial position date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating units (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Impairment losses are recognized in the consolidated statement of profit or loss.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

2-2-26 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

2-2-27 Cash and cash equivalent

For the purpose of preparing the consolidated statement of cash flow, the cash and cash equivalent comprise of cash on hand, current accounts with banks and time deposits maturing within three months from placement date.

3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The key judgments and estimates that have a significant impact on the consolidated financial statements of the Group are discussed below:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

3-1 Judgments

Revenue Recognition for sale of goods

In making their judgment, the management considered the detailed criteria for the recognition of revenue from the sale of goods as set out in "EAS 11 Revenue" including the judgement about whether significant risks and rewards have been transferred.

3-2 Estimates

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimate is performed on an individual basis. Amounts which are not individually significant, but are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates.

Provision for sales returns

The Group's management determines the estimates provision for the expected sales returns. This estimate is determined after considering the past experience of sales returns and sales volume and expiry dates of the products sold. The management periodically reviews the estimated provision amount to ensure that provision is adequate to cover the sales return.

Useful lives of fixed assets

The Group's management determines the estimated useful lives of its fixed assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews the estimated useful lives and the depreciation method to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Useful lives of intangible assets

The useful lives of intangible assets are assessed as finite. The management periodically reviews the estimated useful lives and the amortization method to ensure that the method and the period of amortization are consistent with the expected pattern of economic benefits from these assets.

Taxes

The Group is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Group establishes provision, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the Group and the responsible tax authority. Such differences of interpretations may be on a wide variety of issues depending on the conditions prevailing in Egypt.

Deferred tax assets are recognized for unused accumulated tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

4- SEGMENT INFORMATION

Currently the Group's primary business segment is the production and selling of pharmaceutical products which contributes to 91% of total revenue and balance 9% is contributed by toll manufacturing services (31 December 2021: 94% and 6% receptively). The Group's management monitors the business under two segments, "production and selling of pharmaceutical products" and "manufacturing for others" (Toll manufacturing) for the purpose of making business decisions.

Segment performance is evaluated based on revenue and measured consistently with revenue in the consolidated financial statement.

Accordingly, the Group's revenues during the year ended 31 December 2022 were reported under two segments in the consolidated financial statements.

The Group produces and sells several pharmaceutical products and renders services as follows:

Year	<i>Services</i>	<i>Sales of pharmaceutical products</i>			<i>Total</i> <i>EGP</i>
	<i>Toll</i> <i>Manufacturing</i> <i>"Domestic"</i> <i>EGP</i>	<i>Export</i> <i>EGP</i>	<i>Private sales</i> <i>EGP</i>	<i>Tenders</i> <i>EGP</i>	
31 December 2022	132,436,833	106,506,582	1,084,236,994	160,771,017	1,483,951,426
31 December 2021	77,490,353	87,872,886	829,081,153	251,990,236	1,246,434,628

Revenue from the top five customers presented 77% of total pharmaceutical products revenues (31 December 2021: 84%).

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For the Year Ended 31 December 2022

5- FIXED ASSETS AND ASSETS UNDER CONSTRUCTION

	Freehold Land	Buildings	Machinery and equipment	Transportatio n and dragging equipment	Laboratory equipment	Tools	Office furniture and fixtures	Assets under construction	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost									
As of 1 January 2022	18,637,425	273,341,106	414,773,502	13,369,898	28,261,762	6,022,977	29,123,411	27,041,385	810,571,466
Additions	-	5,274,519	9,935,733	1,898,136	2,181,576	1,333,683	4,145,679	9,606,254	34,375,580
Transferred from assets under construction	-	556,909	20,329,505	1,037,870	1,811,035	-	54,105	(23,789,424)	-
Disposals	-	-	(179,150)	-	(271,696)	(11,268)	(211,795)	-	(673,909)
As of 31 December 2022	18,637,425	279,172,534	444,859,590	16,305,904	31,982,677	7,345,392	33,111,400	12,858,215	844,273,137
Accumulated depreciation									
As of 1 January 2022	-	(66,075,076)	(163,135,409)	(10,890,741)	(8,406,398)	(2,234,098)	(17,874,916)	-	(268,616,638)
Depreciation for the period	-	(8,814,811)	(19,475,517)	(816,681)	(2,800,934)	(588,204)	(2,917,802)	-	(35,413,949)
Disposals	-	-	150,442	-	179,807	4,051	188,474	-	522,774
As of 31 December 2022	-	(74,889,887)	(182,460,484)	(11,707,422)	(11,027,525)	(2,818,251)	(20,604,244)	-	(303,507,813)
Net book value as of 31 December 2022	18,637,425	204,282,647	262,399,106	4,598,482	20,955,152	4,527,141	12,507,156	12,858,215	540,765,324

- The cost of fixed assets as of 31 December 2022 includes EGP 110,490,122 which represents fully depreciated assets that are still in use.
- The cost of asset under construction as of 31 December 2022 includes impairment by EGP 686,437, (EGP 686,437 as at 31 December 2021).

Depreciation for the year was allocated to the statement of profit or loss as follows:

	31 December 2022 EGP
Cost of revenue	32,581,460
Selling and marketing expenses	825,673
General and administrative expenses	2,006,816
	35,413,949

Loss from sale of fixed assets was calculated as follows:

	31 December 2022 EGP
Cost of disposed assets	673,909
Accumulated depreciation of disposed assets	(522,774)
Net book value of disposed assets	151,135
Proceeds from sale of fixed assets	22,850
Loss from sale of fixed assets	(128,285)

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For the Year Ended 31 December 2022

5- FIXED ASSETS AND ASSETS UNDER CONSTRUCTION (CONTINUED)

	Freehold Land	Buildings	Machinery and equipment	Transportatio n and dragging equipment	Laboratory equipment	Tools	Office furniture and fixtures	Assets under construction	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost									
As at 1 January 2021	18,637,425	257,225,388	397,711,971	13,025,828	20,292,443	5,689,305	25,385,313	26,589,818	764,557,491
Additions	-	2,628,798	6,387,704	344,070	3,454,965	357,601	1,310,762	38,187,101	52,671,001
Transferred from assets under construction	-	13,486,920	13,639,600	-	7,938,130	-	2,670,884	(37,735,534)	-
Disposals	-	-	(2,965,773)	-	(3,423,776)	(23,929)	(243,548)	-	(6,657,026)
As at 31 December 2021	<u>18,637,425</u>	<u>273,341,106</u>	<u>414,773,502</u>	<u>13,369,898</u>	<u>28,261,762</u>	<u>6,022,977</u>	<u>29,123,411</u>	<u>27,041,385</u>	<u>810,571,466</u>
Accumulated depreciation									
As at 1 January 2021	-	(57,853,893)	(147,381,612)	(10,254,249)	(9,971,721)	(1,728,708)	(15,466,027)	-	(242,656,210)
Depreciation for the year	-	(8,221,183)	(18,065,453)	(636,492)	(1,787,573)	(524,798)	(2,641,953)	-	(31,877,452)
Disposals	-	-	2,311,656	-	3,352,896	19,408	233,064	-	5,917,024
As at 31 December 2021	-	<u>(66,075,076)</u>	<u>(163,135,409)</u>	<u>(10,890,741)</u>	<u>(8,406,398)</u>	<u>(2,234,098)</u>	<u>(17,874,916)</u>	-	<u>(268,616,638)</u>
Net book value as at 31 December 2021	<u>18,637,425</u>	<u>207,266,030</u>	<u>251,638,093</u>	<u>2,479,157</u>	<u>19,855,364</u>	<u>3,788,879</u>	<u>11,248,495</u>	<u>27,041,385</u>	<u>541,954,828</u>

- The cost of fixed assets as of 31 December 2021 includes EGP 106,816,740 which represents fully depreciated assets that are still in use.
- The cost of asset under construction includes impairment by EGP 686,437.

Depreciation for the year was allocated to the statement of profit or loss as follows:

	31 December 2021 EGP
Cost of revenue	29,340,376
Selling and marketing expenses	629,764
General and administrative expenses	1,907,312
	<u>31,877,452</u>

Loss from sale of fixed assets was calculated as follows:

	31 December 2021 EGP
Cost of disposed assets	6,657,026
Accumulated depreciation of disposed assets	(5,917,024)
Net book value of disposed assets	740,002
Proceeds from sale of fixed assets	22,740
Loss from sale of fixed assets	<u>(717,262)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6- LEASES

Right of use assets are scientific rental offices, operating leases, and warehouses

A) Right of use assets

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Cost at 1 January 2022	20,558,589	19,916,906
Additions	7,258,787	641,683
Total Cost as of 31 December 2022	27,817,376	20,558,589
Accumulated amortization at 1 January 2022	(7,526,230)	(3,658,601)
Amortization for year	(4,075,586)	(3,867,629)
Accumulated amortization as of 31 December 2022	(11,601,816)	(7,526,230)
Net book value as of 31 December 2022	16,215,560	13,032,359

B) Lease liability

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Opening balance as of 1 January 2022	15,386,755	17,409,223
Additions	7,258,787	641,683
Unwinding interests recognized during the period	2,551,333	2,071,062
Lease payments paid during the year	(5,189,717)	(4,735,213)
As at 31 December 2022	20,007,158	15,386,755
Deduct: Current balance	3,663,480	3,130,595
Non-current balance	16,343,678	12,256,160

7- INTANGIBLE ASSETS

	Registration Rights	
	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Cost as at 1 January 2022	424,149,596	238,621,188
Additions	93,899,161	185,528,408
Total cost as at 31 December 2022	518,048,757	424,149,596
Accumulated amortization as at 1 January 2022	(34,486,307)	(24,049,815)
Amortization for the year	(25,994,831)	(10,436,492)
Accumulated amortization as at 31 December 2022	(60,481,138)	(34,486,307)
Net book value as at 31 December 2022	457,567,619	389,663,289

- The balance of the intangible assets represents the cost of acquiring the registration rights of certain pharmaceutical products and is amortized using the straight-line method over their useful life (20 years). Management estimate the expected future benefit of the registration rights to be utilize over 20 years and assessed for impaired whenever there is an indication that the economic benefit of the product is impaired.
- Intangible asset balance includes registration right assets under approval amounted to EGP 35,307,994 (31 December 2021: EGP 29,286,599).

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8- INVENTORIES

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Raw materials	140,318,486	110,972,898
Packing and packaging materials	68,795,958	38,421,560
Spare parts	19,009,433	14,549,227
Finished goods	74,913,324	65,107,399
Work in progress	51,192,105	27,652,773
Goods in transit	4,657,299	13,148,916
Inventory with others	180,370	619,459
	359,066,975	270,472,232
Write down in inventories	(10,656,360)	(11,073,894)
	348,410,615	259,398,338

The movement in the write down in value of inventories is as follows:

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Beginning balance	(11,073,894)	(12,572,377)
Charged during the year	(19,856,361)	(18,387,576)
Used of inventory provision	20,273,895	19,886,059
Ending balance	(10,656,360)	(11,073,894)

- The write down in value of inventories during the year was included in the cost of sales.

9- TRADE AND NOTES RECEIVABLES

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Trade receivable	256,370,679	265,206,613
Trade receivable – toll manufacturing	31,131,130	9,297,115
Notes receivable	624,083,329	393,440,057
	911,585,138	667,943,785
Impairment in value of trade and notes receivables	(10,898,308)	(8,540,194)
	900,686,830	659,403,591

Notes receivable amounting to 398 MEGP are mortgage as a guarantee for the credit facilities (Note 19).

The aging analysis of gross trade and notes receivables before impairment is as follows:

	<i>Total</i>	<i>Neither Past due nor impaired</i>	<i>Past due but not impaired</i>			<i>Impaired</i>	
			<i>Less than 180 days</i>	<i>From 181 to 270 days</i>	<i>From 271 to 365 days</i>		<i>More than 365 days</i>
31 December 2022	911,585,138	616,900,522	283,779,446	2,998	3,864	-	10,898,308
31 December 2021	667,943,785	391,733,509	258,323,939	5,494,294	3,302,589	549,260	8,540,194

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9- TRADE AND NOTES RECEIVABLES (CONTINUED)

The movement of the impairment in value of trade receivable is as follows:

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Balance as at 1 January 2021 before effect of adoption of EAS (47)	-	(4,967,460)
Effect of adoption of EAS (47)	-	(3,467,134)
Balance as at 1 January 2021 after effect of adoption of EAS (47)	<u>(8,540,194)</u>	<u>(8,434,594)</u>
Charged during the year	(3,643,441)	(105,600)
Used provision	1,285,327	-
Ending balance	<u><u>(10,898,308)</u></u>	<u><u>(8,540,194)</u></u>

10- TREASURY BILLS

	<i>31 December 2022</i>	<i>31 December</i>
	<i>EGP</i>	<i>EGP</i>
Treasury bills	378,900,000	496,100,000
Unearned interest	(17,037,798)	(28,089,046)
	<u><u>361,862,202</u></u>	<u><u>468,010,954</u></u>

11- PREPAYMENTS AND OTHER RECEIVABLES

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Prepaid expenses	2,828,758	991,484
Advances to suppliers	10,597,637	10,743,108
Tax authority	18,408,178	14,884,813
Social insurance authority	-	808,203
Letters of credit margin	39,779,507	29,508,859
Accrued interests	2,107,871	6,978,785
Deposits with others	2,175,017	2,457,871
Employees' imprests and advances	1,681,681	3,647,627
Customs-authority	908,863	1,475,993
Other receivables	2,054,167	3,313,229
	<u><u>80,541,679</u></u>	<u><u>74,809,972</u></u>

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12- CASH ON HAND AND AT BANKS

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
a) Egyptian Pounds		
Cash on hand	2,359,109	51,897
Current accounts	4,653,299	4,762,619
Checks under collection	7,179,075	6,984,687
Term deposits	394,811	115,541
	<u>14,586,294</u>	<u>11,914,744</u>
b) Foreign currencies		
Cash on hand	12,815	24,148
Current accounts	5,375,619	2,062,807
Term deposits	46,981,300	-
	<u>52,369,734</u>	<u>2,086,955</u>
	<u>66,956,028</u>	<u>14,001,699</u>

Cash balances are denominated in the following currencies:

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Egyptian pound (EGP)	14,586,294	11,914,744
US dollar (USD)	52,340,130	333,102
Euro (EUR)	29,604	1,753,853
	<u>66,956,028</u>	<u>14,001,699</u>

For the purpose of cash flow statements cash and cash equivalents consist of following.

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Cash in hand	2,371,924	76,045
Checks under collection	7,179,075	6,984,687
Current accounts	56,849,612	6,825,426
	<u>66,400,611</u>	<u>13,886,158</u>

13- PROVISIONS

	<i>Balance as at</i>	<i>Charged during</i>	<i>Used during the</i>	<i>Balance as at</i>
	<i>1 January 2022</i>	<i>the year</i>	<i>year</i>	<i>31 December</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Provision for expected claims	5,550,001	-	-	5,550,001
Provision for sales returns*	8,711,844	-	(103,740)	8,608,104
	<u>14,261,845</u>	<u>-</u>	<u>(103,740)</u>	<u>14,158,105</u>
	<i>Balance as at</i>	<i>Charged during</i>	<i>Used during the</i>	<i>Balance as at</i>
	<i>1 January 2021</i>	<i>the year</i>	<i>year</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Provision for expected claims	4,300,001	1,250,000	-	5,550,001
Provision for sales returns*	7,987,618	724,226	-	8,711,844
	<u>12,287,619</u>	<u>1,974,226</u>	<u>-</u>	<u>14,261,845</u>

*Provision for sales returns is deduced from sales disclosed (NOTE 23).

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14- TRADE, NOTES AND OTHER PAYABLES

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Trade payables	120,250,295	61,525,655
Notes payables	5,423,773	21,946,601
Accrued expenses	51,102,049	30,051,461
Tax authority (other than income tax)	11,814,991	7,258,006
Advances from customer	11,382,706	5,716,158
Other payables	5,693,153	2,070,813
	<u>205,666,967</u>	<u>128,568,694</u>

Trade payables accrued expenses and other payables are non-interest bearing.

15- CAPITAL

The Group's authorized capital amounted to EGP 1 billion, whereas the issued and paid up capital amounted to EGP 250,000,000 divided over 1,000,000,000 shares of par value EGP 0.25 each.

The extraordinary General Assembly meeting held on May 19, 2021 decided to increase the paid-in capital by 57,850,000 Egyptian pounds by distributing bonus shares of 0.3010668748 free shares for each original share of the company's shares before the increase of 768,600,000 shares with reparations in favor of small shareholders from the smallest to The largest has to finance the increase in shares from the company's distributable net profits (profits for the year + retained earnings) for the fiscal year ending on December 31, 2020, so the company's issued capital after the increase becomes 250,000,000 Egyptian pounds distributed over 1,000,000,000 shares with a nominal value of EGP 0.25 per share.

Based on the decision of the Extraordinary General Assembly on October 14, 2020, the meeting of the Board of Directors held on January 4, 2023 decided to increase the company's issued and paid-up capital from 250,000,000 Egyptian pounds to 252,112,680 Egyptian pounds, an increase of 2,112,680 Egyptian pounds distributed over 8,450,720 shares, funded by the payments of the beneficiaries of the system provided that the increase is allocated entirely for the benefit of the system of rewarding and motivating the company's employees, so that the company's issued capital after the increase will be 252,112,680 Egyptian pounds paid in full distributed over 1,008,450,720 shares with a nominal value of 0.25 Egyptian pounds. The amount paid under capital increase reach EGP 160,606 as of 31 December 2022. According to the bank certificate issued by Arab Bank on January 9, 2023, the company's issued and paid-up capital was increased from 250,000,000 EGP to 252,112,680 EGP, an increase of 2,112,680 EGP distributed over 8,450,720 shares (Note 17).

The following illustrate the structure for shareholders as of 31 December 2022:

	%	<i>No. of shares</i>	<i>Amount</i>
			<i>EGP</i>
Main Shareholder's Shares	33.15%	331,574,309	82,893,577
Treasury Shares	2.95%	29,470,000	7,367,500
Other listed Free Shares in Stock Exchange Market	63.90%	638,955,691	159,738,923
	100%	1,000,000,000	250,000,000

The structure for shareholders as at 31 December 2021:

	%	<i>No. of shares</i>	<i>Amount</i>
			<i>EGP</i>
Main Shareholder's Shares	43.14%	431,370,071	107,842,518
Other listed Free Shares in Stock Exchange Market	56.86%	568,629,929	142,157,482
	100%	1,000,000,000	250,000,000

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16- GENERAL RESERVE

The balance of general reserve - issuance premium is representing the net book value of issuing capital increase shares during 2019 amounted EGP 486,965,000 for issuing 125,000,000 Shares after deducting .issuing cost of EGP 64,285,000

Pursuant to Article (94) of the executive regulations of the Shareholding Companies Law promulgated by Law No. 159 of 1981, an amount of 89,443,610 Egyptian pounds has been transferred to the legal reserve, amounting to 50% of the value of the issued and paid-up capital.

17- TREASURY SHARES

The board members meeting held on February 23, 2022, May 31, 2022 and 4 September 2022 decided to re-purchase treasury shares up to 10% of the total shares of the company's issued capital available in the .market

According to board of director resolutions on 23 February 2022, May 31, 2022 and 4 September 2022, the company purchased 29,470,000 shares from the stock market and held in treasury for a total consideration of EGP 65,926,198. The consideration paid has been accounted for as a reserve in the statement of shareholder's' equity

18- SHARE BASED PAYMENT RESERVE

The company has approved the reward and incentive program for employees, managers and executive board members under the program the company grant the beneficiaries Ordinary share options at the nominal value in accordance with the approval of the Extraordinary General Assembly on October 14, 2020, and this program allows employees, managers and executive board members who benefit from the incentive and reward system to own part of the company's shares in accordance to listing and Trading Rules of Egyptian Stock Exchange under the provisions of Law 159 for year 1981 and its executive regulations and under the provision of law 95 for year 1992 and its executive regulations.

On 25 March 2022 the company activated the reward and incentive program. Giving number of employees, managers and executive board members share options for total of 8,450,720 shares at the nominal value (0.25 EGP per share) on condition of staying in service for the required period till the exercise date on 1 November 2022 an archiving the required performance appraisal. Each employee was granted maximum number of shares according to contracts giving one month period from the exercise date to exercise the purchasing right.

The fair value of the granted shares for numbers of employees were 14,873,267 Egyptian Pound using the price of the share announced in the Egyptian Stock Exchange on the grant date (2.01 EGP for share) before the deduction of the nominal value of shares that would be paid by the beneficiaries in cash.

Movement of Equity instruments in the period as follow:

	Amount	Shares No.
Balance at 1 January 2022	-	-
Granted during the year	14,873,267	8,450,720
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Total shares at the end of year	14,873,267	8,450,720

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19- CREDIT FACILITIES

The movement of the credit facilities during the year is as follows:

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Opening balance	819,720,928	802,184,216
Used during the year	1,195,291,001	1,173,903,438
Payment during the year	(1,121,367,337)	(1,156,366,726)
Ending balance	893,644,592	819,720,928
	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Credit facilities maturing within 12 months	893,644,592	819,720,928
Bank credit	11,108,281	934,307
	904,752,873	820,655,235

The interest rate on the Credit facilities ranges from 8% to 18.25% as of 31 December 2022 (31 December 2021: Range from 8% to 9.75%).

Credit Facilities	Facility amount EGP	Interest rate	Maturity Date	<i>31 December 2022</i>	<i>31 December 2021</i>
				<i>EGP</i>	<i>EGP</i>
CIB	250,000,000	0.25%+CBE lending rate	14-Mar-23	102,163,279	124,385,085
		8 % CBE INITAVIE*	14-Mar-23	78,085,383	55,837,267
FAB Bank	125,000,000	0.5 %+CBE lending rate	31-Dec-23	23,809,186	49,314,262
		8 % CBE INITAVIE*	31-Dec-23	40,038,250	31,062,538
Arab Bank	88,000,000	0.25%+CBE lending	6-Jul-23	36,344,373	-
		8 % CBE INITAVIE*	6-Jul-23	37,502,956	36,589,690
ABK Bank	120,000,000	0.5 %+CBE lending rate	31-Oct-23	49,104,435	31,950,265
		8 % CBE INITAVIE*	31-Oct-23	46,032,065	48,229,814
ADIB	150,000,000	0.5%+CBE lending rate	7-Apr-23	42,539,694	51,517,333
		8 % CBE INITAVIE*	7-Apr-23	88,951,891	83,650,090
Alex Bank	170,000,000	8% + CBE lending rate	30-Jun-23	164,828,846	145,589,868
AUB	130,000,000	0.35% + CBE lending rate	1-Jun-23	41,675,898	28,933,333
		8 % CBE INITAVIE*	1-Jun-23	51,546,612	45,426,752
ENBD	100,000,000	8 % CBE INITAVIE*	31-Oct-23	75,911,472	87,234,631
		0.25%+CBE lending rate	31-Oct-23	15,110,252	-
Total Credit Facilities				893,644,592	819,720,928

* Those Balance represents the funds granted for the purchase of raw materials, and packaging in accordance with the initiative of the Central Bank of Egypt to support the industrial sector issued on 12 December 2019 to finance companies with private ownership and small and medium enterprises and support them to reach their investment goals and cover operating expenses.

* Some of the above facilities are guaranteed by notes receivables (Note 9).

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20- LONG TERM LOANS

Loan (1):

During the year 2017, the Group signed an agreement with Commercial International Bank to obtain a loan amounting to EGP 86,422,000 with an annual interest rate of 1.25% over the Corridor rate repayable over 36 monthly installments starting from 29 October 2018 and maturing on 29 March 2021 "**Loan (1)**".

During September 2019, the Group agreed with the bank to increase the loan by EGP 9,196,000 repayable over 24 monthly installments starting from 1 January 2020 and maturing on 1 December 2021 and reduce the interest rate to 0.75% over the CBE lending rate, However the Group hasn't obtained the additional amount yet.

On 9 September 2020, the Company rescheduled the loan (1) to be repayable over 21 monthly installments starting from 1 October 2020 and maturing on 1 June 2022.

The Company paid EGP 9,475,704 during the year ended 31 December 2021.

Loan (2):

During the year 2018, the Group signed an agreement with Commercial International Bank to obtain a loan amounting to EGP 78,766,000 with an annual interest rate of 0.9% over the CBE lending rate repayable over 19 monthly installments after the expiry of grace year, which is 15 months from the date of first use. "**Loan (2)**".

During September 2019, the Group rescheduled the loan to be repayable over 24 monthly installments starting from 1 January 2020 and maturing on 1 December 2021 and reduce the interest rate to 0.85% over the CBE lending rate.

On 9 September 2020, the Company rescheduled the loan (2) to be repayable over 20 monthly installments starting from 1 October 2020 and maturing on 1 May 2022.

The Group paid EGP 12,473,972 during the year ended 31 December 2021.

The balance of loans as of 31 December 2022 as follows:

Loans	Interest rate	<i>31 December 2022</i> <i>EGP</i>	<i>31 December 2021</i> <i>EGP</i>
Current portion of long-term loans			
Loan (1)	0.75%+CBE lending rate	-	9,475,704
Loan (2)	0.85%+CBE lending rate	-	12,473,972
Total current portion of long-term loans		<u>-</u>	<u>21,949,676</u>

21- CAPTIAL COMMITMENTS

As at 31 December 2022, the Group had contractual commitments in respect of its assets under construction and facility machines not provided for in the financial statements amounted to EGP 42,164,225. (EGP 20,211,522 as at 31 December 2021).

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22- CONTINGENT LIABILITIES

As at 31 December 2022, the Group has obligations in respect of its inventory (Cash against document) not provided for in the financial statements amounted to EGP 16,647,204. (EGP 4,666,847 as at 31 December 2021).

23- REVENUES

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Sale of goods (net)	1,351,514,593	1,168,944,275
Toll manufacturing services revenue	132,436,833	77,490,353
	<u>1,483,951,426</u>	<u>1,246,434,628</u>

24- COST OF REVENUES

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Salaries and incentives	103,668,343	83,199,259
Social insurance and other benefit	24,368,704	14,836,229
Raw materials	424,319,310	398,914,710
Spare parts and materials	21,017,950	22,613,961
Government fees and medical stamps	18,281,611	11,617,092
Other operating expenses	46,148,101	48,126,753
Energy expenses	42,237,341	34,262,067
Depreciation and amortization (Note 5,7)	58,576,291	39,776,868
Rent	3,613,147	3,910,976
Maintenance	21,677,732	11,651,609
	<u>763,908,530</u>	<u>668,909,524</u>

25- SELLING & MARKETING EXPENSES

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Salaries and incentives	116,058,635	110,239,117
Social insurance and other benefit	10,470,429	6,156,170
Depreciation (Note 5)	4,901,259	4,497,393
Rent	54,300	63,000
Advertising and marketing	164,933,268	131,029,203
	<u>296,417,891</u>	<u>251,984,883</u>

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26- GENERAL & ADMINISTRATIVE EXPENSES

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Salaries and incentives	47,875,655	37,897,534
Social insurance and other benefit	2,720,150	3,459,254
Professional fees	2,028,596	2,096,189
Maintenance	1,369,142	705,134
Depreciation (Note 5)	2,006,816	1,907,312
Others	9,912,511	5,835,926
	<u>65,912,870</u>	<u>51,901,349</u>

27- OTHER INCOME

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Loss from sale of fixed assets (Note 5)	(128,285)	(717,262)
Other income	6,038,135	758,868
	<u>5,909,850</u>	<u>41,606</u>

28- FINANCE INCOME

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Interest from Treasury Bills	56,724,822	59,960,672
Interest from time deposits	7,354	12,328
	<u>56,732,176</u>	<u>59,973,000</u>

29- FINANCE EXPENSES

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Debit interests	86,515,124	88,954,870
Unwinding interests of lease liabilities	2,551,333	2,071,544
Bank Charges	3,017,820	3,791,242
	<u>92,084,277</u>	<u>94,817,656</u>

30- INCOME TAXES

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<i>EGP</i>	<i>EGP</i>
Current income tax	(64,508,813)	(44,087,720)
Deferred income tax	(11,057,587)	(9,436,755)
Income tax expense	<u>(75,566,400)</u>	<u>(53,524,475)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30- INCOME TAXES (CONTINUED)

DEFERED INCOME TAXES

	<i>Statement of financial position</i>		<i>Statement of profit or loss</i>	
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Depreciation and amortization	(58,468,620)	(46,890,081)	(11,578,539)	(9,999,396)
Provisions	1,936,823	1,960,165	(23,342)	162,951
Impairment of trade and notes receivables	2,437,135	1,897,784	539,351	780,105
Write down in value of inventory	2,397,681	2,491,626	(93,945)	(257,923)
Share based payment	4,015,782	-	4,015,782	-
Unrealized foreign exchange differences	(3,874,624)	42,270	(3,916,894)	(122,492)
Net deferred income taxes	<u>(51,555,823)</u>	<u>(40,498,236)</u>	<u>(11,057,587)</u>	<u>(9,436,755)</u>

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	<i>Tax Rate</i>	<i>31 December</i>	<i>Tax Rate</i>	<i>31 December</i>
		<i>2022</i>		<i>2021</i>
		<i>EGP</i>		<i>EGP</i>
Profits before income taxes		<u>328,454,175</u>		<u>233,610,308</u>
Income tax based on tax rate	22.5%	<u>73,902,189</u>	22.5%	<u>52,562,319</u>
Non-deductible expenses		<u>1,664,211</u>		<u>962,156</u>
Effective Tax Rate	23.01%	<u>75,566,400</u>	22.91%	<u>53,524,475</u>

31- EARNINGS PER SHARE

Basic and diluted earnings per share were calculated by dividing the profits for the year available for distribution to the Parent Company by the weighted average number of shares outstanding during the year as follows:

	<i>31 December</i>	<i>31 December</i>
	<i>2022</i>	<i>2021</i>
	<i>EGP</i>	<i>EGP</i>
Net profit for the year	245,676,087	181,088,753
Remuneration for the Board Members*	(5,200,000)	(5,200,000)
Staff profit Share*	(11,400,000)	(9,500,000)
Profit Available for Shareholders	<u>229,076,087</u>	<u>166,388,753</u>
Weighted average number of shares outstanding after purchase of treasury shares during the period	983,450,000	1,000,000,000
Share Options for employees and executive board members	7,593,165	-
Weighted average number of ordinary shares adjusted for the effect of share option of dilution	<u>991,043,165</u>	<u>1,000,000,000</u>
Earnings per share - Basic	<u>0.2329</u>	<u>0.1664</u>
Earnings per share - Diluted	<u>0.2311</u>	<u>0.1664</u>

* Employees dividends and board of directors' remuneration as recommended in board meeting held on March 6, 2023 , and currently is a subject of general assembly approval.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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32- TAX POSITION

a) Corporate Tax

- The Company's records were inspected till the year 2013 and the due tax has been paid.
- The years from 2014 to 2017 were inspected as an estimate and were challenged and a decision was issued to re-examine the actual and preparations are underway for the inspection for those years.

b) Salary Tax

- The Company's records were inspected till the year 2015 and the taxes differences were paid and settled.
- Years from 2016 to 2019 the documents related to the inspection were submitted and the tax due in the settlements was paid.

c) Stamp Tax

- The Company's records were inspected till 2013 and the taxes due were paid.
- Years from 2014 till 2020 were inspected and the dispute is being settled in the internal committee.

d) Sales Tax

- The Company's records were inspected till the year 2015 and the due tax has been paid.

a) VAT Tax

- The Company's books were examined from 2016 to 2019 and the due tax has been paid.

33- RELATED PARTY DISCLOSURES

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

a) Due from related parties

	<i>31 December</i> <i>2022</i> <i>EGP</i>	<i>31 December</i> <i>2021</i> <i>EGP</i>
Eman Wahed El-Zomor	<u>25,500</u>	<u>25,500</u>
	<u>25,500</u>	<u>25,500</u>

b) Salaries and incentives of key managers

The key manager's compensation during year ended 31 December 2022 and 31 December 2021 is as follow:

	<i>31 December</i> <i>2022</i> <i>EGP</i>	<i>31 December</i> <i>2021</i> <i>EGP</i>
Salaries and incentives	34,352,243	28,194,799
Share options for employees, managers, and executive board members	17,847,920	-
	<u>52,200,163</u>	<u>28,194,799</u>

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For the Year Ended 31 December 2022

34- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has exposure to the following risks from its use of financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

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

The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk principally from its receivables from customers, notes receivable, due from related parties, other receivables, including balances with banks.

Trade and notes receivables

The customer credit risk is established by the Group's policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed by the management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis.

The maximum exposure is limited to the balances disclosed in note (9).

Other financial assets and balances with banks

The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks is managed by group treasury. The Group limits its exposure to credit risk by only placing balances with international banks and local banks of good reputation, in addition, the local banks are under the supervision of the central Bank of Egypt and thus their exposure to credit risk is minimal.

The maximum exposure is limited to the balances disclosed in note (12).

Due from related parties

The Group's exposure to credit risk rises from related parties equal to the carrying amount of these balances.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Group's income. Financial instruments affected by market risk include interest-bearing loans and borrowings and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group does not hold or issue derivative financial instruments.

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's obligations with floating interest rates and interest bearing time deposits.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

34- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity other than the profit impact stated below.

	31 December 2022		31 December 2021	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial assets	+1%	14,267	+1%	803
	-1%	(14,267)	-1%	(803)
Financial liabilities	+1%	(1,158,432)	+1%	(1,100,013)
	-1%	1,158,432	-1%	1,100,013

Exposure to foreign currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in USD & EUR exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	31 December 2022		31 December 2021	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
USD	+10%	10,796,311	+10%	3,084,372
	-10%	(10,796,311)	-10%	(3,084,372)
EUR	+10%	(472,385)	+10%	107,064
	-10%	472,385	-10%	(107,064)

c) Liquidity risk

The cash flows, funding requirements and liquidity of the Group are monitored by Group's management. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Financial liabilities	Less than 3	3 to 12	1 to 5	Over	Total
	Months EGP	months EGP	years EGP	5 years EGP	
As at 31 December 2022					EGP
Credit facilities	444,106,455	493,347,092	-	-	937,453,547
Trade, notes and other payables	165,319,334	40,347,633	-	-	205,666,967
Total undiscounted financial liabilities	609,425,789	533,694,725	-	-	1,143,120,514

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For the Year Ended 31 December 2022

34- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial liabilities	Less than 3	3 to 12	1 to 5	Over	Total
	Months	Months	years	5 years	
As at 31 December 2021	EGP	EGP	EGP	EGP	EGP
Credit facilities	346,123,008	497,264,228	-	-	843,387,236
Trade, notes and other payables	110,999,581	17,569,113	-	-	128,568,694
Term loans	9,348,719	14,388,869	-	-	23,737,588
Total undiscounted financial liabilities	<u>466,471,308</u>	<u>529,222,210</u>	<u>-</u>	<u>-</u>	<u>995,693,518</u>

35- CAPITAL MANAGEMENT

For the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of Parent Company.

The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manage its capital structure and makes adjustments in light of change in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a leverage ratio. Which is total liabilities divided by net equity. The Group's policy is to keep leverage ratio between 1 to 2.

36- FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Group include cash on hand and at banks, trade and notes receivable, due from related parties and other receivables. Financial liabilities of the Group include credit facilities, term loans, trade and notes payable, dividends payable, income taxes payable, accrued expenses and other payables.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

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37- MAJOR EVENT

Some major global events occurred, which included the Arab Republic of Egypt, where an outbreak of COVID19 occurred, and the World Health Organization “WHO” announced that the outbreak of the virus can be described as a global epidemic, and the government has introduced various measures to combat disease outbreaks, including travel restrictions and quarantine, business closures, and other locations, these government responses and their corresponding impacts are still evolving and which are expected to affect the economic climate and that, in turn, could expose the company to various risks, including a significant reduction in Revenues, and evaluation / impairment of assets and other risks.

These events did not negatively affect the financial statements of the company as on 31 December 2022 but may affect the financial statements for future financial periods. It is difficult to quantify this effect for now; this effect will appear in future financial statements. The magnitude of the impact varies according to the expected extent, the period during which those events are expected to end and their impact.

Since the beginning of the crisis, the executive management of the group has been keen to take a set of measures and procedures, which had a positive impact in mitigating the severity of the effects of the crisis, and the group's tolerance for any potential fluctuations in the various activities resulting from that pandemic.

On March 21, 2022, the Central Bank of Egypt decided to increase the overnight deposit and lending rates and the price of the main operation of the central bank by 100 basis points, to reach 9.25%, 10.25, and 9.75%, respectively. The credit and discount rate were also raised by 100 basis points, to reach 9.75%. The company is studying the impact on the subsequent financial statements.

On May 19, 2022, the Central Bank of Egypt decided to increase the overnight deposit and lending rates and the price of the main operation of the central bank by 200 basis points, to reach 11.25%, 12.25%, and 11.75%, respectively. The credit and discount rate were also raised by 200 basis points, to reach 11.75%. The company is studying the impact on the subsequent financial statements.

On October 27, 2022, the Central Bank of Egypt decided to increase the overnight deposit and lending rates and the price of the central bank's main operation by 200 basis points, to reach 13.25%, 14.25%, and 15.75%, respectively. The credit and discount rate were also raised by 200 basis points, to reach 13.75%. The company is studying the impact on the subsequent financial statements.

On December 22, 2022, the Central Bank of Egypt decided to increase the rates of deposit and lending for one night and the price of the main operation of the central bank by 300 basis points, to reach 16.25%, 17.25% and 18.75%, respectively. The credit and discount rate was also raised by 200 basis points, to reach 17.75%. The company is studying the impact on the subsequent financial statements.

On October 27, 2022, the Central Bank of Egypt floated the exchange rate of the Egyptian pound against other foreign currencies, which led to a decrease in the value of the Egyptian pound against other currencies.

The exchange rates of the Egyptian pound declined against the dollar and some other currencies in the period following the date of the financial statements. The company is studying the impact on the subsequent financial statements.