rameda

Quality For All

Annual Report
2021

Care. Community.
Consistency.

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ANNUAL REPORT

Our belief that everyone deserves medicines that are better, safe and more accessible is the core of what we do, with the safety and well-being of our patients, people and environment remaining our top priority in an ever-changing climate

A Message from our Chairman

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Looking ahead, we will focus on replicating our successes from 2021 and carrying that momentum into the new year

Fellow Shareholders,

On behalf of Rameda’s esteemed Board of Directors and senior management, I am pleased to report the Group’s stellar performance in 2021, as we capitalized on improved external market conditions and leveraged our well-developed portfolio to deliver record revenues exceeding the EGP 1 billion-mark. Easing social distancing restrictions and a significantly improved global trade environment, supported further by strong local and international demand in Rameda’s offering, enabled us to deliver on our strategy over the course of the year, all while ideally positioning the Group for growth.

The exceptional performance of our portfolio of COVID-19-related antivirals, Anviziram and Remdesivir, underlines the integral role Rameda has played in the frontlines of the fight against the pandemic since we received our final commercial manufacturing licenses to produce both medicines in 3Q20. With a strong understanding of the critical role of the pharmaceutical industry in a health crisis like this, I am pleased to report that Rameda has supplied the market with a combined 378,856 units locally and 120,650 units internationally of potential life-saving antivirals to date. With the upcoming launch of our latest antiviral, Molnupiravir Rameda, we remain steadfast in our commitment to devote Rameda’s capabilities and resources towards the well-being and lives of communities locally and in the markets we export to.

We believe that our business is strengthened by systematically engaging and fostering relationships with our key internal and external stakeholders and to this end, we have dedicated ourselves to the continuous enhancement of our environmental, social, and governance (ESG) reporting framework with the ultimate goal of transparency and accountability. In addition to the issuance of quarterly ESG presentations since the end of 2020, we have tailored the sustainability section in this annual report to comply with a large portion of the Egyptian Financial Regulatory Authority’s (FRA) new ESG reporting guidelines, a year before it officially comes into effect. This report will provide a more comprehensive view of our ESG framework, including the expansion of our Key Performance Indicators (KPI) related to the environment, our corporate risk management framework, social policies and much more. We believe that these enhancements come in line with the shared objectives with our stakeholders to ensure a quality product offering, a safe and diverse work culture that promotes inclusivity, and an overall sustainable business that has minimal impact on the environment.

Looking ahead, we will focus on replicating our successes from 2021 and carrying that momentum into the new year. We look forward to acquiring and launching new products in fast-growing therapeutic areas, expanding our geographical footprint, and enhancing our operating margins, with the ultimate goal to unlock value for the Group and its shareholders. I have full confidence in Rameda’s people, our largest asset, to drive this home again in 2022, as they have successfully done time and again in the face of significant global headwinds, enabling the Group to maintain its growth trajectory, deliver on its short-and-long-term strategies, and ultimately emerge on stronger footing.

Our belief that everyone deserves medicines that are better, safe and more accessible is the core of what we do, with the safety and well-being of our patients, people and environment, remaining our top priority in an ever-changing climate.

Ayman Abbas
Non-Executive Chairman

Note from our CEO

Our success lies in our unwavering focus on bringing new products to market, all while expanding into new therapeutic areas and geographies

We are pleased to report another year of solid growth, which saw Rameda's top line significantly outpace that overall pharmaceutical market in 2021, at 35.5% year-on-year compared to a market growth of 7.3% year-on-year, according to IQVIA's latest estimates, making the Group the 3rd fastest growing pharmaceutical player among its local and international peers. Our success lies in our unwavering focus on bringing new products to market, all while expanding our offering into new therapeutic areas and geographies beyond our home borders, and stands testament to the Group's ability to deliver on its growth and operational strategies in the face of uncertainty and continuous headwinds.

Strong Performance Across our Verticals

Top line growth of 30% year-on-year to come in at EGP 1.25 bn was driven by strong performance across our verticals, all of which saw high double-digit revenue during the year. Private sales growth of 26% year-on-year in 2021 came on the back of an overall market recovery, compounded with the success of Rameda's recent new launches and acquisitions, with products added to the Group's portfolio since the beginning of 2020 contributing a significant 33% of total 2021 revenues, signifying Rameda's ability to adapt to the rapidly changing market conditions since the onset of the pandemic. Moreover, the easing of global trade restrictions and the strong demand in Rameda's new antivirals saw export sales grow by an exceptional 76% year-on-year, with antivirals contributing 57% of total export sales during the same period. Meanwhile, an expanding toll client base driven by the Group's unique lyophilized capabilities saw toll sales grow by 52% year-on-year.

It is important to highlight here that while we have shifted our focus away from our tenders vertical, which saw volumes contract by 12% year-on-year, revenues from the segment grew by 26% year-on-year during the same period, underlining the success of the Group's strategy to selectively participate in tenders based on selective profitability levels.

Continuous Portfolio Expansion

Rameda was able to continue to deliver on its portfolio growth strategy in 2021, with a total of 7 new products added during the year, in line with our previously communicated targets. With these new launches, we successfully saw our overall retail pricing, according to IQVIA, increase by 8% year-on-year to EGP 36.3 during the same period. Notable product launches included Lergeblock, an eye drop used to treat symptoms of allergic conjunctivitis, Doxytroler, for the treatment of nausea and vomiting in pregnancy, and Opranate, an antiacid used to treat gastrointestinal problems and a 2-gram SKU to add to Rameda's existing range of its top-selling antibiotic, Rametax. The last quarter saw us launch 3 products, with the planned launch of 3 nutraceuticals during the quarter extended to Q1 2022.

In July 2021, we acquired anticoagulant molecule Rivaroxaban, sold under the brand name "Vaxato", as part our strategy to drive growth through molecule acquisitions in fast-growing therapeutic areas with a strong track record and existing market presence. I am pleased to report that Vaxato generated EGP 32.4 mn in its first 5 months under Rameda's portfolio, representing 2.6% of our overall top line. The transaction marks the Group's largest acquisition to date.

Our patients always come first and in light of this, the year saw the contribution of our chronic-related products decline slightly in order for us to address the immediate needs of the community during the ongoing global pandemic as one of the first Egyptian companies to manufacture the necessary antivirals domestically. Rameda received the necessary authorizations in January 2022 from the Egyptian Drug Authority to begin the commercial production of Molnupiravir Rameda, the generic form of the oral antiviral medicine developed by Merck and approved for the treatment of COVID-19 in adults. As the latest addition in the portfolio of medicines launched by the Group in its support of Egypt's response to COVID-19, we will move with urgency and determination to bring the treatment to patients across the country before the end of March 2022.

Investment in our Facilities

In line with our efforts to maintain our operational excellence and align with regulatory requirements, I am happy to report that Rameda's upgraded quality control labs became fully licensed by the Egyptian Drug Authority (EDA) in August 2021. The labs, which consist of a chemical and microbiological lab, were also upgraded with the relevant equipment to comply with the latest Good Manufacturing Practice (GMP) regulations.

In line with the UN's Sustainable Development Goal (SDG) 6 for clean water and sanitization, we are in the process of installing an in-house wastewater treatment station, which is expected to be fully operational before the end of April 2022. With liquid traditionally being a significant waste stream for the Rameda, the station will treat over 80% of c.1000 cubic meters of water currently consumed daily, resulting in significant cost-savings and enabling the Group to reduce any harmful water discharge into the environment, in addition to its stress on freshwater sources.

Outlook

The outbreak of new viruses over the last decade has caused a continuing paradigm shift in the way that influenza is managed globally, with the outbreak of COVID-19 further cementing this fundamental shift in treatment. While historically, only serious complications from influenza were treated with the use of antibiotics, the Centers for Disease Control and Prevention (CDC) has deemed antivirals as the "second line of defense" after the flu shot, and recommends its prompt use as a preventative measure for those who have the flu or suspected flu and who are at higher risk of serious flu complications. In this light, we see the longevity of antivirals far beyond the current pandemic and believe in its far-reaching potential, which is further underlined by the considerable efforts by the global pharmaceutical industry in the development of new antivirals focused on treating influenza.

With molecule acquisitions and product launches playing a central role in Rameda's growth, we will continue to deliver on the expansion of our portfolio with the planned launch of 8-10 new products at higher price points relative to its existing portfolio in the coming year, covering key high-growth therapeutic areas, in addition to nutraceuticals and existing line extensions. We look forward to these key new launches, as well as the ramp-up in sales of recently launched products, to drive growth for Rameda in both the short-and-medium-term.

On the Exports front, we successfully inked sizeable contracts for 2021, with revenues from new market Levant coming in at EGP 15.3 mn and contributing 17% to total export sales during the year to becoming Rameda's third-largest export market after Iraq and Yemen, with revenues from the latter existing markets up by 27% year-on-year and 145% year-on-year respectively and collectively contributing 72% to total export sales as we capitalized on improving trade conditions. Going forward, we will look to forging new relationships in the markets we export to and expanding our footprint in parallel, with registrations under process in a number of countries across the GCC and Europe. To this end, we are in currently completing the final registration phase to begin exporting our products to Kuwait, and look forward to updating the market in this regard in due course.

A key focus in the new year will be on enhancing our operating margins. Despite a decline in our gross profit margin by 0.2 pts year-on-year in 2021, driven by high API costs associated with the production of newly launched antivirals, we have successfully secured these APIs at a considerably lower cost for the coming year. In addition, recent product launches associated with higher relative price points and stronger margins are expected to further improve Rameda's margins on the gross level. Moreover, we will continue to focus on decreasing selling, general and administrative expenses, which we successfully accomplished this year by a combined 2.6 pts, in order to further maximize our operating leverage.

While we successfully reduced our cash conversion cycle by 38 days between 2020 and 2021, as well as our overall working capital in value by 10% year-on-year during the same period, further improvements in our working capital remains a priority to management in the coming year, particularly on the receivables front, with the decreasing contribution of tenders to our overall business expected to further complement management efforts. These efforts have allowed us to generate an impressive cash flow from operations amounting to EGP 241.4 million in 2021 compared to an outflow of EGP 164.3 in 2020.

As we recap our performance for the year, I could not be more proud of the resilience and agility our employees have demonstrated. In light of ever-changing circumstances, they maintained the supply of our products to the patients who needed them, while advancing our pipeline and engaging with new customers, both locally and abroad. None of this would have been possible without their sheer commitment and determination. As we step into the new year, we aspire to continually improve at all fronts to ensure that we continue to serve our ultimate goal, helping people around the world live better and live longer with medicine that is both safe and accessible.

Dr. Amr Morsy
Chief Executive Officer

Rameda At a Glance

Rameda At a Glance

Filling the gap in both the local and wider regional markets with generic pharmaceutical products that are better, safe, and more accessible to people who need them

Rameda (RMDA.CA on EGX) is a leading Egyptian pharmaceutical Group specializing in the production and sale of generic, high-quality pharmaceuticals, nutraceuticals and food supplements with a presence in the Egyptian market spanning more than 3-decades. Following its acquisition by a consortium of financial investors in 2011 and the subsequent execution of a comprehensive turnaround plan formulated by its new, world-class management team, Rameda has rapidly evolved to become one of the fastest-growing pharmaceutical companies in Egypt. The Group's success lies in its well-invested production facility, whose advanced and unique manufacturing capabilities enable it to supply a variety of dosage forms, and its extensive product portfolio, the latter which has been carefully developed to cover a wide variety of high-growth therapeutic areas through accretive molecule acquisitions. Growth has accelerated even further since its 2019 listing despite global headwinds, with revenues exceeding a record EGP 1 billion in 2021, up by a 3-year CAGR of 12%. The Group's recently expanded focus in private market sales with an eye to maximize profitability has seen Rameda become the third-ranked company within the sub-segment in terms of year-on-year sales growth at 35.5% year-on-year in 2021, compared to the overall private market growth of 7.3%, according to IQVIA.

Rameda's state-of-the-art production facility houses three independent factories – a general production plant, cephalosporin plant and penicillin plant - each with its own warehousing, packaging, production and distribution areas. The Group is committed to the highest standards of quality, health and safety throughout the production cycle to delivery, in its policies, specifications and programs. Its production facility complies with the latest Good Manufacturing Practice ("GMP") requirements and has been granted multiple ISO certifications from the International Standardization Organization in recognition of the Group's diligent initiatives to enhance its product quality and preserve the production facility's hygiene and safety.

[1] *Adjusted for impairments, provisions, and universal healthcare tax*
[2] *After Minority Interest*
[3] *Source: IQVIA (FY21)*

2021 Performance Summary

Financial

1.25 bn
Revenues
FY21
▲ 30% YoY

339 mn
Adjusted EBITDA[1]
FY21
▲ 28% YoY
27% Margin

181.2 mn
Net income[2]
FY21
▲ 61% YoY
15% Margin

EGP 0.1812
Earnings per share
FY21
▲ 61% YoY

Operational

134
marketed products , with 7 Launches and 1 acquisition in 2021

49 %
contribution of launches since 2017 to Group revenues in 2021

EGP 36
Average retail pricing according to IQVIA, up 8% YoY

3rd
highest YoY growth in Egypt's overall market[3]

ISO 9001:2015
Quality Management Systems

ISO 14001:2015
Environmental Management Systems

OHSAS 18001:2007
Occupational Health and Safety Management System

ISO 45001:2018
Occupational Health and Safety Management System

OUR VERTICALS

Private Sales
67%
2021 Revenues

Rameda sells its products to the private market through two separate channels: i) prescription-based whereas physicians are targeted by the Group's 542-strong sales and merchandising teams based on their respective reach in Rameda's target markets across key therapeutic areas, and ii) through sales to distributors who subsequently distribute the Group's products to pharmacies throughout Egypt.

Tenders
20%
2021 Revenues

The Group engages in tender sales by bulk-selling its products, through the Egyptian Authority for Unified Medical Procurement (UMPA), to government-owned institutions such as the Ministry of Health and public hospitals. Rameda's selective participation in tender contracts which ensures certain profitability levels saw volumes from the segment decrease by 18.5% year-on-year in 2021, despite higher revenues by 76.0% year-on-year.

Exports
7%
2021 Revenues

Rameda sells its products to export agents responsible for distributing its products across different regional markets. In 2021, the Group exported its products to 8 different markets, with Iraq maintaining the lion's share of export revenues during the period at 53%. Exports to Yemen came next at 20%, followed by new market Levant, at 17% of total revenues from exports.

Toll Manufacturing
6%
2021 Revenues

Rameda engages in toll manufacturing for third-parties to monetise its excess production capacity. Over the years, the Group has developed a solid and diverse client base, including well-known regional and international pharmaceutical companies, standing testament to the quality and the standards of Rameda' s production facilities. as the country's only company with lyophilized production capabilities, Rameda also benefits from its unique offering.

Our Portfolio

Our extensive product portfolio, which encompasses a wide variety of market-leading products across key and high growth therapeutic areas, aims to make much-needed medicines accessible to the Egypt's population. Since 2012, Rameda has established a successful track record of new product launches, with products launched since 2017 representing 49% of total revenues in 2021. Today, Rameda has developed an attractive portfolio of 134 marketed products which are predominately focused on 12 key therapeutic areas.

OUR THERAPEUTIC AREAS

Systemic anti-infectives	42% of FY21[4] Revenue
Alimentary tract and metabolism	23% of FY21 Revenue
NSAIDs	11% of FY21 Revenue
Genitourinary system and sex hormones	5% of FY21 Revenue
Cardiovascular system	4% of FY21 Revenue
Nervous system	2% of FY21 Revenue
Blood and blood-forming organs	5% of FY21 Revenue
Musculo-skeletal system	1% of FY21 Revenue
Sensory Organs	0.3% of FY21 Revenue
Food Supplements	0.2% of FY21 Revenue
Respiratory System	0.1% of FY21 Revenue

[4] *Includes antivirals at a 15% overall contribution in 2021*

Our Strategy

Our Strategy

Over the last decade, Rameda has leveraged its well-invested production capabilities and deep sector knowledge to expand its reach, both locally and internationally. Its success comes on the back of a comprehensive growth strategy which has allowed the Group to expand its portfolio and footprint across the region and cement its position as one of the fastest-growing players in Egypt's fast-growing generic pharmaceutical market.

STRATEGY PILLARS

Grow our portfolio through accretive molecule acquisitions and launches

The acquisition of new molecules has played a central role in Rameda's growth, and to this end the Group has continuously demonstrated its proven ability to identify, acquire and register high-growth molecules at attractive pricing terms. Rameda's emphasis on being an early mover to register and launch new molecules that have been approved by the U.S. Food & Drug Administration (FDA) enables it to offer its products at higher prices than its peers, enhancing the Group's market share and operating margins. Rameda's track record speaks for itself - its 2020 launches of Remdesivir, Anviziram and Omnevora have each become one of its highest ten selling products in 2021, with the accumulated molecules launched since 2020 contributing 33% of revenues in the same year. Rameda capitalized on improved market conditions in 2021 with the addition of 8 new products during the year, consisting of 7 launches and 1 acquisition.

In addition to registering new molecules, Rameda strategically acquires them from competitors with an existing market share to launch under its brand. An example of this is the 2020 acquisition of Recoxibright, which became the Group's top-selling product in 2021. Building on this strategy, Rameda's acquisition of anticoagulant, Vaxato, generated revenues of EGP 32.4 mn, accounting for just 5 months of sales starting August, and ranked 4th in its corresponding therapeutic area within the Egyptian market in terms of FY21 sales by value, up 22.2% year-on-year according to IQVIA. With 55% of overall IPO proceeds deployed to date, Rameda will continue to deliver on its accretive acquisition strategy and management is confident that it can replicate its previous success by ideally positioning these new product offerings in a matter that contributes significantly to the Group's performance and ultimately generates value.

Penetrate large and fast-growing therapeutic areas

Rameda is continuously looking to expand into fast-growing therapeutic areas with an eye to extract further value from its portfolio. To this end, the Group has developed comprehensive portfolio of 134 market-leading products across 12 of the 16 defined therapeutic areas in Egypt. Rameda's 2020 entrance into the nutraceuticals space with the successful launch of 4 new nutraceutical products bore fruit in the following year, with one of its launches, Omnevora, becoming its 10th highest-selling product in 2021. Building on this success, the Group expects to launch additional nutraceutical products in 2022, with management confident in the ability of Rameda's growing portfolio of nutraceuticals to drive both short-and-long-term for the Group on the back of the MENA region's high prevalence of lifestyle diseases and the general increase in consumption of natural health and wellbeing products by more health-conscious consumers.

Expand our footprint into new high-growth markets across the Region

An essential component of the Group's strategy was revived as Rameda capitalized on more optimal trading conditions and easing COVID-19 related restrictions to penetrate new markets and expand the Group's footprint internationally. In 2021, Rameda was able to expand into the Levant, with the region contributing 17% to total export revenues, making it the third-highest contributing market after Iraq and Yemen, which collectively contributed 73% to total export sales. Ameliorating market conditions compared to the previous year enabled exports to Iraq and Yemen to resume to normalized levels, with a push in promotional activities across both markets resulting in a 27% and 145% year-on-year increase in revenues from each market respectively. As a result of its efforts, the Group's revenues from exports grew by an exceptional 76% year-on-year in 2021, with its contribution to total revenues up by 1.8 percentage points year-on-year during the same period. Furthermore, Rameda is in the process of registering its products into new markets across the GCC and Eastern Europe, with the supportive fundamentals in these regions expected to drive long-term growth for the Group. Management will continue to evaluate promising new markets for expansion, with an eye to widen its footprint in MENA and beyond..

Enhance our Operating Profitability

One of the key drivers of Rameda's long-term growth is attributed to the Group's ongoing portfolio optimization strategy focused on the production and sales of higher-priced products. This strategy has seen Rameda significantly enhance its profitability, resulting in a 2.3 percentage-point climb in its overall gross profit margin in the last five years. Acquisitions in 2021 has seen the Group's average retail price grow by 8% year-on-year to EGP 36.3, according to IQVIA, and management expects recent launches associated with an average gross margin of upwards of 62.1% to drive up Rameda's operating profitability going forward from its current level of 46.3%.

Higher API costs associated with the production of the Group's COVID-19 related antivirals, combined with the increased demand for its existing antibiotics, saw Rameda's gross profit margin narrow by 0.2 percentage points year-on-year in 2021 to 46.3%. Still, management's focus in reducing other production cost components as a percentage of revenues cushioned the decline in the Group's gross profit margin by 5.7 percentage points. The last quarter of the year saw Rameda's GPM increase by 2.7 percentage points year-on-year to 47.7% in Q4 2021, up by 4.8 percentage points from the first quarter of the year and 1.2 percentage points above the gross margin recorded in FY 2020, as the Group secured its antiviral associated APIs at significantly lower pricing, with its full effect coupled with recent launches expected to be reflected positively on its operating margins in 2022.

On the EBITDA front, the Group successfully decreased its SG&A expenses as a percentage of revenues by 2.6 percentage points year-on-year to 24.4% in 2021, driven by both operational leverage and the streamlining of the Group's sales and marketing division. Management views these cost reductions as just the beginning of an overall cost reduction strategy aimed at improving Rameda's operational profitability.

Monetise our excess capacity to enhance revenue generation

Among the more than EGP 250 million invested in Ramda's production facility, the Group installed two lyophilized production lines at the end of 2019, making it one of the few pharmaceutical manufacturers in Egypt with lyophilized production capabilities. Rameda's unique production capabilities has enabled it to leverage its excess lyophilized capacity to manufacture products for third parties, in line with Rameda's strategy to grow its toll manufacturing business and extract more value from its facility. The Group has been able to successfully serve leading players in the pharmaceutical space, reflecting their trust in Rameda's stellar facilities and operational capabilities. As a result, toll revenues have grown by an exceptional CAGR of 52% between 2019 and 2021, with the expansion of the segment client base from 41 in 2020 to 54 in 2021 expected to further boost revenues within the segment.

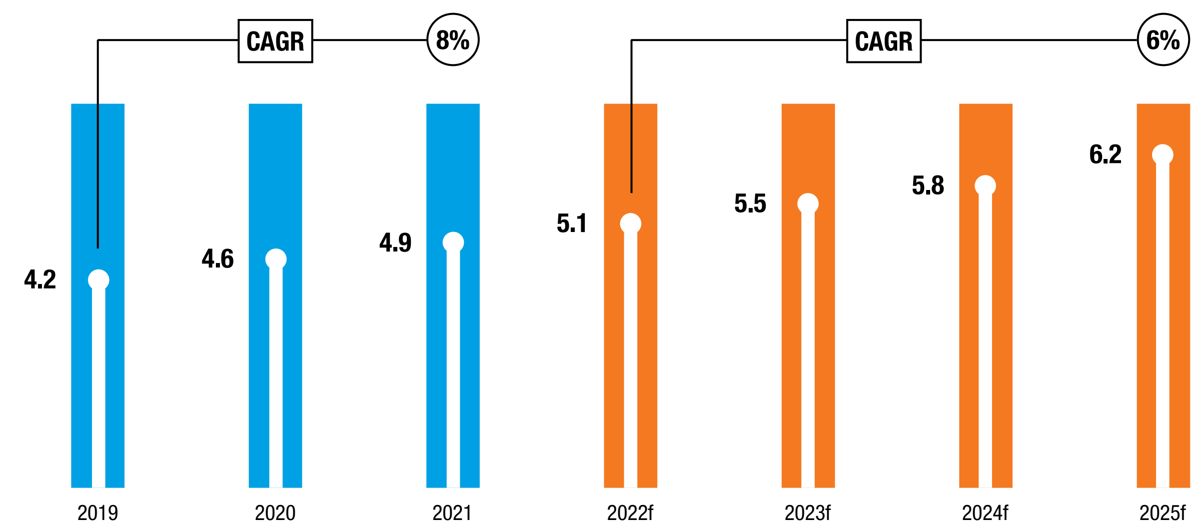
Our Markets

Our Markets
Egypt

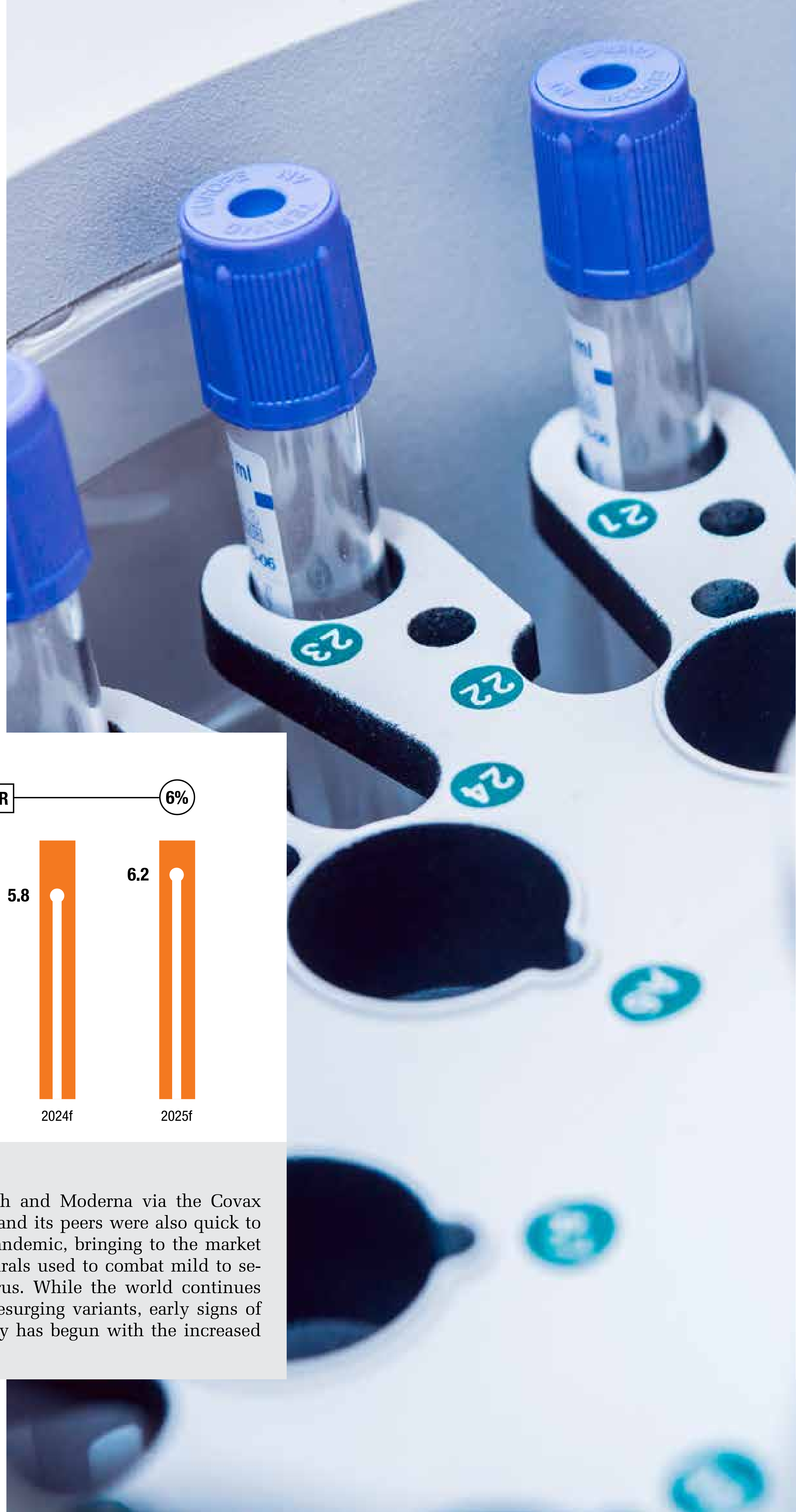
Egypt's pharmaceutical market caters to a large and fast-growing population, enabling it to achieve solid growth during a challenging period, supported by robust underlying fundamentals

Valued at USD 4.9 billion in 2021[1], Egypt's pharmaceutical market is one of the largest and fastest growing in the MENA region, driven by an ever-growing population, a supporting demographic and epidemiology profile, rapid industry reforms, and other favorable dynamics. At a 2019-21 CAGR of 8% (in USD terms), its growth over the last three years exceeded that of the global and MENA pharmaceutical markets, which came in at 6% and 1% respectively during the same period[1].

Egypt Pharmaceutical Sales (USD bn)[1]



In January 2021, Egypt officially kicked off its vaccination campaign and to date approximately 36% of the population has received at least one dose of the COVID-19 vaccine[2]. In addition to locally produced Sinovac vaccines, Egypt received millions of doses of COVID-19 vaccines produced by AstraZeneca, Sinopharm, Sinovac, Sputnik, Johnson & Johnson as well as Pfizer-BioNTech and Moderna via the Covax scheme. Rameda and its peers were also quick to respond to the pandemic, bringing to the market a variety of antivirals used to combat mild to serious cases of virus. While the world continues to grapple with resurging variants, early signs of economic recovery has begun with the increased proliferation of vaccines and advancements in treatments. The easing of restrictions combined with the high demand from the government to secure a stock of necessary medication to hedge against any further supply shortages due to the pandemic, supported a 7% year-on-year growth of Egypt's pharmaceutical industry in 2021.



Egypt's pharmaceutical market is among the most attractive in the MENA region, underpinned by robust underlying demographic fundamentals including a large and growing population of over 100 million, increasing life expectancy and rising levels of lifestyle-related diseases such as diabetes, which is expected to present unique opportunities for the sector. The Egyptian pharma market is poised to continue expanding at a significantly high rate when compared to both regional and global averages. This is due to a number of factors including new initiatives by the government to rollout universal healthcare coverage, free screenings and an attractive pricing framework, combined with a shifting epidemiological profile towards noncommunicable diseases across the local population. Additionally, Rameda is in a position to capitalize on the growing awareness of generic medicines as a substitute for more expensive innovator medicines.

EGYPT
5.8%
Expected Market Growth
(2021f-25f CAGR)

MENA
4.6%
Expected Market Growth
(2021f-25f CAGR)

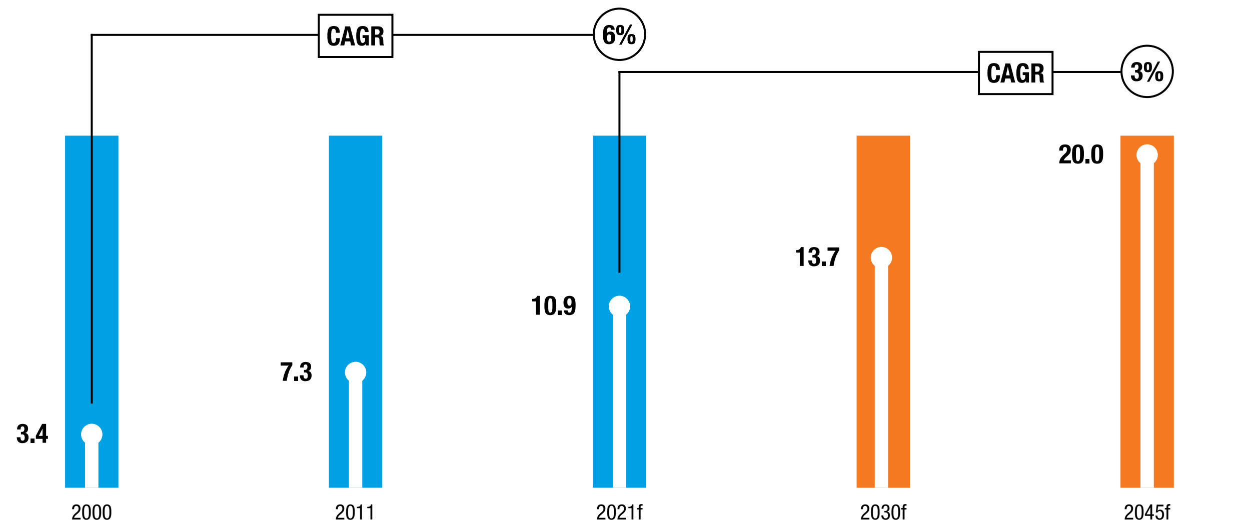
WORLD
4.2%
Expected Market Growth
(2021f-25f CAGR)

[1] *Source: Fitch Solutions Global Pharmaceutical & Healthcare Report – 1Q22*
[2] *Source: Our World in Data – January 24, 2022*

Supporting demographic trends and shifting epidemiological profile

Egypt is the most populated nation in the MENA region, with a population expected to reach 112 million by 2025f. The country consistently records a higher-than-average annual growth in its population at approximately 2% compared to a global average of 1%[4]. In addition to population growth, Egypt is also seeing an increasing ageing population, with individuals exceeding 40 years of age expected to make up 28% the total population in 2025 compared to 27% in 2020[4]. An ageing population coupled with lifestyle attributes has resulted in a substantial increase in chronic and lifestyle diseases in Egypt, such as diabetes, hypertension and depressive disorder.

Population with diagnosed diabetes (millions)[4]

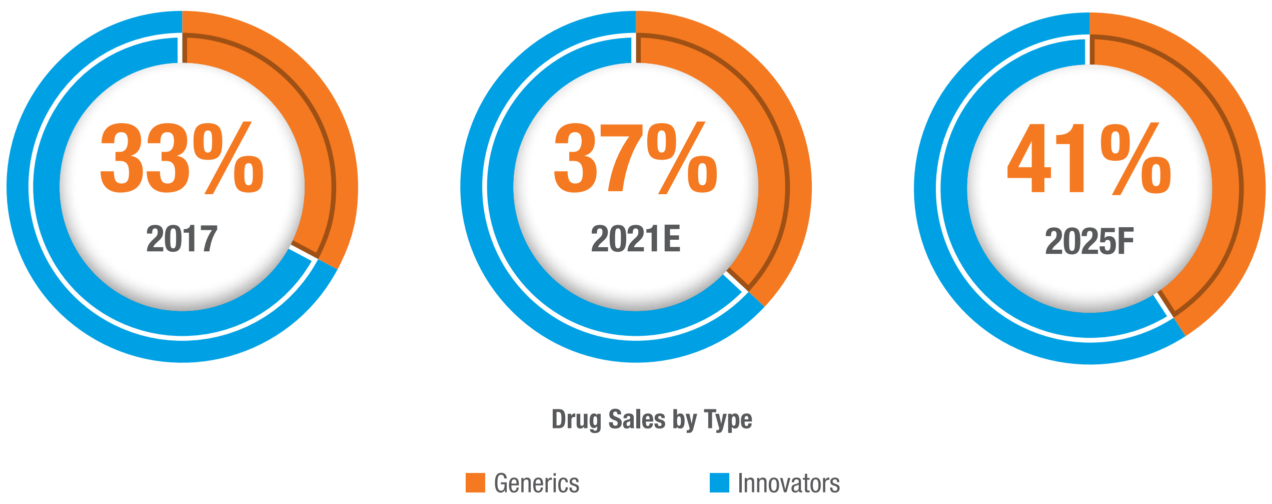


The increasing prevalence of these conditions across the country influenced Rameda to optimize its portfolio to better cater to the needs of the population and address these noncommunicable conditions. With its current product portfolio divided almost equally between chronic and non-chronic molecules by the end of 2021, Rameda is ideally positioned to provide products to the market that address the nation's evolving pharmacological needs.

Growing Preference in Generics to Imported Medicine

Egypt's generic pharmaceutical industry has been growing steadily over the past decade. This is in part driven by greater awareness of generic medicines as a substitute for expensive patented medicines as well as inflationary pressures that have been evident in the Egyptian pharmaceutical industry since the currency flotation in 2016. Although multinational pharmaceutical manufacturers continue to operate in Egypt, the market is increasingly shifting in favour of generic products produced domestically, resulting in an increasing market share of generic manufacturers in the Egyptian pharmaceutical industry. Additionally, factors such as the growing population and rollout of universal health insurance will further boost volumes for generic medicines to meet rising demand. Egypt's generic drug market is expected to increase from USD 1.8 billion in 2021 to USD 2.6 billion in 2025, translating to a 4-year CAGR of 8.8% (in USD terms)[4].

Evolution of Generics in Egypt[4]



[4] Source: Fitch Solutions Egypt Pharmaceutical & Healthcare Report - 1Q22

Supportive Government Framework

With the goal to eliminate the current challenges faced by the Egyptian healthcare sector, the Egyptian government has taken measurable steps in recent years to radically modernize the country's overall healthcare system. In line with the changes being implemented, the government has also pivoted its approach to healthcare subsidies, with increasing means-tested coverage designed to support low-income individuals. Egypt's healthcare spending reached USD 18.6 billion in 2020 and increased by 14% year-on-year in 2021e to USD 21.2 billion[5]. According to the Egyptian Center for Strategic Studies, the government's healthcare budget is expected to come in another 16% higher year-on-year in 2022 with the objective to enhance the level of quality and efficiency of hospital care across the nation, increase the capacity of health services and services available to Egyptians, and improve the accessibility to free medical care, medicine, vaccines, baby formula and other necessities to the underprivelegded. The Egyptian pharma industry provides healthcare providers and pharmaceutical companies alike an opportunity for long-term growth opportunities as the government delivers on its promise to improve the quality of healthcare and expand across the country.

Unified Medical Procurement Authority's (UMPA) digital platform

On 25 August 2019, a new law was issued for the establishment of the Egyptian Authority for Unified Medical Procurement ("UMPA"), an exclusive government authority tasked to carry out purchase transactions of pharmaceutical products and medical equipment on behalf of all governmental and public entities in Egypt. Streamlining the purchasers' needs through the UMPA's recently enhanced digital platform has facilitated public tender sales by creating efficiencies when matching up buyers with sellers. As a centralized procurement and supply interface, UMPA aims to ensure equitable access of medicinal and health technology products through evidence-based technology assessments, value-driven procurement methods and by establishing a robust and sustainable supply chain throughout the country.

Universal Health Insurance (UHI)

The Universal Health Insurance Law came into effect in July 2018 and aims to restructure Egypt's insurance system to allow for greater accessibility and reduced healthcare costs for Egyptians. Under the new law, the Egyptian government will pay for the entire cost of covered items for individuals whom the law deems unable to pay, which is expected to be approximately 23.7 million people based on the expected population at the time the law was fully implemented. The initiative was initially supported by a USD 5.3 million grant from the World Bank and a USD 400 million donation from the European Bank for Reconstruction and Development (EBRD) to further support the rollout of the program. Moving forward, the initiative will be funded by employee and employer contributions in addition to tax increases that supplement government budgetary allocations.

[5] *Source: Fitch Solutions Egypt Pharmaceutical & Healthcare Report - 1Q22*

Attractive Egyptian Generic Pricing Framework

The pricing of pharmaceutical products in Egypt is regulated by the Ministry of Health and Population (MOHP). The current pricing mechanism, which was introduced in 2012, is that based on an innovators' price, which is the lowest price offered in 36 reference countries, the first five generic pharmaceutical products thereafter are priced at 65% of the innovators' price and the remaining generic pharmaceutical products are priced at 60% of the innovators' price.

Historically, the MOHP has shown demonstrated sensitivity to the impact of economic factors on the pharmaceutical industry, for instance, by allowing price adjustments in order to account for foreign currency fluctuations resulting from the devaluation of the Egyptian pound. Such adjustments enable price increases in order to avoid margin erosion which may otherwise result from the effects of inflation.

Solid Growth Within Key Therapeutic Areas in 2021

Therapeutic area	Share	Rameda 5-year CAGR	Market 5-year CAGR
Systemic anti-infectives	13.6% of overall market	24.2%	13.0%
Alimentary tract & metabolism	22.8% of overall market	25.5%	19.6%
Nonsteroidal Anti-inflammatories	7.9% of overall market	151.6%	10.8%
Genitourinary system and sex hormones	7.5% of overall market	16.7%	15.6%
Blood and blood-forming organs	5.1% of overall market	54.4%	20.6%
Cardiovascular System	9.7% of overall market	22.7%	16.1%

2021 in Review

2021 in Review

Finishing the year on a high note

Total revenues grew by 30% year-on-year to record EGP 1.25 bn in 2021, with results for the year enhanced by the Group's strong performance during its last quarter. Compared to it peers, Rameda ranked 3rd according to IQVIA in terms its year-on-year growth by value within the private market in 2021 at 35.5% compared to the average overall market growth of 7.3%. The Group's bottom line after minority interest grew by a stellar 61% year-on-year to EGP 181.2 mn in 2021, yielding a net profit margin of 14.5%, up by 2.9 pts driven by decreasing finance costs on the back of a declining debt balance.

New product launches and acquisitions at high price points and enhanced margins

Rameda added 7 new products to its portfolio in 2021 at high price points, which saw the Group's overall retail pricing increase by 8% year-on-year to EGP 36.3, according to IQVIA. Launches for the year included 3 gastrointestinal products, 1 antihistamine and 3 antibiotics. Rameda's also acquired anticoagulant, Vaxato, which generated revenues of EGP 32.4 mn for the Group in just 5 months of sales and helped bring up margins during the quarter. Improving raw material costs associated with the production of antivirals, coupled with a ramp-up in sales of products launched in 2021, which are collectively expected to generate an average GPM of at least 62%, are expected to push up the Group's gross margin over the coming period.

Product Launches in 2021

Product Acquisitions in 2021

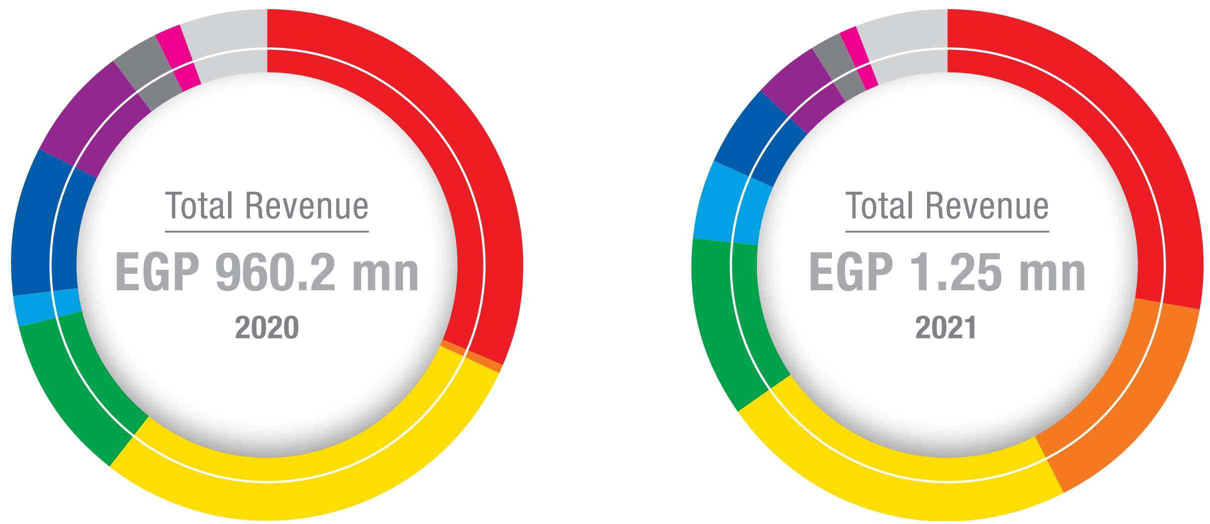
Top ten products sold in 2021 (EGP mn)

#	Product	2020	2021	% 2021 Revenues	YoY Growth
1	RECOXIBRIGHT	100	143	11.5%	▲ 42% YoY Growth
2	REMDESIVIR	3	135	10.9%	n/a[1] YoY Growth
3	PROTOFIX	128	107	8.6%	▼ 16% YoY Growth
4	COLONA	98	95	7.6%	▼ 4% YoY Growth
5	RAMETAX	49	87	7.0%	▲ 80% YoY Growth
6	RAMECEFTRAX	44	66	5.3%	▲ 49 YoY Growth
7	JOYPOX	79	52	4.2%	▼ 34% YoY Growth
8	ANVIZIRAM	3	48	3.8%	n/a[1] YoY Growth
9	AUGRAM	43	46	3.7%	▲ 8% YoY Growth
10	OMNEVORA	13	46	3.7%	n/a[1] YoY Growth

Growing contribution from our expanding portfolios of antivirals

Systemic anti-infectives continued to generate the lion's share of revenues, at 28% in 2021, with its contribution to total revenues down by 3.7 pts year-on-year on the back of a 14.2 pts gain in the contribution of antivirals from 0.5% in 2020 to 15% in 2021, propping the latter up to become the third-highest contributing therapeutic area to overall revenues during the year. Alimentary tract & metabolism came in second, contributing 23% of 2021 revenues. Continued strong demand for Recoxibright saw the contribution of NSAIDs increase by 0.9 pts year-on-year to 11% during the same period. The contribution of blood and blood forming organs grew by more than 2-fold year-on-year to record 5% in 2021 on the back of revenue growth of 213.3% year-on-year during the same period, bringing up its rank by 5 places to become the 5th selling therapeutic area in 2021.

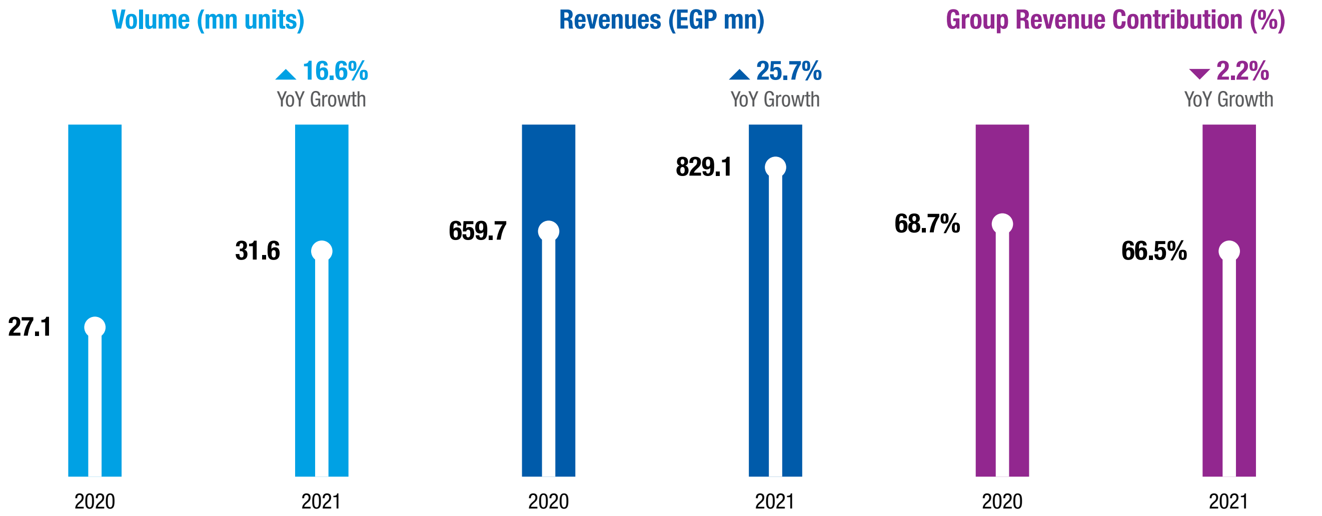
Revenue by Therapeutic Area[2]



Name	2020	2021
Systemic anti-infectives	31.5%	27.8%
Antivirals	0.5%	14.7%
Alimentary tract & metabolism	28.7%	22.9%
NSAIDs	10.5%	11.4%
Blood and blood-forming organs	2.1%	5.1%
Genitourinary system and sex hormones	9.4%	5.1%
Cardiovascular system	7.1%	4.3%
Nervous system	3.0%	2.0%
Musculo-Skeletal System	1.7%	0.9%
Others[3]	5.5%	5.8%

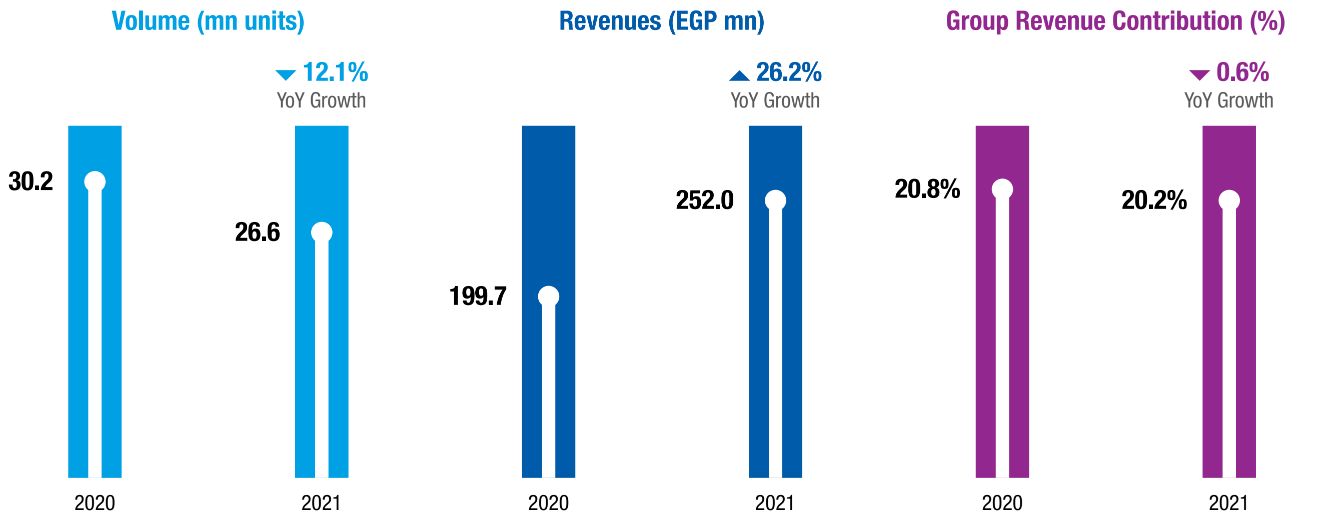
[1] Product launched in 2020
[2] Contribution by therapeutic area is calculated on revenues excluding toll sales and before distributor incentives & discounts and sales return provision
[3] Include sensory organs, dermatologicals, food supplements, respiratory system and others, each contributing less than 1% to 2021 revenues

Private Sales



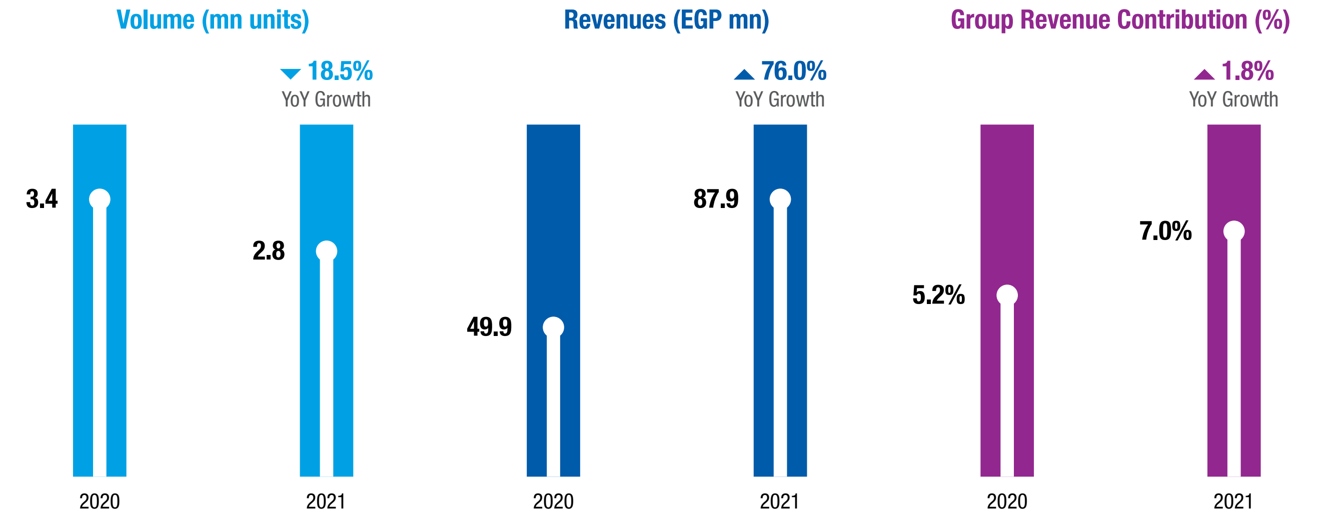
Volumes from private sales grew by 16.6% year-on-year to 31.6 million units in FY21. The increase in volumes sold within the private market was driven by strong demand for the Group's antibiotic and antiviral medications, brought about by COVID-19, combined with the ramp-up in sales of the Group's recent launches. As a result of increasing volumes and higher average pricing of products sold, private sales revenues increased by 25.7% year-on-year to come in at EGP 829.1 million in FY21, contributing 67% and 59% of its top line and absolute growth respectively.

Tenders



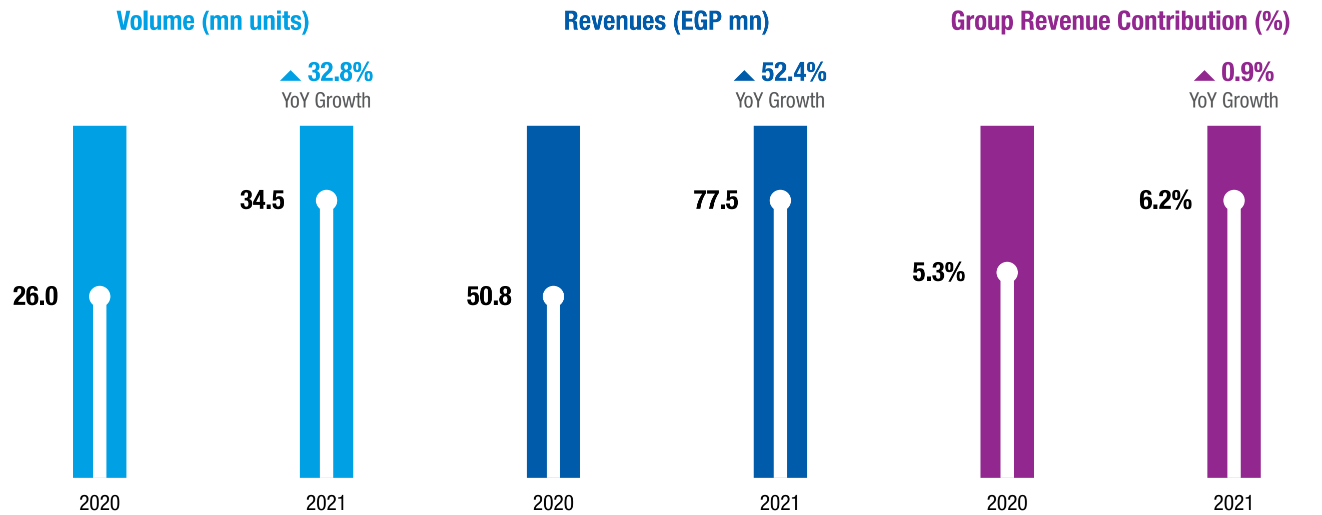
Volumes sold from tenders fell by 12.1% year-on-year to 26.6 million units in FY21, in line with management's strategy to reduce the segment's contribution to Rameda's top line in order to enhance the Group's operating profitability, on the back of increasing price competitiveness amongst pharmaceutical players locally. Despite this, revenues from tenders came in at EGP 252.0 million in FY21, up by 26.2% year-on-year and ranking second in terms of its contribution to the Group's total revenues and absolute revenue growth, at 20% and 18% respectively during the period.

Exports



Volumes from exports fell by 18.5% year-on-year to record 2.8 million units in FY21, despite increasing revenues by 76.0% year-on-year to EGP 87.9 million, with the majority of exports accounting for sales of Rameda's antivirals, typically associated with lower volumes and higher pricing. Improved market conditions and the easing of import restrictions resulted in solid growth revenue growth from Rameda's existing markets, Iraq and Yemen, which contributed 53% and 20% respectively in 2021, followed by Levant, a new market for Rameda, which contributed 17% of total export revenues.

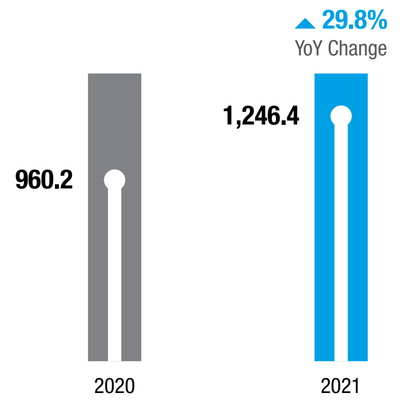
Toll Manufacturing



Toll manufacturing volumes grew by 32.8% year-on-year to 34.5 million units in FY21, driven by increasing utilization of the Group's unique lyophilized production capabilities through an expanding client base that came in at 54 companies during the year. Compared to 41 clients in 2020, this translated into a 32% year-on-year increase in the Group's toll client base.

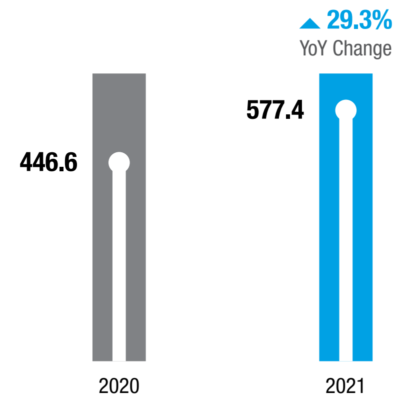
2021 Financial Highlights

Revenue (EGP mn)



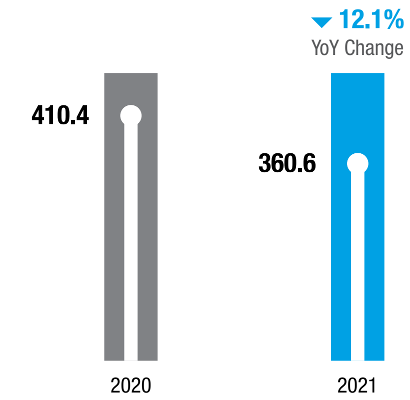
Consolidated revenues came in at EGP 1.25 billion in FY21, up by 29.8% year-on-year, with double-digit growth across all of Rameda's verticals. Growth was driven by the ramp-up in sales of the Group's recent launches, with products launched since the beginning of FY20 representing 33% of total FY21 revenues. Higher revenue growth relative volume growth across all of Rameda's segments underscores the success of the Group's continuous portfolio optimization strategy geared towards higher priced products associated with strong margins.

Gross Profit (EGP mn)



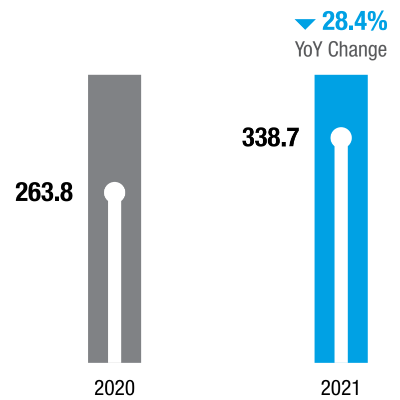
Gross profit increased by 29.3% year-on-year to EGP 577.4 mn in FY21, yielding a GPM of 46.3%, down by 0.2 pts based on increasing raw material costs at a slightly faster rate than revenues during the same period. The last quarter of the year saw Rameda's GPM increase by 2.7 pts year-on-year to 47.7%, up by 4.8 pts from the first quarter of the year, as antiviral associated APIs were secured at significantly lower pricing than previously, with its full impact expected to be realized in 2022.

Net Debt (EGP mn)



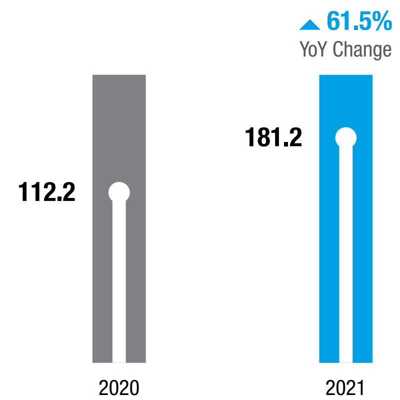
Net debt stood at EGP 360.6 million as at 31 December 2021, representing a decline of 12.1% year-on-year driven by a 5.6% decrease in total debt during compared to a 0.1% year-on-year decrease in cash and bank balances during the same period, despite a significant investment outlay during the year for the acquisition of Vaxato.

Adjusted EBITDA (EGP mn)



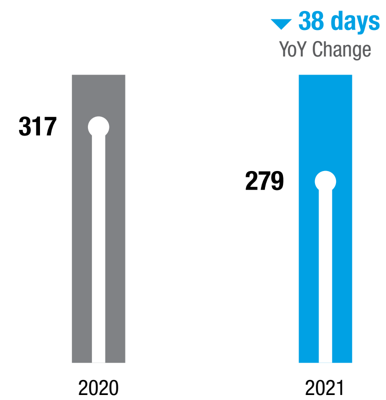
Adjusted EBITDA grew by 29.4% year-on-year to EGP 338.7 million in FY21, yielding an EBITDA margin of 27.2%, down by 0.3 pts primarily on the back of the fall in the Group's GPM during the period, despite a 2.6 pts YoY decline in SG&A expense as percentage of revenues to record 24.4%, in line with management objectives.

Net Income after Minority Interest (EGP mn)



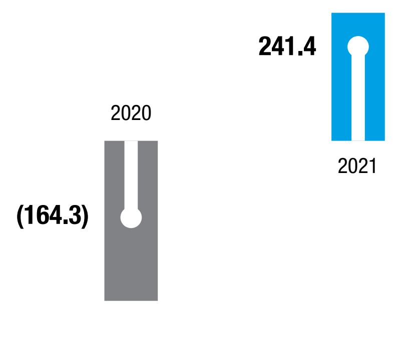
Net profit climbed 61.5% year-on-year to come in at EGP 181.2 million in FY21, yielding an NPM of 14.5% for the period, up by 2.9 pts, with bottom line growth driven by decreasing finance costs, on the back of a declining debt balance, and declining depreciation & amortization expenses driven by a revision in the useful of the Group's fixed assets from 10 to 20 years.

Cash Conversion Cycle (days)



The Group's cash conversion cycle decreased by 38 days year-on-year to 279 days in FY21, in line with management targets and guidance for the year, on the back of a 30-day decrease in inventories DIO, combined with a 17-day decrease in receivables DSO. The effect was partially offset slightly by declining payables DPO by 17 days year-on-year.

Net Operating Cashflow (EGP mn)



Rameda recorded an overall operating inflow of EGP 241.4 million in its net operating cashflow in FY21, compared to an outflow of EGP 164.3 million in the previous year, with the improvement driven by the continuous improvement in the Group's cash conversion cycle, particularly with respect to inventories and receivables.

Our Leadership

Our Leadership

Rameda's management team is comprised of professionals with extensive industry experience, local insights and a customer-centric approach. Although from varied backgrounds, each member of the Group's leadership shares a common goal: to operate with integrity and dedication to improve patients' lives.

2011 – Year Joined

Dr. Amr Morsy
Chief Executive Officer

Dr. Morsy is the Chief Executive Officer of Rameda. He has more than 25 years of experience which covers strategic and operational expertise in the pharmaceutical industry. Dr. Morsy brings to Rameda a wide range of experience in finance, business planning and strategy, human resources, product development, sales, and marketing. Before joining Rameda, Dr. Morsy was the Country Manager of Pfizer Egypt, which he joined in 1995, prior to which, he was a director at Schering-Plough in Saudi Arabia. Dr. Morsy holds a Bachelor's in Pharmacy from Alexandria University and an MBA from Arab Academy for Science and Technology, Alexandria, Egypt. Dr. Morsy also holds a Diploma in Business Development from Harvard Business School.

2019 – Year Joined

Mahmoud Fayek
Chief Financial Officer

Mr. Fayek is the Chief Financial Officer of Rameda. He has worked at Compass Capital since its inception and was integral in the completion of several transactions across the pharmaceutical, financial services and real estate sectors. Prior to joining Compass Capital, Mr. Fayek held several senior positions including CFO and Business Development Director in the manufacturing sector. Mr. Fayek is Chartered Financial Analyst (CFA) charterholder and holds a Bachelor's in Business Administration from the Arab Academy for Science, Technology and Maritime Transport.

2011 – Year Joined

Dr. Amgad Elgabri
Chief Commercial Officer

Dr. Elgabri serves Rameda as its Chief Commercial Officer. Before joining Rameda, Mr. Elgabri was the National Sales Manager at United Company of Pharmacies and Middle East Chemicals specializing in Pfizer products. Prior to that, he held numerous positions at Bristol Myers Squibb including Area Sales Manager, Field Force Manager and Medical Representative. Mr. Elgabri holds a degree in Veterinary Medicine from Cairo University.

2021 – Year Joined

Osama Hussein
Marketing Director

Osama Hussein joined Rameda in 2021 as its Marketing Director. Previously the Regional Marketing Manager at Pfizer Africa and the Middle East region based in Dubai, he brings with him more than 25 years of experience in the pharmaceutical industry covering multiple geographies. Prior to his promotion to Regional Marketing Manager, he held various positions within Pfizer, including Marketing Manager at Pfizer Saudi Arabia. Mr. Hussein holds a bachelor's degree in medicine and Surgery from Ain Shams University.

2014 – Year Joined

Dr. Ossama Heiba
Site Director

Dr. Heiba is the Site Director of Rameda's production facility. Prior to joining Rameda, Dr. Heiba was the Plant Manager at Tabuk Pharmaceutical in Sudan. Prior to that, he held the positions of Production Manager and deputy Plant Manager at Tabuk Pharmaceutical, Saudi Arabia and T3A Pharmaceutical. Dr. Heiba was also the Head Assistant for Solid Dosage Forms at EIPICO.

2013 – Year Joined

Saied Eisa
Engineering Director

Eng. Eisa is the Engineering Director at Rameda. Prior to this, he was the Engineering Director at Mepaco Pharmaceutical. He also held the position of Engineering Director at Delta Pharma. Mr Eisa holds a Bachelor's of Science in Mechanical Engineering from Zagazig University, Egypt.

2017 – Year Joined

Ehab Wasfy
Human Resources Director

Dr. Wasfy is the Group's Human Resources manager. Before joining Compass Capital, Dr. Wasfy was the human resources manager at Takeda Pharmaceuticals. Prior to that, he led the commercial trade channel at Merck Sharp & Dohme. He was also a Sales Manager at Schering Plough. Dr. Wasfy holds a Bachelor of Science in Pharmacy from Cairo University.

2019 – Year Joined

Yasmine Negm
Head of Institutional Investor Relations & Corporate Governance

Ms. Negm brings to Rameda more than 17 years of experience in investor communications, previously working at Qalaa Holdings as a Senior Communications Manager where she spent five years co-managing the company's communication strategy throughout its transformation from a leading private equity firm to an investment holding company with a portfolio of 55 companies. Ms. Negm also held the post of Communications and Public Affairs Manager at CEMEX Egypt. During 2008-2012, Ms. Negm worked at Orascom Telecom Holding as the Group Corporate Sustainability Manager. She holds a Bachelor's degree in Political Science and a Master's Degree in Economic Development from the American University in Cairo. Ms. Negm is a certified IR Professional from the Investor Relations Society in the UK and an IWF Global Fellow for the class of 2021/22. She is also a certified Corporate Director from the EIOD-IFC Corporate Director Certification Program.

2019 – Year Joined

Emad Adel
Internal Audit, Risk Management & Compliance Director

Mr. Adel is the Director of Internal Audit at Rameda. Before joining the Group he held various positions with Middle East Glass (MEG) Group including Internal Audit & Process Validation Senior Manager, Internal Audit Manager, and Internal Control and SOX Senior Supervisor. Mr. Adel holds a Bachelor of Commerce from Ain Shams University and is a Certified ISO 31000 Risk Management Professional.

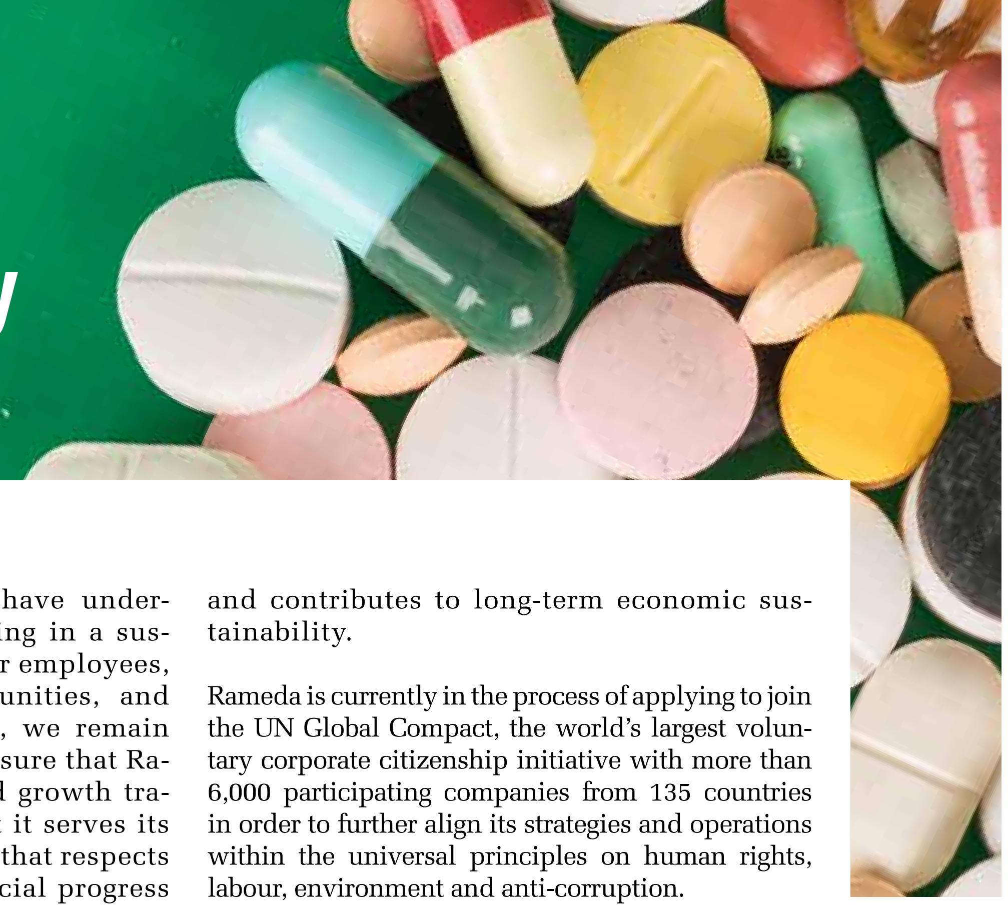
2011 – Year Joined

Khaled Abdel Hamid
Business Technology Director

Eng. Abdel Hamid serves as the Business Technology Director for Rameda, a position he has held for the last 9 years. Prior to joining Rameda, he was the Project Manager at United OFOQ and IT General Manager at Helwan Cement. He has also served as the Project Manager at Ghabbour Group. Mr. Abdel Hamid holds a Bachelor of Science in Automatic Control & Computer Science from Ain Shams University.

Sustainability

Sustainability



Overview

Since Rameda's founding, we have understood the importance of operating in a sustainable manner that benefits our employees, investors, environment, communities, and patients we serve. Accordingly, we remain steadfast in our dedication to ensure that Rameda's businesses practices and growth trajectory are sustainable, and that it serves its patients and clients in a manner that respects the environment, encourages social progress and contributes to long-term economic sustainability.

Rameda is currently in the process of applying to join the UN Global Compact, the world's largest voluntary corporate citizenship initiative with more than 6,000 participating companies from 135 countries in order to further align its strategies and operations within the universal principles on human rights, labour, environment and anti-corruption.

SDGs We Champion

Good Health & Wellbeing

We contribute toward improving the health of populations both locally & regionally through the provision of reliable pharmaceutical and nutraceutical products.

Refer to pages 50-51 for more

Quality Education

We provide comprehensive professional learning and development programs to our employees through Rameda's Learning & Development Academy.

Refer to pages 56-57 for more

Gender Equality

We provide equal job opportunities regardless of gender, while making Rameda a safe and rewarding workplace for women.

Refer to pages 55 & 58 for more

Clean Water & Sanitation

We installed new in-house wastewater treatment station to be operational by April 2022 in order to minimize liquid waste discharge and our stress on freshwater sources.

Refer to page 53 for more

Affordable & Clean Energy

We began substituting our use of diesel for natural gas in 2021 to power some of the key systems at our primary factory.

Refer to page 53 for more

Decent Work & Economic Growth

This is fostered through the promotion of a work-life balance, occupational health and safety initiatives and by promoting health management among our employees.

Refer to pages 54-59 for more

Reduced Inequalities

We strive to provide a safe work environment that fosters equal opportunities and respect for all regardless of gender, social class, religion, or culture.

Refer to pages 55 & 58 for more

Responsible Consumption & Production

We are continuously working to ensures the efficient use of environmental resources while limiting waste and fossil fuel emissions during the production process.

Refer to pages 52-53 for more

Climate Action

We have embarked on a number of initiatives aimed at reducing the amount of toxic pollutants it releases into the environment, both in air and ground.

Refer to pages 52-53 for more

Peace, Justice & Strong Institutions

We promote an ethical culture where people are expected to act with integrity and put patients first

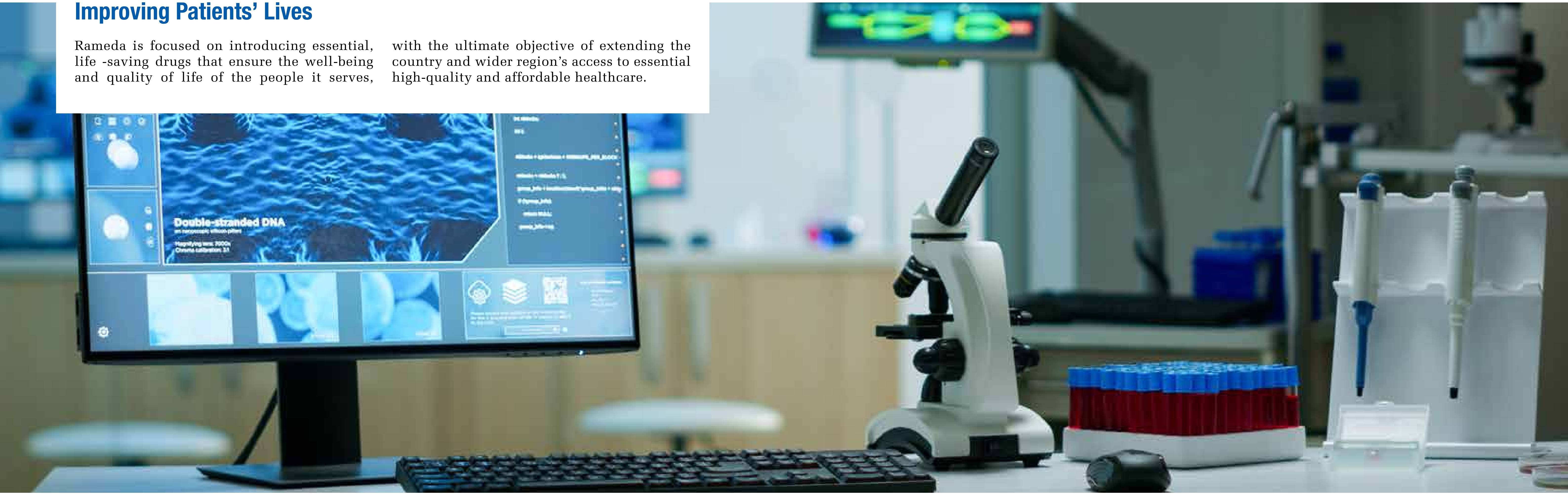
Refer to pages 50-51 & 60-65 for more

Stakeholder Engagement

Rameda firmly believes that utilizing a variety of communication channels, mediums, and platforms to systemically engage, and build relationship with its major internal and external stakeholders regarding social, environmental and governance matters, will ultimately enhance and strengthen the Group's business practices. This continuous conversation serves as the foundation of our responsible business practices and is a key driver for supporting and bolstering the Group's sustainability agenda. On this front, in addition to Rameda's quarterly ESG reports, the Sustainability section in this year's annual report has been drafted with the objective to strengthening its ESG disclosures by complying with a majority of the Egyptian Financial Regulatory Authority's (FRA) new reporting guidelines, one year before it officially comes into effect, in order to provide a more comprehensive view of our ESG framework.

Improving Patients' Lives

Rameda is focused on introducing essential, life -saving drugs that ensure the well-being and quality of life of the people it serves, with the ultimate objective of extending the country and wider region's access to essential high-quality and affordable healthcare.



Quality Management

As a sizeable pharmaceutical manufacturer with an ever-growing footprint, product quality and patient safety remain are our upmost priorities. By outlining clear requirements within our policies, specifications, and programs to guide the Group's operations, Rameda's proactive quality assurance framework is aligned with the highest standards in product safety. Our quality assurance team adheres to rigid guidelines across the supply chain, from inspection and quarantine of APIs and other raw materials to the quarantine, warehousing, and distribution of the finished product. Moreover, in our efforts to ensure that our patients receive safe, high-quality pharmaceuticals, the Group is continuously enhancing its manufacturing process, equipment, and relevant employee training.

The Group's manufacturing facilities have an established Quality Management System, designed to ensure that our products are manufactured to a high standard and in compliance with the relevant regulatory requirements. Rameda is currently ISO 9001:2015 certified by the International Organization for Standardization and all pharmaceutical and nutraceutical products which leave our GMP-compliant facility are manufactured and controlled in accordance with the guidelines set out by the World Health Organization (WHO), while the integrity and security of our products are protected by our compliance with Good Distributing Practices (GDP). In 2021, Rameda upgraded its quality control labs became to become fully licensed by the EDA in August. The labs, which consist of a chemical and microbiological lab, were upgraded with the relevant equipment to comply with the most recent GMP regulations.

A fundamental driver of the success of our quality assurance and management process, is our employees' awareness of Rameda's quality management best practices and their adherence to it, which is why we dedicate significant time and resources toward educating colleagues throughout Rameda on our approach to quality culture. By ensuring that our employees adopt our best practices with regards to Rameda's quality culture during their day-to-day activities, we can ensure that all decisions will be taken with the best interest of Rameda's patients in mind.

Internal & External Audits

A key layer in our ability to ensure the stable supply of safe and effective pharmaceuticals manufactured to the highest standard lies in our all-encompassing risk assessment process. Rameda encourages regular self-inspection and conducts annual internal audits at its production facility. By tracking quality issues, analyzing metrics to identify trends, concerns, and risks, designing and examining key performance indicators, as well as leveraging accurate and reliable data analytics, the Group is able to drive superior quality management action and deliver the quality pharmaceuticals that its patients have come to expect of it.

As an Egyptian-based pharmaceutical manufacturer, our production cycle is tightly regulated by the MOH and subject to periodical audits in addition to the inspection and approval of raw materials and finished products. We are also subject to audits from foreign ministries of health in order to open into and maintain our export markets. We have passed the necessary audits to export in Iraq, Yemen, select Levant markets, Libya, Jordan, Palestine, Niger, Uganda and South Sudan. Moreover, we have passed several annual key production audits which were conducted by our roster of multinational third-party clients, such as Sanofi and Hikma, seeking toll manufacturing services from the Group.

Environment

Rameda's Corporate Environmental Policies

Rameda has maintained an emphasis on building sustainable business practices driven by its commitment to preserve natural resources and minimize the environmental impact of its operations. Our corporate environmental policies ensure that we adhere to regulations set by the relevant national authorities, as well as employ and align with best practices related to environmental protection standards. On this front, the Group holds the ISO 14001:2015 Environment Management Systems certification across all of its factories, which are located adjacent to one another within the industrial zone of 6th of October City, far from residential areas. Rameda's operations are compliant with Egypt's governing environmental law, its key points outlining minimal permissible emission and volume levels related to production, licensing to handle hazardous substances and the treatment of waste, among others. Moreover, we employ a systematic approach to monitoring our water consumption, and carbon and carbon dioxide emissions.

Rameda measures its carbon emissions (including Tier 1 CO2 emissions), its electricity and water consumption, and sets targets to reduce each on an annual basis. Rameda also implements internal policies for waste recycling and water and energy consumption.

	2020	2021
Carbon Emissions (000 mg/m³)	667.8	739.8
Carbon Dioxide (Tier 1) Emissions (%)	37.1%	41.1%
Electricity Consumption (mn kWh)	20.0	19.7
Water Consumption (m³)	246,221	342,884

Environmental Risk Assessment

Further to joining the UN Global Compact, Rameda intends to join Care for Climate in 2022, an initiative spearheaded by the UN Global Compact together with UNEP and the secretariat of the UNFCCC, that helps shape the engagement of businesses with climate change. The initiative focuses on enhancing the role of businesses in identifying the risks of climate change, finding strategic solutions to reduce Rameda's footprint, and collaborating with public bodies and other entities influencing public policy. Caring for Climate is the world's largest initiative for business leadership on climate change with a membership of over 400 companies from 60 countries.

While Rameda does not currently assess climate change risks, joining the initiative sets in motion a new phase within the organization and reaffirms our commitment to the principles of the UN Global Compact.

Through the initiative, the Group will pledge to improve the efficiency of its energy consumption and to reduce its carbon footprint, to understand the implications of climate change on our business and develop a strategy to mitigate the risks, to actively engage with local governments to develop policies that allow companies to build a low-carbon and climate-resilient economy, to collaborate with other companies to create initiatives that minimize climate risks, and to take an active leadership role within our business environment to implement climate action.

Recent Initiatives

Rameda has spent a combined EGP 10.0 mn in 2020 and 2021 on environmental initiatives aimed at reducing the Group's water use and carbon footprint.

Water Treatment Station

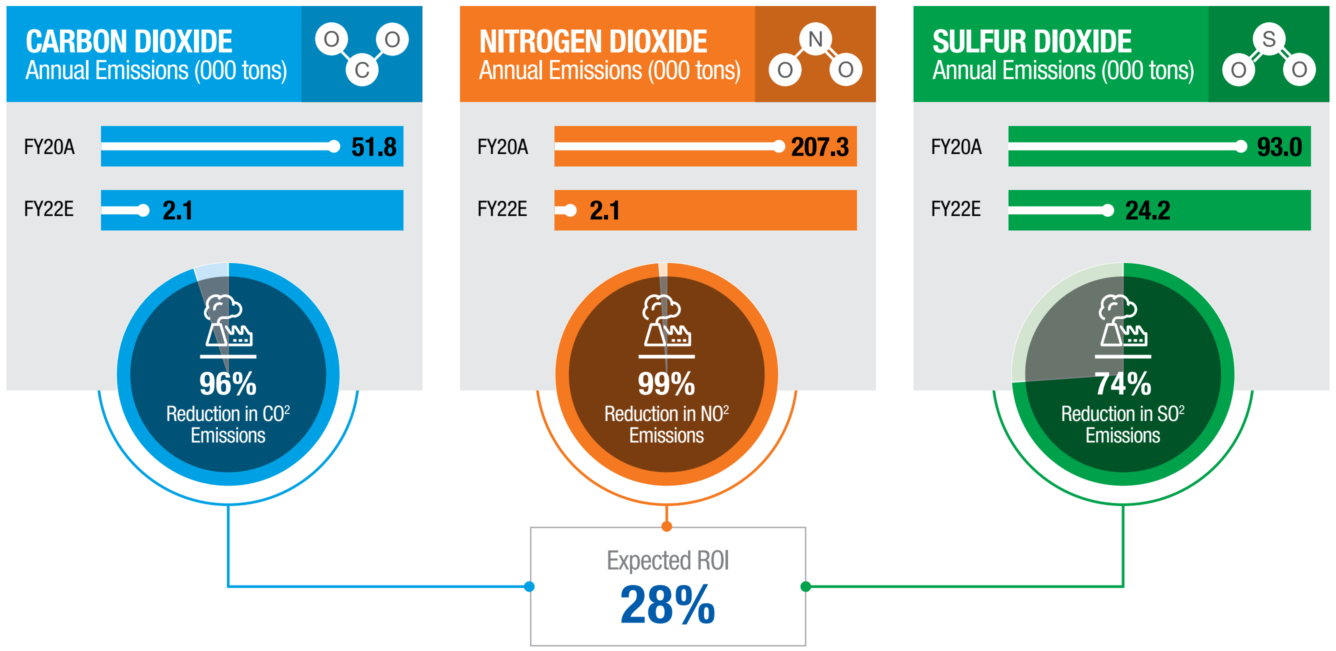
In 2021, Rameda partnered with El Watania Water Technologies, an Egyptian-based manufacturer of integrated water treatment plants with more than 17 years of experience in the field of water technology, for the development of a high precision a water treatment station, which is expected to be fully functional by April 2022.

With wastewater traditionally being a major waste stream for Rameda, the treatment station will minimize the possibility of potential diseases by eliminating disease-causing bacteria and killing harmful organisms and enabling the Group to reduce its stress on freshwater sources such as groundwater and rivers by reducing the Group's current annual water consumption by up to 50%.

Natural Gas Project

During 2021, Rameda finalized an agreement with Egypt's national oil company (EGPC), the Industrial Development Authority (IDA), and Egypt's largest privately owned gas distribution company, NATGAS to begin substituting its use of diesel for natural gas. Rameda's natural gas project was focused on switching the power source for its production facility's HVAC systems and boilers, which traditionally utilized more than 2 million liters of diesel per year, from diesel to natural gas.

Completed at the end of 2021, the project was developed in partnership with NATGAS and under the auspices of the Egyptian Environmental Affairs Agency and the Industrial Development Authority (IDA). Moreover, the Tabbin Institute for Metallurgical Studies (TIMS) acted as the technical consultant for Rameda. The initiative is expected to see Rameda reduce its consumption of diesel by approximately 2 million liters per year resulting in the projected decreased carbon dioxide, sulfur dioxide, and nitrogen dioxide emissions by 95%, 99% and 75% respectively in 2022.



Social

Rameda recognizes every employee's realization of self-worth throughout their career. We fully protect the rights and interests of our employees and strive to provide a safe, healthy, and welcoming working environment.

The linchpin of our success over the years has been our people, who have time and again proven that their continued leadership and commitment to operational excellence is the key to maintaining Rameda's growth trajectory and the Group's ability to continuously deliver on its strategies. As such, Rameda places great emphasis on hiring, training, motivating, and retaining exceptional talent. We acknowledge that one of the cornerstones of the Group's success stems from its diverse workforce, who come from all walks of life, which is why we ensure that we place health, safety, professional development, work-life balance, and equitable, respectful treatment as high priority areas for all our employees. Furthermore, we encourage an open dialogue between employees and their management in order to ensure that our employees in all levels of the organization have a voice and are empowered to continue growing both personally and professionally within the Group.

Rameda offers a dynamic work environment, offering competitive compensation and benefits packages, as well as clear paths for growth and career advancement within the organization. We also believe that all businesses have a responsibility to invest in the development of their human capital, which is why we regularly reward our employees with training and educational opportunities that will help propel them forward in their career path. Rameda's HSE policy falls in line with both Egyptian Labour Law as well as the US' Occupational Safety & Health Administration (OSHA) and the International Labour Organization (ILO).

Key Employment Indicators in 2021

>1,800
employees

7%
Part-time/contract employees

23%
Overall turnover

20%
Voluntary turnover

Investing in Growth

As a responsible manufacturer of pharmaceutical products, we believe in the consistent enrichment of our employees across all levels in matters related to the Group's operations. Our people help deliver our purpose with their scientific and technical know-how, expertise in regulation, intellectual property and commercialization, marketing and merchandising, and other functions of Rameda's business which help drive growth. In 2018, we launched the Rameda Learning and Development Academy (RLDA), an in-house teaching institution licensed by the Canadian Corporate Training Organization, a division of Global Courseware Inc. of New Glasgow. Through the RLDA, we provide comprehensive professional learning and development programs in both classroom and lab settings to our employees. We are pleased to report that our continuous efforts to develop the Academy curriculum has seen us train 1,720 attendees in 2021, as we continue to monitor and improve these educational resources with an ear to both scientific and technical developments and the demand dynamics across our markets.

Key Training Indicators in 2021

54	1,720	1,344	70
Training programs	Overall attendees	Aggregate training hours	ESG-related training hours

Programs Offered at Rameda Learning & Development Academy (RLDA)

- Introductory Program
- Sales Management
- Business & Marketing
- Medical Management
- Regulatory Affairs
- Plant Management
- Medical Sales Representative
- Executive Programs

We also offer training courses through third-parties for employees requiring more tailored solutions to their learning and development. These courses are provided primarily through LEADS Group, the Middle Eastern partner for the Centre for Management and Organization Effectiveness (CMOE). Based in the United States, the CMOE is one of the most reputable management and leadership development institutions globally, specializing in leadership training, team development, executive coaching, employee development, and organizational development and strategy.

Third-party Training Programs

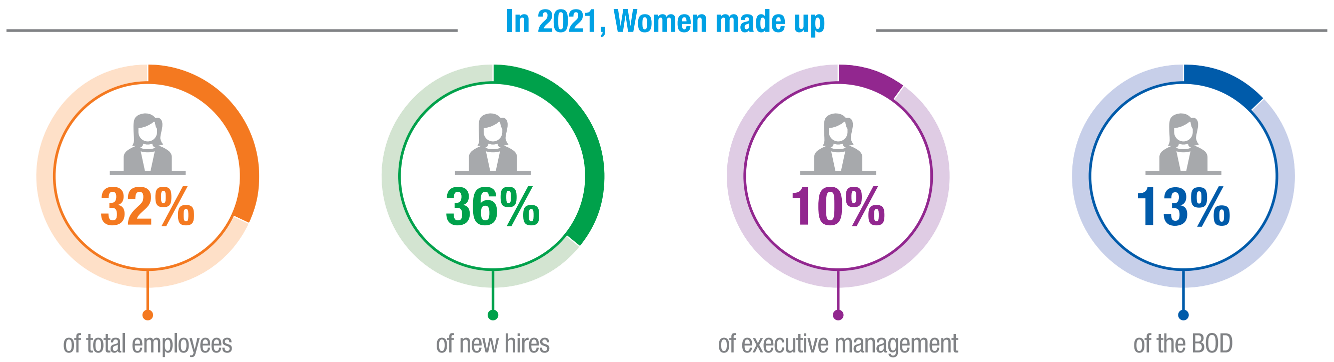
- Finance
- Digital marketing
- Consumer behavior
- HR Management
- Environment Management Systems (ISO 14101)

Furthering Tolerance and Diversity

Rameda prides itself on being an equal opportunity employer and recognizes that its success is driven by the contributions of its people, who come from various diverse backgrounds and form the backbone of the Group's innovative corporate culture. Rigid policies have been put in place to ensure that all kinds of discrimination and harassment are not tolerated, and we focus on educating all new and existing hires periodically on the Group's diversity, inclusion, non-discriminatory, and anti-harassment policies to ensure that they embody them throughout their journey at Rameda. On this front, all employees are mandated to comply with the all the policies and guidelines in Rameda's Code of Conduct handbook, which outlines the ethical principles that govern our decisions and behavior at Rameda, and provides specific guidance for handling workplace issues, such as harassment, safety and conflicts of interest, among others.

The Group has a key focus on bridging the gender gap at the workplace between men and women. Women comprised 32% of Rameda's total workforce in 2021 and 36% of new hires during the year. Parallel to the Group's hiring efforts to narrow the gender gap, we also encourage our female employees to pursue executive level positions at Rameda. Currently, 13% and 11% of our executive and board positions respectively are filled by females. Key principles and approaches include:

- Flexible work schedules and part-time opportunities based on family needs
- Equal wages for equal work and experience irrespective of gender
- Maternal leave policy as per the Egyptian law
- On-site nursery (daycare) to support return to work from maternity leave
- Effective career mapping for women to management and executive positions



Putting Safety First

Rameda regularly engages its staff in events and training seminars aimed at building a Group-wide culture of safety, in line with its dedication to ensuring its employees, visitors, and contractors operate in a healthy and safe work environment. We are fully committed to fostering health, safety, and welfare in the workplace as well as arming our people with the required knowledge and skill set to fulfil their responsibilities. On this front, Rameda's proactive Health and Safety Management system aligns with the highest standards in occupational safety and health by outlining clear requirements for the policies, specifications and programs to guide its operations, from working with biological and chemical materials to the operation of laboratory equipment and safe warehousing practices. Our Health and Safety Management system is routinely reviewed and updated to ensure continuous improvement and innovation while adhering to the latest legislation and best practices.

Promoting Wellness and Togetherness

We recognize that in order for our people to continuously deliver their best, we have to ensure that their surrounding environment promotes a balanced lifestyle. As such, the Group has cultivated a work environment that encourages collaboration and communication between senior management and Rameda's employees. This open dialogue is aimed at supporting our people in successfully integrating their careers and private lives in a manner that allows Rameda's employees to balance life priorities and improve workplace flexibility. Rameda prides itself on the efforts it has undertaken to ensure stable work-life balance, from creating part-time positions to increasing support for remote-work, the Group is focused on maintaining an environment that fosters innovation and promotes the well-being of its people.

Impact Investing

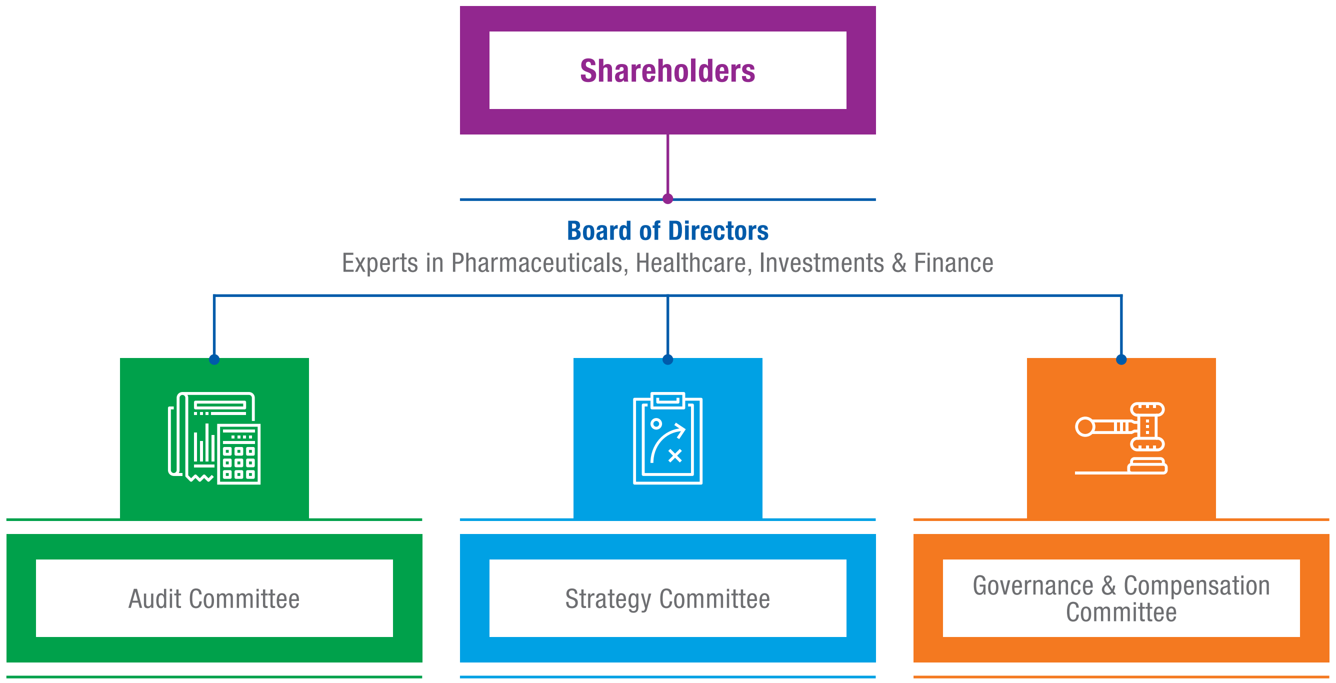
While Rameda does not currently have an explicit impact investing framework in place, the company is committed to positively impacting the communities where it operates and to leave a lasting and meaningful impression. Rameda supports medical convoys by donating medicine to local NGOs across Upper and Lower Egypt in partnership with the Ministry of Health.

Governance

Overview

The management and Board of Directors of Rameda believe that operating the Group in a reliable, efficient, transparent and ethical manner enhances our ability to foster sustainable growth and create value for our stockholders. To ensure that our shareholders' interests are comprehensively and effectively protected, the Board of Directors enforces a strong corporate governance framework, whose guidelines conform to the highest global standards and prioritize the values of accountability, transparency and integrity. These values inform the relationships between the Group's board of directors, its management, shareholders and other stakeholders. Rameda's corporate governance frameworks and procedures are continually reviewed to ensure that the Group is in line with the latest standards adopted internationally.

Corporate Governance Framework



In compliance with its public listing on the Egyptian Stock Exchange (EGX), the corporate affairs of Rameda are regulated under Law No. 159 of 1981 and its Executive Regulations as well as the Companies Law, the Egyptian Capital Market Law, the EGX Listing Regulations as well as other applicable laws governing companies incorporated across Egypt. The Group is required to publish annual and quarterly financial statements prepared as per the Egyptian Accounting Standards (EAS). The Group also provides the Financial Regulatory Authority (FRA) and the EGX with notices of any material developments in addition to providing the EGX with minutes of the Group's ordinary and extraordinary general assembly meetings.

Our Board of Directors

Board Composition

Name	Position	Initial Year of Appointment
Ayman Abbas	Chairman, Non-executive Director	2011
Dr. Amr Morsy	CEO, Executive Director	2011
Mahmoud Fayek	CFO, Executive Director	2019
Shamel Aboul Fadl	Non-executive Director	2011
Dr. Mohamed Farouk	Non-executive Director	2016
Karim Zahran	Non-executive Director	2016
Tarek Abdelrahman	Non-executive Director	2018
Hatem Soliman	Independent Director	2019
Farida Khamis	Independent Director	2020

The role of the Board is to develop and cultivate the value, ethics and culture of Rameda, set the Group's strategic goals and ensure that the necessary resources are in place to effectively meet its set goals. The Board is also responsible for the assessment and establishment of the necessary controls to effectively manage the Group's risk. The Board monitors the performance of the business and management against its strategic objectives with the ultimate objective of creating and delivering shareholder value.

Rameda's Board of Directors brings together a diverse group of individuals with broad expertise and deep industry and financial experience and comprise a total of 9 seats; two executive and seven non-executive members, two of whom are independent.

Ayman Abbas
Non-Executive Chairman

Mr. Abbas is Non-Executive Chairman on the board of Rameda. He is also Chairman of ADES, an LSE-listed oil services company he founded and was instrumental in transforming it into a regional player. He has held managerial positions within the oil and gas industry since 1998, where he co-founded and served as board member of the Egyptian Chinese Drilling Company (ECDC). Mr. Abbas also serves as a board member of Advansys Systems, a group focusing on the provision of solutions for the oil and gas industry. Beyond oil and gas, he served as Managing Partner at Invensys for Engineering and Services Egypt, focusing on outsourcing technology and engineering services worldwide. In addition to Rameda, Mr. Abbas serves as a member of the board at Advansys Engineering, M2, and Bonyan for Development & Trade. Mr. Abbas holds a Bachelor's Degree in Arts and Mass Communications from the American University in Cairo

Dr. Amr Morsy
Executive Director & Group CEO

Dr. Morsy is the Chief Executive Officer of Rameda. He has more than 25 years of experience that covers strategic and operational expertise in the pharmaceutical industry. Dr. Morsy brings to Rameda a wide range of experience in finance, business planning and strategy, human resources, product development, sales, and marketing. Before joining Rameda, Dr. Morsy was the country manager of Pfizer Egypt, which he joined in 1995, prior to which, he was a director at Schering-Plough in Saudi Arabia. Dr. Morsy holds a Bachelor's in Pharmacy from Alexandria University and an MBA from Arab Academy for Science and Technology, Alexandria, Egypt and a Diploma in Business Administration from Harvard Business School.

Mahmoud Fayek
Executive Director & Group CFO

Shamel Aboul Fadl
Non-Executive Director

Dr. Mohamed Farouk
Non-Executive Director

Karim Zahran
Non-Executive Director

Mr. Fayek serves as the Chief Financial Officer of Rameda. He has worked at Compass Capital since its inception and was integral in the completion of several transactions across the pharmaceutical, financial services and real estate sectors. Prior to joining Compass Capital, Mr. Fayek held several senior positions, including CFO and Business Development Director in the manufacturing sector. Mr. Fayek is a Chartered Financial Analyst (CFA) charterholder and holds a Bachelor's in Business Administration from the Arab Academy for Science, Technology and Maritime Transport.

Mr. Aboul Fadl is the founder and Chairman of Compass Capital, a financial services firm established in 2010, with experience in a multitude of industries including pharmaceuticals, financial services, and real estate. Prior to joining Compass Capital, Mr. Aboul Fadl was a Managing Partner at Pharos Holding, where he played a key role in developing the company into a full-fledged investment bank. He was Founder and Managing Partner of Paragon Asset Management, an independent asset manager in Switzerland. Mr. Aboul Fadl also served as Vice President at Citigroup in Switzerland and Vice President at Mansour and Maghraby Investment and Development where he was responsible for private equity investments. Mr. Aboul Fadl holds a Bachelor of Science in Construction Engineering from the American University in Cairo and an MBA from Wharton Business School, University of Pennsylvania.

Dr. Farouk is a Non-Executive Director on the board of Rameda. Dr. Farouk is currently the Chief Executive of ADES, an LSE-listed Egyptian oil and gas company that provides offshore and onshore drilling services for the MENA region. He led the firm's expansion, transforming ADES into a leading international rig operator. Prior to this, Dr. Farouk was Vice President at Invensys Operations Management based in Texas. He also served as Director of Invensys Global Engineering Excellence Centers in Egypt, India, China, and Argentina. Dr. Farouk holds a Bachelor of Science and a Masters degree in Electrical Engineering from Cairo University. Dr. Farouk completed his Ph.D. in Systems Engineering and Control at Case Western Reserve University in Ohio.

Mr. Zahran is the Chief Executive Officer of Zahran Group, a diversified group with interests in foodretail and household goods. He spearheaded the restructuring and positioning of Zahran in the Egyptian market. Prior to this, Mr. Zahran has held roles with HSBC Securities in New York where he focused on US based hedge funds and mutual funds investing in the EMEA region. Mr. Zahran holds a Bachelor of Science in Business Administration with a concentration in Finance and a Bachelor of Arts in Economics from Boston University.

Tarek Abdelrahman
Non-Executive Director

Mr. Abdel Rahman is the Managing Partner at Compass Capital, a leading private equity firm in Egypt. Prior to joining Compass Capital, Mr. Abdel Rahman spent five years as the CEO of Palm Hills Development, where he led the successful turnaround of the company. Mr. Abdel Rahman spent over 20 years within the financial sector and was a founding partner of Akanar Partners, a dedicated corporate finance and M&A advisory firm. Mr. Abdel-Rahman also held the post of Director and Co-Head of Beltone Investment Banking. He was an Associate in the Infrastructure and Energy Finance Department with Citigroup based out of London. Prior to that, he held key posts with EFG Hermes Private Equity and the Corporate Banking department of HSBC Egypt, where he had begun his career. He currently serves as the Chief Executive Officer of Bonyan for Development & Trade and as Non-Executive Member of the board of directors of Palm Hills Development. Mr. Abdel Rahman holds a BA in Business Administration from the American University in Cairo and an MBA from London Business School.

Hatem Soliman
Independent Non-Executive Director

Mr. Soliman is an independent non-executive director at Rameda. He also currently sits on the boards of Ocyan-SA in Rio de Janeiro – Brazil, ADES Group, Exterran in Houston – USA and Energy and Mining Investments (EMI) based in Dubai. Mr. Soliman brings with him more than 37 years of experience in engineering and management with Schlumberger. He has held multiple roles with the group including Senior Advisor to Schlumberger Global CEO, Executive President for the Middle East and Latin America. Executive president for Schlumberger Testing Services globally. He also previously served as President and Managing Director for Venezuela, Trinidad and the Caribbean and for Colombia, Peru, and Ecuador. In 2016 and 2017, he was recognized as one of the Middle East's Top 100 Executives by Forbes Middle East. Mr. Soliman holds a Bachelor's in Electrical Engineering from Helwan University.

Farida Khamis
Independent Non-Executive Director

Ms. Khamis serves as a Non-Executive Director on the board of Rameda. She currently holds the role of Vice President of Corporate Financing at Oriental Weavers, brining with her many years of experience in investor relations having served as Investor Relations and International Business Director at the leading local textile company. She also serves as a board member for a number of Oriental Weavers subsidiaries. Ms. Khamis is a member of numerous business associations including the European Business Council and Egypt's International Economic Forum and is a member of the Young President's Organization (YPO), participating in the organization on both regional and international levels. She is also a founder and board member of the Kayrazad Organization for Social Care. Ms Khamis holds a bachelor's degree in Business Administration from the American University in Cairo and has completed training modules at Citibank in New York and EFG Hermes' credit course.

Board Committees

Committee	Chairman	Members
Audit Committee	Hatem Soliman	Shamel Abou Fadl– Farida Khamis
Strategy Committee	Dr. Amr Morsy	Shamel Abou Fadl – Ayman Abbas
Governance & Compensation Committee	Hatem Soliman	Dr. Mohamed Farouk – Shamel Abou Fadl

Audit Committee

The Group's audit committee is headed by nonexecutive director, Hatem Soliman, alongside two members of the Board, Shamel Abou Fadl and Farida Khamis, ensuring complete objectivity in its corporate governance and overseeing responsibilities in relation to Rameda's financial reporting, internal control system, risk management system and internal and external audit functions. Its role is to advise and assist the Board in fulfilling its oversight responsibilities in connection with the Group's compliance and internal and external audits, ensuring mechanisms, procedures, plans and results are up-to-date and follow the latest in reporting standards.

The committee is also responsible for the inspection of the methods that are used in preparation of the periodic and annual financial statements, offering prospectus, public & private offering of securities and estimated balance sheets (that include cash flows and estimated income). This comes alongside the inspection of the preliminary draft of the financial statements before presenting to the board and prior to submitting to the auditor. The committee also oversees (and determines the expense of) the appointment of the auditor and if necessary, issues related to the auditor's resignation or removal to ensure that such processes do not infringe the law, and granting permission of appointment for the auditor to carry out services on behalf of the Group if such services were to extend past the revision of the financial statements or impact estimated costs, while ensuring these do not infringe upon their independence. After the auditor's report is published, the committee is tasked with reviewing it and discussing its substance. The committee is responsible for understanding what was noted in the report's comments, notes and reservations and to then follow up with the Group's senior management and auditor to ensure that the necessary steps to resolve any issues were implemented correctly. Finally, the committee is responsible for the submission to the board of a report by non-conflicted, competent experts concerning all transactions for related parties, including their nature, and the extent to which such transactions effect the Group or its shareholders' interests. The audit committee is required to meet at least four times per year.

Strategy Committee

The primary functions of the Strategy Committee, headed by CEO and Executive-director Dr. Amr Morsy, are to assist the Board in fulfilling its oversight responsibilities in connection to the Group's long-term strategy, the potential risks and opportunities related to said strategy, and to assess strategic decisions regarding potential investments, acquisitions and divestures. The committee also works with the Chief Executive Officer to oversee the development of the Group's strategy and to provide guidance for the strategic planning process. The committee's role is to ensure that the strategic implementation plan is developed, adhered to, and imbedded in the organization, as well as monitor the Group's progress against its strategic goals and, when necessary, provide feedback.

Governance and Compensation Committee

The Governance and Compensation Committee is headed by nonexecutive director, Hatem Soliman, alongside two additional members – Dr. Mohamed Farouk and Shamel Abou Fadl, with all three members of the committee being nonexecutive directors of the Group. The primary functions of the governance and compensation committee are to assist the Board in fulfilling its oversight responsibilities in relation to the corporate governance of the Group, oversee process of determining the size, composition and structure of the board and its committees. The committee also leads the director nomination process and oversees the orientation and continual training of directors. Finally, the committee is also tasked with assessing matters involving conflicts of interest and transactions from related parties. In parallel, the committee is also tasked with deciding compensation packages for the Group's senior management up to managing director level, the total compensation for officers and employees, as well as overseeing the Group's human resources policies and procedures. The governance and compensation committee meets on an as-needed basis, with no annual minimum meeting requirement.

Financial Statements

Auditor’s report on the consolidated financial statements

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 2021, 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 2021, 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.

Cairo: 24 February 2022

Consolidated statement of financial position

As at 31 December 2021

	Notes	31 December 2021 EGP	31 December 2020 EGP
Assets			
Non-current assets			
Fixed assets and projects under construction	(5)	541,954,828	521,901,281
Right of use assets	(6-A)	13,032,359	16,258,305
Intangible assets	(7)	389,663,289	214,571,373
Total non-current assets		**944,650,476**	**752,730,959**
Current assets			
Inventories	(8)	259,398,338	305,479,563
Trade and notes receivable	(9)	659,403,591	633,522,249
Treasury Bills	(10)	468,010,954	469,349,545
Due from related parties	(31)	25,500	25,500
Prepayments and other receivables	(11)	74,809,972	74,974,518
Cash on hand and at banks	(12)	14,001,699	13,232,834
Total current assets		**1,475,650,054**	**1,496,584,209**
Total assets		**2,420,300,530**	**2,249,315,168**
Equity and liabilities			
Equity			
Paid up Capital	(15)	250,000,000	192,150,000
Legal reserve		26,446,118	20,798,851
General reserves - Issuance Premium	(16)	486,965,000	486,965,000
Other reserves		278,952	278,952
Profits for the year and retained earnings		584,420,299	484,995,947
Total equity of Parent Company		**1,348,110,369**	**1,185,188,750**
Non-controlling interest		(2,621,626)	(1,618,706)
Total equity		**1,345,488,743**	**1,183,570,044**
Liabilities			
Non-current liabilities			
Long term loans	(18)	-	29,549,676
Long term lease liabilities	(6-B)	12,256,160	14,807,299
Deferred tax liabilities	(28)	40,498,236	31,061,481
Total non-current liabilities		**52,754,396**	**75,418,456**
Current liabilities			
Provisions	(13)	14,261,845	12,287,619
Credit facilities	(17)	820,655,235	804,558,554
Current portion of long-term loans	(18)	21,949,676	58,850,000
Current portion of lease liabilities	(6-B)	3,130,595	2,601,924
Trade, notes and other payables	(14)	128,568,694	93,719,707
Income taxes payable		33,491,346	18,308,864
Total current liabilities		**1,022,057,391**	**990,326,668**
Total liabilities		**1,074,811,787**	**1,065,745,124**
Total liabilities and equity		**2,420,300,530**	**2,249,315,168**

Finance Director
Mohamed Abo Amira

Board Member
Amr Abdallah Morsy

The accompanying notes from (1) to (35) are an integral part of these consolidated financial statements.
Auditor's Report Attached.

Consolidated statement of profit or loss

For the year ended 31 December 2021

	Notes	31 December 2021 EGP	31 December 2020 EGP
Revenues	(21)	1,246,434,628	960,169,349
Cost of revenues	(22)	(668,909,524)	(513,583,458)
Gross profit		**577,525,104**	**446,585,891**
Selling and marketing expenses	(23)	(251,984,883)	(214,204,258)
General and administrative expenses	(24)	(51,901,349)	(44,732,538)
Other income	(25)	41,606	1,019,971
Operating profit		**273,680,478**	**188,669,066**
Finance income	(26)	59,973,000	64,160,293
Finance expenses	(27)	(94,817,656)	(100,058,934)
Net foreign exchange gain/(loss)		(596,919)	(1,695,406)
Net finance cost		**(35,441,575)**	**(37,594,047)**
Impairment of trade and notes receivable	(9)	(105,600)	(1,802,092)
Provisions	(13)	(1,250,000)	(1,600,000)
Contribution for health insurance		(3,272,995)	(2,563,370)
Profits for the year before income taxes		**233,610,308**	**145,109,557**
Income taxes	(28)	(53,524,475)	(33,594,619)
Profits for the year		**180,085,833**	**111,514,938**
Attributable to:			
Equity holders of the Parent Company		181,088,753	112,180,469
Non-controlling interests		(1,002,920)	(665,531)
		180,085,833	**111,514,938**
Earnings Per Share - basic and diluted	(29)	**0.1664**	**0.0975**

Finance Director
Mohamed Abo Amira

Board Member
Amr Abdallah Morsy

The accompanying notes from (1) to (35) are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	31 December 2021 EGP	31 December 2020 EGP
Profits for the year	180,085,833	111,514,938
Other comprehensive income	-	-
Other comprehensive income	**180,085,833**	**111,514,938**
Attributable to		
Equity holders of the parent company	181,088,753	112,180,469
Non-controlling interest	(1,002,920)	(665,531)
	180,085,833	**111,514,938**

The accompanying notes from (1) to (35) are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Paid up Capital EGP	Legal reserve EGP	General reserve - Issuance Premium EGP	Other reserves EGP	Retained earnings EGP	Total equity of Parent Company EGP	Non-controlling interest EGP	Total EGP
Balance as at 1 January 2020	192,150,000	16,649,610	486,965,000	278,952	376,964,719	1,073,008,281	(953,175)	1,072,055,106
Transferred to legal reserve	-	4,149,241	-	-	(4,149,241)	-	-	-
Total comprehensive income for the year	-	-	-	-	112,180,469	112,180,469	(665,531)	111,514,938
Balance as at 31 December 2020	**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**
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**

The accompanying notes from (1) to (35) are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2021

	Notes	31-Dec-21 EGP	31-Dec-20 EGP
Cash flows from operating activities			
Profits for the year before income taxes		233,610,308	145,109,557
Adjustments to reconcile profit before tax to net cash flow:			
Net foreign exchange differences		187,866	732,284
Depreciation and amortization	(5,6,7)	46,181,573	56,201,806
Provision charged	(13)	1,974,226	2,823,684
Impairment of trade and notes receivable	(9)	105,600	1,802,092
Impairment of inventory	(8)	18,387,576	18,732,306
Finance income		(59,960,672)	(64,136,566)
Finance expenses	(27)	92,746,112	97,792,446
Unwinding interests of lease liabilities	(27)	2,071,544	2,266,488
Loss from sale of fixed assets	(5)	717,262	138,889
		336,021,395	**261,462,986**
Change in inventories		47,579,708	(100,758,483)
Used of inventory provision		(19,886,059)	(12,874,062)
Change in trade and notes receivable		(29,454,076)	(135,886,877)
Used of Impairment of trade and notes receivable		-	(240,081)
Change in prepayments and other receivables		(6,108,338)	(14,085,872)
Change in trade, notes and other payable		31,511,141	(36,528,764)
Cash flows (used in) provided from operating activities		**359,663,771**	**(38,911,153)**
Debit interests paid		(89,408,266)	(94,947,750)
Provisions used	(13)	-	(500,000)
Income taxes paid		(28,905,238)	(29,965,413)
Net cash flows provided from (used in) operating activities		**241,350,267**	**(164,324,316)**
Cash flows from investing activities			
Payments to acquire fixed assets	(5)	(14,483,900)	(24,946,812)
Payments to acquire assets under construction	(5)	(38,187,101)	(60,038,349)
Payments to acquire intangible assets	(7)	(185,528,408)	(116,136,335)
Payment to acquire treasury bills		(1,057,602,853)	(819,052,935)
Matured treasury bills collection		1,125,175,000	868,000,000
Proceeds from sale of fixed assets	(5)	22,740	67,545
Investment in term deposits	(12)	491,501	(133,961)
Net cash flows (used in) investing activities		**(170,113,021)**	**(152,240,847)**
Cash flows from financing activities			
Credit facilities used	(17)	1,172,462,925	1,047,145,097
Payment of credit facilities	(17)	(1,156,366,726)	(728,922,948)
Payment of long-term loans	(18)	(66,450,000)	(37,450,000)
Dividends paid during the year		(14,700,000)	-
Lease payments paid during the year		(4,735,213)	(4,311,069)
Net cash flows (used in) provided from financing activities		**(69,789,014)**	**276,461,080**
Net change in cash and cash equivalent during the year		1,448,232	(40,104,083)
Net foreign exchange difference		(187,866)	(732,284)
Cash and cash equivalent - beginning of the year		12,625,792	53,462,159
Cash and cash equivalent - end of the year	**(12)**	**13,886,158**	**12,625,792**

The accompanying notes from (1) to (35) are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2021

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.

2. Significant accounting policies

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. Changes in accounting policies

The accounting policies applied during this year are those applied in preparing the financial statements for the year ended 31 December 2020 other than the implementation of the Egyptian Accounting Standard No. (47) "Financial Instruments" in accordance with the decision of the Financial Supervisory Authority as of January 1, 2021, and the nature and impact of these standards and amendments are explained below.

And the early adoption of the new Egyptian Accounting Standards No. 48, "revenue from contracts with customers" and 49 "leases" applied for the year ended 31 December 2020.

2.2.1 Effect of adoption of EAS no. (47) "Financial instruments"

The standard bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

i) Classification and measurement

Under EAS (47), debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: The Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The following are the changes in the classification of the Company's financial assets:

- Trade receivables and other financial assets classified as loans and receivables as at 31 December 2020 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortized cost as of 1 January 2021.

ii) Impairment

The adoption of EAS (47) will fundamentally change the Company's accounting for impairment losses for financial assets by replacing EAS (26) incurred loss approach with a forward-looking expected credit loss (ECL) approach. EAS (47) requires the Company to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The following are the adjustments to the financial position on 01 January 2021:

	EGP
Assets - Trade and notes receivable	(3,467,134)
Equity – Retained Earnings	(3,467,134)

2.3. Summary of significant accounting policies

2.3.1. 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.

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.

2.3.2. 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.

2.3.3. 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.

2.3.4. 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).

2.3.5. 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.

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.

2.3.6. 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.

2.3.7. 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.

2.3.8. 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

2.3.9. 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 be recognized as reduction of cost of sales in the consolidated statement of profit or loss in the period in which the reversal occurs.

2.3.10. 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.

2.3.11. 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.

2.3.12. 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.

2.3.13. 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.

2.3.14. 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.

2.3.15. 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.

2.3.16. 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.

2.3.17. 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.

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.

2.3.18. 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.

2.3.19. 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.

2.3.20. 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.

2.3.21. 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.

2.3.22. 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.

2.3.23. 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.

2.3.24. 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.

2.3.25. 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.

2.3.26. Statement of cash flows

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

2.3.27. 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:

1.3. 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.

2.3. 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.

4. Segment information

Currently the Group's primary business segment is the production and selling of pharmaceutical products which contributes to 94% of total revenue and balance 6% is contributed by toll manufacturing services (31 December 2020: 95% and 5% 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 2021 were reported under two segments in the consolidated financial statements.

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

Year		Sales of pharmaceutical products			
	Services Toll Manufacturing "Domestic" EGP	Export EGP	Domestic Private sales EGP	Tenders EGP	Total EGP
31 December 2021	**77,490,353**	**87,872,886**	**829,081,153**	**251,990,236**	**1,246,434,628**
31 December 2020	50,839,648	49,938,750	659,705,700	199,685,251	960,169,349

Revenue from the top five customers presented 84% of total pharmaceutical products revenues (31 December 2020: 85%).

5. Fixed assets

	Freehold Land EGP	Buildings EGP	Machinery and equipment EGP	Transportation and dragging equipment EGP	Laboratory equipment EGP	Tools EGP	Office furniture and fixtures EGP	Assets under construction EGP	Total EGP
Cost									
As of 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 of 31 December 2021	**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**
Accumulated depreciation									
As of 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 of 31 December 2021	**-**	**(66,075,076)**	**(163,135,409)**	**(10,890,741)**	**(8,406,398)**	**(2,234,098)**	**(17,874,916)**	**-**	**(268,616,638)**
Net book value as of 31 December 2021	**18,637,425**	**207,266,030**	**251,638,093**	**2,479,157**	**19,855,364**	**3,788,879**	**11,248,495**	**27,041,385**	**541,954,828**

- 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 as of 31 December 2021 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
	31,877,452

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	**(717,262)**

	Freehold Land EGP	Buildings EGP	Machinery and equipment EGP	Transportation and dragging equipment EGP	Laboratory equipment EGP	Tools EGP	Office furniture and fixtures EGP	Assets under construction EGP	Total EGP
Cost									
As at 1 January 2020	18,637,425	227,835,573	313,603,694	12,411,128	17,129,924	3,754,591	21,797,612	66,327,646	681,497,593
Additions	-	6,992,398	8,432,595	681,500	2,974,732	1,293,386	4,572,201	60,038,349	84,985,161
Transferred from assets under construction	-	22,397,417	76,089,143	-	526,239	645,928	117,450	(99,776,177)	-
Disposals	-	-	(413,461)	(66,800)	(338,452)	(4,600)	(1,101,950)	-	(1,925,263)
As at 31 December 2020	**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**
Accumulated depreciation									
As at 1 January 2020	-	(50,634,122)	(113,601,464)	(9,583,519)	(8,559,055)	(1,309,799)	(14,356,886)	-	(198,044,845)
Depreciation for the year	-	(7,219,771)	(34,098,470)	(737,530)	(1,662,378)	(422,819)	(2,189,226)	-	(46,330,194)
Disposals	-	-	318,322	66,800	249,712	3,910	1,080,085	-	1,718,829
As at 31 December 2020	**-**	**(57,853,893)**	**(147,381,612)**	**(10,254,249)**	**(9,971,721)**	**(1,728,708)**	**(15,466,027)**	**-**	**(242,656,210)**
Net book value as at 31 December 2020	**18,637,425**	**199,371,495**	**250,330,359**	**2,771,579**	**10,320,722**	**3,960,597**	**9,919,286**	**26,589,818**	**521,901,281**

- The cost of fixed assets as of 31 December 2020 includes EGP 108,447,592 which represents fully depreciated assets that are still in use.
- The amount of borrowing costs capitalized on service equipment and infra-structure facilities during the year ended 31 December 2020 amounted to EGP 218,021. The capitalized borrowing cost represents the cost of specific borrowings made for these assets at a rate of 14%.

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

	31 December 2020 EGP
Cost of revenue	43,962,520
Selling and marketing expenses	538,559
General and administrative expenses	1,829,115
	46,330,194

Loss from sale of fixed assets was calculated as follows:

	31 December 2020 EGP
Cost of disposed assets	1,925,263
Accumulated depreciation of disposed assets	(1,718,829)
Net book value of disposed assets	**206,434**
Proceeds from sale of fixed assets	67,545
Loss from sale of fixed assets	**(138,889)**

6. Leases

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

A) Right of use assets

	31 December 2021 EGP	31 December 2020 EGP
Cost at 1 January 2021	19,916,906	18,206,266
Additions	641,683	1,710,640
Total Cost as of 31 December 2021	**20,558,589**	**19,916,906**
Accumulated amortization at 1 January 2021	(3,658,601)	-
Amortization for year	(3,867,629)	(3,658,601)
Accumulated amortization as of 31 December 2021	**(7,526,230)**	**(3,658,601)**
Net book value as of 31 December 2021	**13,032,359**	**16,258,305**

B) Lease liability

	31 December 2021 EGP	31 December 2020 EGP
Opening balance as of 1 January 2021	**17,409,223**	**17,743,169**
Additions	641,683	1,710,640
Unwinding interests recognized during the period	2,071,062	2,266,483
Lease payments paid during the year	(4,735,213)	(4,311,069)
As at 31 December 2021	**15,386,755**	**17,409,223**
Deduct: Current balance	**3,130,595**	**2,601,924**
Non-current balance	**12,256,160**	**14,807,299**

7. Intangible assets

	Registration Rights	
	31 December 2021 EGP	31 December 2020 EGP
Cost as at 1 January 2021	238,621,188	122,484,853
Additions	185,528,408	116,136,335
Total cost as at 31 December 2021	**424,149,596**	**238,621,188**
Accumulated amortization as at1 January 2021	**(24,049,815)**	**(17,836,804)**
Amortization for the year	(10,436,492)	(6,213,011)
Accumulated amortization as at 31 December 2021	**(34,486,307)**	**(24,049,815)**
Net book value as at 31 December 2021	**389,663,289**	**214,571,373**

- 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 29,286,599 (31 December 2020: EGP 33,788,952).

8. Inventories

	31 December 2021 EGP	31 December 2020 EGP
Raw materials	110,972,898	108,942,551
Packing and packaging materials	38,421,560	41,800,322
Spare parts	14,549,227	11,759,761
Finished goods	65,107,399	111,425,857
Work in progress	27,652,773	34,973,039
Goods in transit	13,148,916	7,713,475
Inventory with others	619,459	1,436,935
	270,472,232	**318,051,940**
Write down in inventories	(11,073,894)	(12,572,377)
	259,398,338	**305,479,563**

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

	31 December 2021 EGP	31 December 2020 EGP
Beginning balance	(12,572,377)	(6,714,133)
Charged during the year	(18,387,576)	(18,732,306)
Used of inventory provision	19,886,059	12,874,062
Ending balance	**(11,073,894)**	**(12,572,377)**

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

9. Trade and notes receivables

	31 December 2021 EGP	31 December 2020 EGP
Trade receivable	265,206,613	231,381,863
Trade receivable – toll manufacturing	9,297,115	11,995,577
Notes receivable	393,440,057	395,112,269
	667,943,785	**638,489,709**
Impairment in value of trade and notes receivables	(8,540,194)	(4,967,460)
	659,403,591	**633,522,249**

Notes receivable amounting to 208.3 MEGP are mortgage as a guarantee for the credit facilities (Note 17).

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

			Past due but not impaired				
	Total	Neither Past due nor impaired	Less than 180 days	From 181 to 270 days	From 271 to 365 days	More than 365 days	Impaired
31 December 2021	**667,943,785**	**391,733,509**	**258,323,939**	**5,494,294**	**3,302,589**	**549,260**	**8,540,194**
31 December 2020	638,489,709	393,414,071	231,361,160	4,508,828	4,238,190	-	4,967,460

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

	31 December 2021 EGP	31 December 2020 EGP
Balance as at 1 January 2021 before effect of adoption of EAS (47)	(4,967,460)	(3,405,449)
Effect of adoption of EAS (47)	(3,467,134)	-
Balance as at 1 January 2021 after effect of adoption of EAS (47)	(8,434,594)	(3,405,449)
Charged during the year	(105,600)	(1,802,092)
Used provision	-	240,081
Ending balance	**(8,540,194)**	**(4,967,460)**

10. Treasury bills

	31 December 2021 EGP	31 December 2020 EGP
Treasury bills	496,100,000	500,300,000
Unearned interest	(28,089,046)	(30,950,455)
	468,010,954	**469,349,545**

- Some treasury bills are mortgaged as collateral for credit facilities amounted to 122 MEGP (Note 17 & 18).

11. Prepayments and other receivables

	31 December 2021 EGP	31 December 2020 EGP
Prepaid expenses	991,484	908,473
Advances to suppliers	10,743,108	12,039,929
Tax authority	14,884,813	13,408,468
Social insurance authority	808,203	143,853
Letters of credit margin	29,508,859	13,699,153
Accrued interests	6,978,785	13,251,669
Deposits with others	2,457,871	2,045,109
Employees' imprests and advances	3,647,627	11,442,724
Customs-authority	1,475,993	1,611,895
Other receivables	3,313,229	6,423,245
	74,809,972	**74,974,518**

12. Cash on hand and at banks

	31 December 2021 EGP	31 December 2020 EGP
a) Egyptian Pounds		
Cash on hand	51,897	40,439
Current accounts	4,762,619	2,064,744
Checks under collection	6,984,687	27,788
Term deposits	115,541	607,042
	11,914,744	**2,740,013**
b) Foreign currencies		
Cash on hand	24,148	55,158
Checks under collection	-	4,776,000
Current accounts	2,062,807	5,661,663
	2,086,955	**10,492,821**
	14,001,699	**13,232,834**

Cash balances are denominated in the following currencies:

	31 December 2021 EGP	31 December 2020 EGP
Egyptian pound (EGP)	11,914,744	2,738,773
US dollar (USD)	333,102	10,466,242
Euro (EUR)	1,753,853	27,819
	14,001,699	**13,232,834**

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

	31 December 2021 EGP	31 December 2020 EGP
Cash in hand	76,045	95,597
Current accounts	13,810,113	12,530,195
	13,886,158	**12,625,792**

13. Provisions

	Balance as at 1 January 2021 EGP	Charged during the year EGP	Used during the year EGP	Balance as at 31 December 2021 EGP
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
	12,287,619	**1,974,226**	**-**	**14,261,845**

	Balance as at 1 January 2020 EGP	Charged during the year EGP	Used during the year EGP	Balance as at 31 December 2020 EGP
Provision for expected claims	3,200,001	1,600,000	(500,000)	4,300,001
Provision for sales returns*	6,763,934	1,223,684	-	7,987,618
	9,963,935	**2,823,684**	**(500,000)**	**12,287,619**

*Provision for sales returns is deduced from sales disclosed (NOTE 21).

14. Trade, notes and other payables

	31 December 2021 EGP	31 December 2020 EGP
Trade payables	61,525,655	46,925,388
Notes payables	21,946,601	19,196,183
Accrued expenses	30,051,461	12,578,841
Tax authority (other than income tax)	7,258,006	8,598,898
Advances from customer	5,716,158	4,780,965
Other payables	2,070,813	1,639,432
	128,568,694	**93,719,707**

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 4 November 2019 and 23 November 2019 decided to increase the issued capital by cash increase in conjunction with the offering in stock exchange market with total amount EGP 550,000,000 (the value of the increase represent the nominal value plus the issue premium).

The subscription for this increase was limited to Greville Investing Limited Company who represents the main shareholder and delegated from the remaining shareholders for selling process.

The extraordinary general assembly meeting held on 4 November 2019 and 23 November 2019 decided to increase the issued and paid-up capital by 31,250,000 to be EGP 192,150,000 as of 31 December 2020 through issuing 125,000,000 shares at offering price EGP 4.66 to be 768,600,000 shares noting that the deference between offering price and par value represented in share premium recognized in general reserve.

The extraordinary general assembly meeting held on October 14, 2020 decided to approve the application of the incentive & bonus plan of the Company's employees, managers and executive board of director's members, and the plan has not been activated to date.

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.

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

The following illustrate the new structure for shareholders as of 31 December 2021:

	%	No. of shares	Amount EGP
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**

**Greville Investing Limited Company owned 51% of the company shares and exercised control over the company, sold its shares to other parties during the year ending on December 31, 2020, and accordingly Greville Investing Limited Company lost control Over TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA).*

16. General reserve-issuance premium

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.

17. Credit facilities

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

	31 December 2021 EGP	31 December 2020 EGP
Opening balance	802,184,216	481,938,674
Used during the year	1,173,903,438	1,049,168,490
Payment during the year	(1,156,366,726)	(728,922,948)
Ending balance	**819,720,928**	**802,184,216**

	31 December 2021 EGP	31 December 2020 EGP
Credit facilities maturing within 12 months	819,720,928	802,184,216
Bank credit	934,307	2,374,338
	820,655,235	**804,558,554**

The interest rate on the Credit facilities ranges from 8 % to 9.75 % as of 31 December 2021 (31 December 2020: Range from 8% to 14.25%).

Credit Facilities	Facility amount EGP	Interest rate	Maturity Date	31 December 2021 EGP	31 December 2020 EGP
CIB	250,000,000	0.25%+CBE lending rate	10-Jul-22	124,385,085	65,500,461
		8 % CBE INITAVIE*	10-Jul-22	55,837,267	90,534,880
	80,000,000	CBE lending rate	15-Oct-21	-	63,666,667
Audi Bank	125,000,000	0.5 %+CBE lending rate	30-Mar-22	49,314,262	78,852,012
		8 % CBE INITAVIE*	30-Mar-22	31,062,538	35,290,505
Arab Bank	88,000,000	0.75%+CBE lending	30-Mar-22	-	24,552,848
		8 % CBE INITAVIE*	30-Mar-22	36,589,690	38,054,398
ABK	100,000,000	0.5 %+CBE lending rate	31-Oct-22	31,950,265	41,994,296
		8 % CBE INITAVIE*	31-Oct-22	48,229,814	43,065,679
ADIB	130,000,000	0.5%+CBE lending rate	15-Jul-22	51,517,333	73,841,852
		8 % CBE INITAVIE*	15-Jul-22	83,650,090	42,520,285
Alex Bank	170,000,000	0.25% + CBE lending rate	30-Jun-22	-	81,845,141
		8 % CBE INITAVIE*	30-Jun-22	145,589,868	75,811,580
AUB	130,000,000	0.35% + CBE lending rate	1-Jun-22	28,933,333	-
		8 % CBE INITAVIE*	1-Jun-22	45,426,752	43,225,917
ENBD	100,000,000	8 % CBE INITAVIE*	31-Oct-22	87,234,631	3,427,695
Total Credit Facilities				**819,720,928**	**802,184,216**

** 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 and treasury bills (Note 9 and 10).*

18. 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 31,200,000 during the year ended 31 December 2021 and the balance outstanding amounted to EGP 9,475,704 as at 31 December 2021 (31 December 2020: EGP 40,675,704).

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 35,250,000 during the year ended 31 December 2021 and the balance outstanding amounted to EGP 12,473,972 as at 31 December 2021 (31 December 2020: EGP 47,723,972).

The Company obtained those loans against Treasury bills collateral.

The balance of loans as of 31 December 2021 as follows:

Loans	Interest rate	31 December 2021 EGP EGP	31 December 2020 EGP
Current portion of long-term loans			
Loan (1)	0.75%+CBE lending rate	9,475,704	28,600,000
Loan (2)	0.85%+CBE lending rate	12,473,972	30,250,000
Total current portion of long-term loans		**21,949,676**	**58,850,000**
Non-current portion of long-term loans			
Loan (1)	0.75%+CBE lending rate	-	12,075,704
Loan (2)	0.85%+CBE lending rate	-	17,473,972
Total non-current portion of long-term loans		**-**	**29,549,676**
		21,949,676	**88,399,676**

19. Captial commitments

As at 31 December 2021, 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 20,211,522. (EGP 22,646,378 as at 31 December 2020).

20. Contingent liabilities

As at 31 December 2021, the Group has obligations in respect of its inventory (Cash against document) not provided for in the financial statements amounted to EGP 4,666,847. (EGP 5,513,501 as at 31 December 2020).

21. Revenues

	31 December 2021 EGP	31 December 2020 EGP
Sale of goods (net)	1,168,944,275	909,329,701
Toll manufacturing services revenue	77,490,353	50,839,648
	1,246,434,628	**960,169,349**

22. Cost of revenues

	31 December 2021 EGP	31 December 2020 EGP
Salaries, social insurance and other benefits	98,035,488	83,078,733
Raw materials	398,914,710	250,726,478
Spare parts and materials	22,613,961	20,525,288
Government fees and medical stamps	11,617,092	10,834,657
Other operating expenses	48,126,753	44,520,219
Energy expenses	34,262,067	38,781,970
Depreciation and amortization (Note 5,7)	39,776,868	50,175,532
Rent	3,910,976	4,965,466
Maintenance	11,651,609	9,975,115
	668,909,524	**513,583,458**

23. Selling & marketing expenses

	31 December 2021 EGP	31 December 2020 EGP
Salaries, social insurance and other benefits	116,395,287	113,524,887
Depreciation (Note 5)	4,497,393	4,197,160
Rent	63,000	46,800
Advertising and marketing	131,029,203	96,435,411
	251,984,883	**214,204,258**

24. General & administrative expenses

	31 December 2021 EGP	31 December 2020 EGP
Salaries, social insurance and other benefits	41,356,788	33,520,271
Professional fees	2,096,189	1,655,662
Maintenance	705,134	756,038
Depreciation (Note 5)	1,907,312	1,829,115
Others	5,835,926	6,971,452
	51,901,349	**44,732,538**

25. Other income

	31 December 2021 EGP	31 December 2020 EGP
Loss from sale of fixed assets (Note 5)	(717,262)	(138,889)
Other income	758,868	1,158,860
	41,606	**1,019,971**

26. Finance income

	31 December 2021 EGP	31 December 2020 EGP
Interest from Treasury Bills	59,960,672	64,136,566
Interest from time deposits	12,328	23,727
	59,973,000	**64,160,293**

27. Finance expenses

	31 December 2021 EGP	31 December 2020 EGP
Debit interests	88,954,870	94,378,045
Unwinding interests of lease liabilities	2,071,544	2,266,488
Bank Charges	3,791,242	3,414,401
	94,817,656	**100,058,934**

28. Income taxes

	31 December 2021 EGP	31 December 2020 EGP
Current income tax	(44,087,720)	(28,490,194)
Deferred income tax	(9,436,755)	(5,104,425)
Income tax expense	**(53,524,475)**	**(33,594,619)**

Defered income taxes

	Statement of financial position		Statement of profit or loss	
	31 December 2021 EGP	31 December 2020 EGP	31 December 2021 EGP	31 December 2020 EGP
Depreciation and amortization	(46,890,081)	(36,890,685)	(9,999,396)	(7,128,042)
Provisions	1,960,165	1,797,214	162,951	275,329
Impairment of trade and notes receivables	1,897,784	1,117,679	780,105	351,453
Write down in value of inventory	2,491,626	2,749,549	(257,923)	1,318,105
Unrealized foreign exchange differences	42,270	164,762	(122,492)	78,730
Net deferred income taxes	**(40,498,236)**	**(31,061,481)**	**(9,436,755)**	**(5,104,425)**

** No deferred tax assets were recognized for the carry forward tax losses of the subsidiaries, since it is not expected that the future tax profits will be sufficient to offset the carry forward tax losses.*

Reconciliation of the effective income tax rate

	Tax Rate	31 December 2021 EGP	Tax Rate	31 December 2020 EGP
Profits before income taxes		233,610,308		145,109,557
Income tax based on tax rate	**22.5%**	**52,562,319**	**22.5%**	**32,649,650**
Non-deductible expenses		962,156		944,969
Effective Tax Rate	**22.91%**	**53,524,475**	**23.15%**	**33,594,619**

29. 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:

	31 December 2021 EGP	31 December 2020 EGP
Net profit for the year	181,088,753	112,180,469
Remuneration for the Board Members*	(5,200,000)	(5,200,000)
Staff profit Share*	(9,500,000)	(9,500,000)
Profit Available for Shareholders	**166,388,753**	**97,480,469**
Weighted average number of shares outstanding during the year	1,000,000,000	1,000,000,000
Earnings per share	**0.1664**	**0.0975**

- There are no shares with dilutive effect and hence the basic and diluted earnings per share are the same.

** Employees dividends and board of directors' remuneration as recommended in board meeting held on February 23, 2022, and currently is a subject of general assembly approval.*

30. Tax position

a) Corporate Tax

- The Company's records were inspected till the year 2013 and an agreement was reached with the specialized internal committee.
- 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, with the years 2018 to 2020 being prepared for the actual inspection.

b) Salary Tax

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

c) Stamp Tax

- The Company's records were inspected till 2013 and the taxes due were paid.
- The company is preparing for tax inspection for the years from 2014 till 2020.

d) VAT Tax

- The Company's records were inspected till the year 2015 and the taxes differences were paid.
- The Company's books were examined from 2016 to 2019 and the payment were made.

31. 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

	31 December 2021 EGP	31 December 2020 EGP
Eman Wahed El-Zomor	25,500	25,500
	25,500	**25,500**

b) Salaries and incentives of key managers

The key manager's compensation during year ended 31 December 2021 and 31 December 2020 is as follow:

	31 December 2021 EGP	31 December 2020 EGP
Salaries and incentives	28,194,799	24,293,661
	28,194,799	**24,293,661**

32. 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' 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.

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 2021		31 December 2020	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial assets	+1%	803	+1%	5,831
	-1%	(803)	-1%	(5,831)
Financial liabilities	+1%	(2,834,423)	+1%	(5,280,895)
	-1%	2,834,423	-1%	5,280,895

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 2021		31 December 2020	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
USD	+10%	3,084,372	+10%	7,029,214
	-10%	(3,084,372)	-10%	(7,029,214)
EUR	+10%	107,064	+10%	(279,100)
	-10%	(107,064)	-10%	279,100
CHF	+10%	-	+10%	(23,584)
	-10%	-	-10%	23,584

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

As at 31 December 2021	Less than 3 Months EGP	3 to 12 months EGP	1 to 5 years EGP	Over 5 years EGP	Total 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	**466,471,308**	**529,222,210**	**-**	**-**	**995,693,518**

Financial liabilities

As at 31 December 2020	Less than 3 Months EGP	3 to 12 Months EGP	1 to 5 years EGP	Over 5 years EGP	Total EGP
Credit facilities	392,157,897	429,767,765	-	-	821,925,662
Trade, notes and other payables	76,496,374	17,223,333	-	-	93,719,707
Term loans	12,674,219	54,815,769	31,854,166	-	99,344,154
Total undiscounted financial liabilities	**481,328,490**	**501,806,867**	**31,854,166**	**-**	**1,014,989,523**

33. Capital management

For the purpose of 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.

34. 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.

35. Major event

Some major global events occurred, which included the Arab Republic of Egypt as well, where an outbreak of COVID19 occurred soon before the end of 2019, 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 2021 but may affect the financial statements for future financial periods. If 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.

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