Egyptian International Pharmaceuticals Industries Company – EIPICO
(Joint Stock Company)
Separate Financial Statements
For The Period Ended June 30, 2026
With Limited Review Report

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RSM

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Limited Review Report of Interim Financial Statements

To The Members of The Board of Directors of
Egyptian International Pharmaceutical Industries Co.- EIPICO (S.A.E)

Introduction

We have reviewed the accompanying Separate financial statements of **Egyptian International Pharmaceutical Industries Co.- EIPICO (S.A.E)** as of 30 June 2026 as well as the related to statements of profit or loss, Comprehensive income, changes in equity and cash flows for the period of six months ended 30 June 2026, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standard No. (30) interim financial statements. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim Separate financial statements of Egyptian International Pharmaceutical Industries Co.- EIPICO (S.A.E) does not give a true and fair view, in all material respects, of the financial position of the entity as of 30 June 2026, and of its financial performance and its cash flows for the period of six months ended 30 June 2026 in accordance with Egyptian Accounting Standard No. (30) interim financial statements.

Cairo: August 13, 2026

Tarek Hashish

Register of Accountants and Auditors no. (9473)
Financial Regulatory Authority no. (118)
Fellow of the Egyptian Society for Accountants and Auditors
Fellow of the Egyptian Society of Tax

RSM Egypt - Chartered Accountants

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Egyptian International Pharmaceutical Industries co. "EIPICO" (S.A.E)

Separate statement of financial position - as at June 30, 2026

(all amounts are shown in EGP)	Notes No.	June 30, 2026 EGP	Dec. 31, 2025 EGP
Non-current assets			
Fixed Assets (net)	5	4,943,644,006	3,041,995,407
Right of use for ssets	6	9,212,303	9,887,286
Construction in progress	7	3,369,723,807	4,849,121,412
Intangible Assets (Net)	8	37,649,913	40,142,172
Investments in subsidiaries	9	70,907,500	411,970,000
Investments in associates	10	741,435,845	410,835,845
Deferred tax assets		361,493,395	337,611,796
Total non-current assets		**9,534,066,769**	**9,101,563,918**
Current assets			
Inventory (Net)	11	4,250,361,658	3,770,601,442
Trade & Notes receivables (Net)	12	3,903,675,766	3,266,404,688
Debtors & other debit balances	13	267,249,271	281,248,920
Due from related parties	25/a	5,330,797	1,212,960
Cash & cash equivalent	14	188,070,822	611,538,046
Total current assets		**8,614,688,314**	**7,931,006,056**
Total assets		**18,148,755,083**	**17,032,569,974**
Equity			
Paid in capital	15	1,687,557,500	1,687,557,500
Reserves	16	2,778,308,375	2,722,047,479
Retained earnings	17	560,208,583	202,200,401
Net profit for period / year	18	433,403,500	1,125,217,907
Total equity		**5,459,477,957**	**5,737,023,287**
Non Current liabilities			
Long term borrowings	19	3,221,203,075	3,758,803,399
Long-term lease liabilities	20	11,746,465	11,982,389
Deferred tax liabilities		269,323,575	190,768,071
Total non current liabilities		**3,502,273,115**	**3,961,553,859**
Current liabilities			
Provisions	21	539,226,463	531,893,417
Bank facilities	22	5,292,826,227	3,869,139,714
Short term borrowings	19	1,390,609,218	1,107,863,191
Trade and notes payables	23	862,522,163	756,808,310
Short-term lease liabilities	20	446,200	382,759
Creditors & other credit balances	24	525,147,853	595,371,295
Due to related parites	25/b	126,863,921	83,334,329
Income tax payable		109,810,051	388,949,813
Dividends payables		339,551,916	250,000
Total current liabilities		**9,187,004,012**	**7,333,992,828**
Total equity and liability		**18,148,755,083**	**17,032,569,974**

The accompanying notes from page 7 to page 66 represents an integral part of these financial statements.

CFO

Mohamed Taha Elsewify

Chairman & managing director

Ahmed Saed Mohamed Kelany

Cairo, August.12 2026

Egyptian International Pharmaceutical Industries co. "EIPICO" (S.A.E)
Separate statement of profit or loss - for the period ended June 30, 2026

(all amounts are shown in EGP)	Notes No.	From Apr. 1, 2026 To June. 30, 2026	From Jan. 1, 2026 To June. 30, 2026	From Apr. 1, 2025 To June. 30, 2025	From Jan. 1, 2025 To Dec. 31, 2025
Net Sales	26	2,461,288,161	4,928,417,157	2,257,275,096	4,522,643,607
Cost of good sold	27	(1,517,968,052)	(2,960,855,196)	(1,241,607,866)	(2,478,202,675)
Gross profit		**943,320,109**	**1,967,561,961**	**1,015,667,230**	**2,044,440,932**
Less:					
Marketing expenses	28	(295,896,443)	(527,772,843)	(249,483,845)	(464,558,139)
Research and development	29	(18,336,986)	(34,357,553)	(19,749,017)	(34,850,691)
General & administrative expenses	30	(53,608,938)	(101,593,720)	(36,691,792)	(85,544,923)
Board of directors remunerations		(180,000)	(570,000)	(200,000)	(530,000)
Fianacing expenses	31	(376,646,462)	(689,302,451)	(339,908,193)	(675,702,259)
Expected credit loss		(103,000,000)	(103,000,000)	-	(50,000,000)
Inventory write down		(10,000,000)	(50,000,000)	-	(10,000,000)
Provisions		(25,000,000)	(50,000,000)	(30,000,000)	(30,000,000)
Total Expenses		**(882,668,829)**	**(1,556,596,567)**	**(676,032,847)**	**(1,351,186,012)**
Add:					
profit from subsidiaries & associates	33	85,419,825	117,028,488	-	46,689,331
Interest income		1,737,876	8,673,033	45,488,355	54,006,917
Capital Gains		(4,287,677)	(4,287,677)	(2,334,467)	(2,334,467)
Gain on disposal of PPE		1,988,478	5,474,833	412,650	1,086,308
Foreign currency exchanges	34	61,248,859	33,809,038	14,718,280	7,326,335
Other Income		29,392,918	39,865,414	28,884,809	57,034,512
Net profit for the period before income tax		**236,151,559**	**611,528,523**	**426,804,010**	**857,063,856**
Current income tax	35	(76,467,797)	(110,910,519)	(135,470,136)	(241,777,276)
Deferred income tax	36	11,079,753	(54,673,906)	2,040,420	2,844,047
Social contribution - social insurance	32	(6,320,541)	(12,540,599)	(5,830,152)	(11,586,928)
Net profit for the period after income tax	18	**164,442,974**	**433,403,500**	**287,544,142**	**606,543,699**
Earning per share for the period		**0.97**	**2.56**	**1.70**	**3.59**

.The accompanying notes from page 7 to page 66 represents an integral part of these financial statements

CFO
Mohamed Taha Elsewify

Chairman & managing director
Ahmed Saed Mohamed Kelany

Egyptian International Pharmaceutical Industries co. "EIPICO" (S.A.E)

Separate statement of comprehensive income -for the period ended June 30, 2026

(all amounts are shown in EGP)	Notes No.	From Jan. 1, 2026 To June 30, 2026	From Jan. 1, 2025 To June 30, 2025
Net profit for the period	18	433,403,500	606,543,699
Other Comprehensive Income			
Total other Comprehensive Income		-	-
Total Comprehensive Income for the period		**433,403,500**	**606,543,699**

.The accompanying notes from page 7 to page 66 represents an integral part of these financial statements

CFO

Mohamed Taha Elsewify

Chairman & managing director

Ahmed Saed Mohamed Kelany

Egyptian International Pharmaceutical Industries co. "EIPICO" (S.A.E)

Separate statement of changes in equity -for the period ended June 30, 2026

(all amounts are shown in EGP)	Capital	Legal reserve	General reserve	Capital reserve	Other reserve	Retained earnings	Reserve for actuarial differences in employee benefits	Total
Balance as of Jan. 1, 2025	**1,487,557,500**	**415,702,924**	**148,336,248**	**20,160,435**	**1,241,659,000**	**1,110,214,449**	-	**4,423,630,556**
Capital increases	200,000,000	-	800,000,000	-	-	-	-	**1,000,000,000**
Transfer legal reserve	-	51,109,503	300,000,000	-	-	(351,109,503)	-	-
Dividends	-	-	-	-	-	(556,904,545)	-	**(556,904,545)**
Net profit for the period	-	-	-	-	-	606,543,699	-	**606,543,699**
Balance as of June. 30, 2025	**1,687,557,500**	**466,812,427**	**1,248,336,248**	**20,160,435**	**1,241,659,000**	**808,744,100**	-	**5,473,269,710**
Cumulative effect	-	-	-	-	-	518,674,208	(254,920,631)	**263,753,577**
Balance as of Dec. 31, 2025	**1,687,557,500**	**466,812,427**	**1,248,336,248**	**20,160,435**	**1,241,659,000**	**1,327,418,308**	**(254,920,631)**	**5,737,023,287**
Balance as of Jan. 1, 2026	**1,687,557,500**	**466,812,427**	**1,248,336,248**	**20,160,435**	**1,241,659,000**	**1,327,418,308**	**(254,920,631)**	**5,737,023,287**
Transfer legal reserve	-	**56,260,895**	-	-	-	**(56,260,895)**	-	-
Dividends	-	-	-	-	-	(710,948,830)	-	**(710,948,830)**
Net profit for the period	-	-	-	-	-	433,403,500	-	**433,403,500**
Balance as of June. 30, 2026	**1,687,557,500**	**523,073,322**	**1,248,336,248**	**20,160,435**	**1,241,659,000**	**993,612,083**	**(254,920,631)**	**5,459,477,957**

.The accompanying notes from page 7 to page 66 represents an integral part of these financial statements

CFO	**Chairman & managing director**
Mohamed Taha Elsewify	Ahmed Saed Mohamed Kelany

Egyptian International Pharmaceutical Industries co. "EIPICO" (S.A.E)

Separate statement of cash flows - for the period ended June 30, 2026

(all amounts are shown in EGP)	Notes No.	From Jan. 1, 2026 To June. 30, 2026	From Jan. 1, 2025 To June. 30, 2025
Cash flows from operating activities:			
Net profit before tax		611,528,523	857,063,856
Adjustments to reconcile the net profit to cash flows from operating activities			
Depreciation and Amortization		131,912,464	50,659,436
Depreciation of Right-of-Use Assets		674,983	584,472
Provision Recognized		50,000,000	30,000,000
Provision Used		(42,666,954)	(64,182,886)
Expected Credit Losses on Trade Receivables		103,000,000	50,000,000
Inventory write down		50,000,000	10,000,000
Used from inventories write down		(22,441,464)	(23,428,307)
Interest Income		(8,673,033)	(54,006,917)
Dividends Received		(117,028,488)	(46,689,331)
Interest income		689,302,451	653,915,128
(Gains) on disposal of fixed assets		(5,474,833)	(1,086,308)
Foreign currency exchange differences		(33,809,038)	(7,326,335)
Operating profit before changes in working capital		1,406,324,612	1,455,502,808
Change in inventory		(507,318,752)	(285,488,533)
change in receivable and notes receivables		(740,271,078)	(470,970,302)
Changes in trade and other receivables		9,881,811	36,701,550
Change in Trade and other payables		(39,234,449)	(411,628,215)
change in trade payables and notes payables		105,713,853	217,800,392
Net cash flows provided by operating activities		**235,095,996**	**541,917,700**
Tax Paid		(390,050,281)	(51,423,371)
Net cash (used in) / generated from operating activities		**(154,954,285)**	**490,494,329**
Cash flows from investing activities			
Payments for the purchase of fixed and intangible assets		(61,821,691)	(623,974,856)
Proceeds from the sale of fixed assets		5,475,885	1,170,211
Payments for the purchase of projects under construction		(489,850,560)	-
Payments for investments in financial assets		-	(300,900,000)
Proceeds from investments		10,462,500	-
Dividends received		117,028,488	46,689,331
Interest received		8,673,033	54,006,917
Net cash flows (used in) investing activities		**(410,032,345)**	**(823,008,397)**
Cash flows from financing activities			
Increase in share capital		-	200,000,000
Share premium		-	800,000,000
Proceeds from / (repayments of) bank overdrafts		1,423,686,513	(64,505,153)
(Repayments) / proceeds from banks (short-term and long-term facilities)		(455,846,723)	182,902,681
Dividends paid		(371,646,914)	(332,094,007)
Payments for lease contract liabilities		(172,483)	(113,773)
Interest paid		(488,310,024)	(653,915,128)
Netv cash flow from financing activities		**107,710,369**	**132,274,620**
Net change in cash and cash equivalents during the period		**(457,276,262)**	**(200,239,448)**
Cash and cash equivalents at the beginning of the period		611,538,046	1,257,921,192
Foreign currency translation differences		33,809,038	7,326,335
Cash and cash equivalents at the end of the period		**188,070,822**	**1,065,008,079**

The accompanying notes from page 7 to page 66 represents an integral part of these financial statements.

CFO	Chairman & managing director
Mohamed Taha Elsewify	Ahmed Saed Mohamed Kelany

1. General information

Egyptian International Pharmaceutical Industries Company - EIPICO (an Egyptian joint stock company) "The Company" was established in accordance with the provisions of the Arab and Foreign Capital Investment and Free Zones Law No. 43 of 1974, as amended by Law No. 32 of 1977, and its executive regulations, pursuant to Decree No. 310 of 1980 issued by the Deputy Prime Minister for Financial and Economic Affairs and Minister of Planning, Finance and Economy. The Company was recorded in the Commercial Register under No. 11116 dated 3/12/1980, at the Ismailia Investment Commercial Register Office.

The term of the Company is 25 years, commencing on 18/12/1980 and ending on 17/12/2005. On 18/4/2006, the Company's term was renewed to commence on 18/12/2005 and end on 17/12/2030.

The Company's head office and factories are in Industrial Zone No. 1, B1, Tenth of Ramadan City, Sharqia Governorate.

The Company's main activities are the manufacture of pharmaceuticals, medical preparations, cosmetics, chemicals, and veterinary preparations, the manufacture of feed additives, concentrates and pesticides, the registration and manufacture of food supplements, medicinal plants and special foods, the manufacture of empty glass ampoules, the manufacture of plastic packaging and pharmaceutical supplies, the distribution, trading and export of the Company's products, manufacturing for and on behalf of third parties, and the transport of hazardous waste.

The Company's shares were listed on the Egyptian Stock Exchange based on the approval of the Securities Listing Committee of the Cairo and Alexandria Stock Exchanges dated 27 September 1995.

The Arab Company for Drug Industries and Medical Appliances (ACDIMA) owns 51.34% of the Company's shares and represents the ultimate controlling parent company.

The Company's financial year commences on 1 January and ends on 31 December of each year.

These financial statements have been approved by the Board of Directors on August 12,2026, taking into consideration that the General Assembly of the Company's shareholders has the right to amend the financial statements after their issuance.

2. Accounting policies

2.1 Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with Egyptian Accounting Standards and applicable laws and regulations. The Egyptian Accounting Standards ("EAS") require referral to International Financial Reporting Standards ("IFRS"), previously known as International Accounting Standards ("IAS"), when no EAS or legal requirements exist to address certain types of transactions or balances.

The financial statements comprise a statement of financial position, a statement of profit or loss, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows, and notes.

2. Accounting policies (Continued)

2.2 Basis of preparation (Continued)

These are the separate financial statements of the Company. They are prepared in addition to the consolidated financial statements of the Company and its subsidiaries and are published together with them. Details of the Company's subsidiaries and associates are set out in Note [9,10].

Statement of Financial Position

The Company presents its assets and liabilities in statement of financial position based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or used in normal operating course;
- Held primarily for trading;
- Expected to be realized within 12 months after the end of the reporting period; or
- Cash or cash equivalents 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 classified as current when:

- It is expected to be settled in normal operating course;
- Held primarily for trading;
- Expected to be realized within 12 months after the end of the reporting period; or
- The entity does not have an unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current.

Statement of Profit or loss

Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of profit or loss. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the statement of profit or loss, as required or permitted by EAS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

The Company presents the statement of profit or loss using the classification by function of expenses. The Company believes this method provides more useful information to the readers of the financial statements as it better reflects the way operations are run from a business point of view.

Statement of Cash Flows

The statement of cash flows prepared using the indirect method.

2. Accounting policies (Continued)

2.1 Basis of preparation (Continued)

(1) Measurement bases

The financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g., certain financial instruments that are measured at fair value).

(2) Change in accounting policies.

The applied accounting policies this year are agreed with those policies applied previous year.

(3) Accounting Estimates

The preparation of the financial statements in conformity with EASs requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgement in the process of applying the Company's accounting policies. Note 4 describes the significant accounting estimations and assumptions of these financial statements, as well as significant judgments used by the Company's management when applying the Company's accounting policies.

2.2 Summary of material modifications of the Egyptian Accounting Standards:

During the financial period ended 30 June 2026, no new Egyptian Accounting Standards or amendments to existing standards were issued that are applicable to the Company.
Furthermore, there are no standards or amendments issued that are yet effective and are expected to have a material impact on the Company's financial statements.
Accordingly, there are no new accounting standards that would have a significant effect on the Company's financial position or performance.
Management continuously monitors the issuance of new and revised Egyptian Accounting Standards to assess their potential impact on the Company's financial statements.

2.3 Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Egyptian Pound, which is the Company's functional and presentation currency.

2. Accounting policies (Continued)

2.3 Foreign currency translation (Continued)

(2) Transactions and balances

Transactions made in foreign currency during the period are initially recognised in the functional currency of the Company on the basis of translation of foreign currency using the spot prevailing exchange rates between the functional currency and the foreign currency at the date of the transaction, and the monetary items denominated in foreign currency are also translated using the closing rates at the end of each financial period. Foreign exchange gains and losses resulting from the settlement of such monetary items and from the translation of monetary items denominated in foreign currencies at the same period or in previous financial statements, are generally recognised by the Company in the profit and loss in the period in which these difference arise, except when currency exchange differences resulting from the translation of non-monetary item are deferred in other comprehensive income, which constitutes an effective part of net investment hedges in a foreign operation or an effective part of cash flow risk hedges.

Exchange differences resulting from the changes in the amortized cost of the monetary financial asset available for sale are recognized in gains and losses. Any changes in the carrying amount are recognized within other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are recognized as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized as profit or loss as part of fair value gain or loss. For financial assets available for sale, which do not represent monetary items (e.g., equity instruments), gains or losses recognized within other comprehensive income include any elements of related foreign currencies swaps.

2.4 Property, Plant, and Equipment

All property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes all costs associated with acquiring the asset and bringing it to a ready-for-use condition.
Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over the estimated useful lives of assets excluding land, which is not depreciated.
Estimated useful lives of assets are as follows:

Buildings	50 years	2%
Machinery & equipment	15 years	6%
Motor Vehicles	5 years	20%
Tools	5 years	20%
Furniture & Office Equipment	10 years	10%
Computers	5 years	20%

2. Accounting policies (Continued)

2.4 Property, Plant, and Equipment (Continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset and are included in income from operations.

Repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred. Parts of some items of property, plant and equipment may require replacement at regular intervals. The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if the recognition criteria are met. The carrying amount of those parts that are replaced is derecognised.

2.5 Intangible assets

All intangible assets are stated at historical cost less accumulated amortization and accumulated impairment losses. Historical cost includes all costs associated with acquiring the asset and bringing it to a ready-for-use condition.
Amortization is calculated on the straight-line method to write off the cost of each intangible asset to its residual value over the estimated useful lives of intangible assets. For indefinite useful life intangible assets, the Company make impairment test for it.

2.5.1 pharmaceutical licences and manufacturing rights

Recognition and measurement

Pharmaceutical licences and manufacturing rights comprise amounts paid to acquire the legal or contractual right to register, manufacture, market, distribute or otherwise commercially exploit a pharmaceutical product, including product registrations and marketing authorisations, registration dossiers, manufacturing and technology-transfer rights and technical know-how, distribution rights, patents and product trademarks.

These rights are recognised as intangible assets when it is probable that the expected future economic benefits attributable to them will flow to the Company and their cost can be measured reliably. Assets acquired separately are measured initially at cost, comprising the purchase price and non-refundable upfront licence and dossier-transfer fees, net of trade discounts and rebates, together with any costs directly attributable to preparing the asset for its intended use, including regulatory filing and registration fees and technology-transfer and process-validation costs. Assets acquired in a business combination are measured at their fair value at the acquisition date. Amounts paid before the recognition criteria are met are recognised as prepayments where the Company has a contractual right to receive the licence, manufacturing right or related services, and are transferred to intangible assets when those criteria are satisfied. The costs of introducing a new product, including advertising, promotional and launch expenditure and staff training,

2. Accounting policies (Continued)

2.5 Intangible assets (Continued)

2.5.1 pharmaceutical licences and manufacturing rights (Continued)

together with the costs of preliminary evaluations of opportunities that are not pursued and of unsuccessful registration applications, are recognised as an expense as incurred. After initial recognition these assets are carried at cost less accumulated amortisation and accumulated impairment losses; the Company does not apply the revaluation model, as no active market exists for assets of this nature.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development expenditure is capitalised only when the Company can demonstrate the technical feasibility of completing the asset, its intention and ability to use or sell it, how the asset will generate probable future economic benefits, the availability of adequate technical and financial resources to complete the development, and its ability to measure the attributable expenditure reliably. For generic products, the Company considers these criteria to be met only once bioequivalence has been successfully established and the registration dossier has been submitted to the Egyptian Drug Authority, or the relevant foreign regulator, with approval assessed as highly probable. Expenditure recognised as an expense in prior periods is not capitalised subsequently.

Milestone payments and royalties

Non-refundable upfront fees and development and regulatory milestone payments under in-licensing agreements are capitalised as part of the cost of the related right when the triggering event occurs and payment becomes probable. Royalties and other variable payments linked to future production or sales are recognised as an expense, or included in the cost of the related inventories and recognised in cost of sales when those inventories are sold, as appropriate to the nature of the payment, when the underlying production or sales occur — unless the payment represents consideration for acquiring an additional identifiable right that itself qualifies for recognition as an intangible asset.

Amortisation

Intangible assets with a finite useful life are amortised on a straight-line basis from the date on which they are available for use — normally the date the marketing authorisation is granted in the Company's name and the related manufacturing process has been validated — over their estimated useful lives, being 10 to 15 years for product registrations and marketing authorisations, 5 to 10 years for manufacturing and technology-transfer rights, 3 to 7 years for distribution and agency rights, and 10 to 20 years for product trademarks acquired with a product. In-licensed rights and patents are amortised over the shorter of the remaining contractual or legal term and the expected economic life of the product. Residual values are assumed to be nil. Amortisation of rights used in production is included in the cost of inventories and is recognised in cost of sales when those inventories are sold; amortisation of marketing authorisations, distribution rights and

2. Accounting policies (Continued)

2.5 Intangible assets (Continued)

2.5.1 pharmaceutical licences and manufacturing rights (Continued)

trademarks is recognised within selling and distribution expenses. Useful lives, residual values and amortisation methods are reviewed at each financial year-end, and any change is accounted for prospectively as a change in accounting estimate. Capitalised development projects and licences relating to products that have not yet obtained regulatory approval are not amortised until they are available for use.

Impairment

At each reporting date the Company assesses whether there is any indication that these assets may be impaired and, if such an indication exists, estimates their recoverable amount. Intangible assets that are not yet available for use, and any assets assessed as having an indefinite useful life, are tested for impairment annually irrespective of whether any indication of impairment exists. Recoverable amount is the higher of fair value less costs of disposal and value in use, and is determined for the individual asset or, where the asset does not generate cash inflows that are largely independent of those from other assets, for the cash-generating unit to which it belongs; cash-generating units are identified at the level of an individual product or a closely related product family. Impairment losses are recognised immediately in profit or loss. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, and the increased carrying amount may not exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised in prior periods.

Derecognition

These assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss and is not classified as revenue.

2.5.2 Computer software

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and which will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and is added to the original cost of the software. Expenditure to acquire computer software is capitalized and included as an intangible asset.

Computer software costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 5 years

2. Accounting policies (Continued)

2.6 Construction in progress

Construction in progress is stated at cost. This item represents the amounts incurred for construction in progress till are ready for its intended use in operations. Then, it is transferred to fixed assets. Where the carrying amount of construction in progress is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The reducing charged to the statement of profit or loss.

2.7 Non-current assets held for sale

A non-current asset is classified as held for sale when its carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use, the asset is available for immediate sale in its present condition, and the sale is highly probable and expected to be completed within one year from the date of classification.

The asset is measured at the lower of its carrying amount and its fair value less costs to sell. Any resulting write-down is recognised as an impairment loss in profit or loss, and no subsequent gain is recognised except to the extent of the cumulative impairment losses previously recognised. Property, plant and equipment are not depreciated and intangible assets are not amortised throughout the period in which they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from other assets in the statement of financial position. Where an asset no longer meets the classification criteria, it is measured at the lower of its carrying amount before classification, adjusted for any depreciation or amortisation that would have been recognised had it not been so classified, and its recoverable amount at that date, and any resulting adjustment is recognised in profit or loss.

2.8 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventory and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset company that generates cash flows that are largely independent from other assets and companies. Impairment losses are recognized in the statement of profit or loss.

The recoverable amount of an asset or cash-generating unit is the grater of its value in use and its fair value less costs of sell.

Impairment losses recognized in prior periods are assessed at financial statements date for any indications that the loss has decreases or no longer exists. An impairment loss is reviewed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is revered only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2. Accounting policies (Continued)

2.9 Investments in Subsidiaries and Associates

Subsidiaries

A subsidiary is an entity over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with that entity and has the ability to affect those returns through its power over it. Control is assessed by reference to the substance of the relationship rather than to the proportion of shares held; accordingly, control may exist where the Company holds less than a majority of the voting rights, and may be absent notwithstanding a majority holding. The assessment is reconsidered whenever facts and circumstances indicate that one or more of the elements of control has changed.

Associates

An associate is an entity over which the Company has significant influence, being the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies. Significant influence is presumed to exist where the Company holds, directly or indirectly, 20 per cent or more of the voting power of the investee, and is presumed not to exist where it holds less than 20 per cent, unless the contrary can be clearly demonstrated.

Measurement

Investments in subsidiaries and associates are stated in these separate financial statements at cost less any accumulated impairment losses, and the same basis of measurement is applied to each category of investment. An investment is recognised at the date on which control or significant influence is obtained, and is measured initially at cost, comprising the consideration transferred together with any transaction costs directly attributable to the acquisition of the investment. The carrying amount of each investment is determined separately.

Investments denominated in a foreign currency are non-monetary items measured at historical cost. They are translated into the functional currency at the exchange rate prevailing at the date of the transaction and are not retranslated at subsequent reporting dates.

Dividend income

Dividends from subsidiaries and associates are recognised in profit or loss when the Company's right to receive the dividend is established.

Impairment

At each reporting date the Company assesses whether there is any indication that an investment may be impaired and, where such an indication exists, estimates its recoverable amount, being the higher of fair value less costs of disposal and value in use. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the investment exceeds its recoverable amount.

2. Accounting policies (Continued)

2.9 Investments in Subsidiaries and Associates (continued)

Indications of impairment include the declaration of a dividend where that dividend exceeds the total comprehensive income of the investee for the period in which it is declared, or where the carrying amount of the investment in these separate financial statements exceeds the carrying amount of the investee's net assets, including any associated goodwill, in the consolidated financial statements. An impairment loss is reversed only where there has been a change in the estimates used to determine the recoverable amount, and the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals are recognised in profit or loss.

Disposal

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.10 Financial instruments

Scope and initial recognition

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recognized at the trade date.

Financial assets and financial liabilities are measured initially at fair value. For items not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the instrument are added to, or deducted from, that fair value; transaction costs relating to items measured at fair value through profit or loss are recognized in profit or loss as incurred.

Investments in subsidiaries and associates are outside the scope of this policy and are accounted for in accordance with Note (9-10). Lease liabilities are accounted for in accordance with the leases policy in Note (20); lease receivables recognized by the Company as lessor are subject to the derecognition and impairment requirements set out below.

Classification of financial assets

Financial assets are classified at initial recognition as subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. The classification depends on the business model within which the asset is held and on the contractual cash flow characteristics of the asset.

2. Accounting policies (Continued)

2.10 Financial instruments (Continued)

Business model

The Company assesses its business model at the portfolio level, being the level that best reflects how groups of financial assets are managed to achieve a particular objective. The assessment takes into account the stated objectives of the portfolio and how they are pursued in practice, how the performance of the portfolio is evaluated and reported to management, the risks that affect that performance and how those risks are managed, and the frequency, volume, timing and reasons for past sales together with expectations about future sales. Sales activity is not considered in isolation but as part of an overall assessment of how the Company's stated objective is achieved and how cash flows are realised.

Contractual cash flow characteristics

The Company assesses whether the contractual terms of the asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. For this purpose, interest comprises consideration for the time value of money, for credit risk, for other basic lending risks and costs, and a profit margin. Where the contractual terms introduce exposure to risks or volatility that is inconsistent with a basic lending arrangement, the asset is measured at fair value through profit or loss. The assessment is performed at initial recognition and is not subsequently reassessed.

On the basis of the above, a financial asset is measured at amortized cost where it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and its contractual terms meet the condition described above; at fair value through other comprehensive income where it is held within a business model whose objective is achieved both by collecting contractual cash flows and by selling the asset and its contractual terms meet that condition; and at fair value through profit or loss in all other cases.

The Company's financial assets comprise trade receivables and notes receivable, other debtors, amounts due from related parties, and cash and cash equivalents. All of these are held within a business model whose objective is to collect contractual cash flows and are accordingly measured at amortized cost. The Company holds no financial assets measured at fair value.

Subsequent measurement

Financial assets measured at amortised cost are subsequently measured using the effective interest method, less any loss allowance. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset to its gross carrying amount, and takes into account all fees paid or received between the parties that form an integral part of that rate, together with any premium or discount. Interest income is recognised in profit or loss.

2. Accounting policies (Continued)

2.10 Financial instruments (Continued)

Reclassification

Financial assets are reclassified only when the Company changes the business model within which they are held. Any such reclassification is applied prospectively from the first day of the first reporting period following the change in the business model, and prior periods are not restated. No change in business model occurred during the current or the comparative period and no financial assets were reclassified.

Impairment of financial assets

A loss allowance for expected credit losses is recognized for financial assets measured at amortized cost. Expected credit losses are measured as the present value of the difference between the contractual cash flows due to the Company under the contract and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The measurement of expected credit losses reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available at the reporting date without undue cost or effort.

The Company applies a three-stage model based on changes in credit quality since initial recognition:

- **Stage 1** — 12-month expected credit losses. Financial assets whose credit risk has not increased significantly since initial recognition, or which have relatively low credit risk. The loss allowance is measured at an amount equal to the expected credit losses arising from default events considered possible within the twelve months after the reporting date, and interest income is calculated on the gross carrying amount before deducting the loss allowance.
- **Stage 2** — lifetime expected credit losses, not credit-impaired. Financial assets whose credit risk has increased significantly since initial recognition but for which there is no objective evidence of credit impairment. The loss allowance is measured at an amount equal to the expected credit losses arising from all possible default events over the expected life of the asset, and interest income continues to be calculated on the gross carrying amount.
- **Stage 3** — lifetime expected credit losses, credit-impaired. Financial assets for which there is objective evidence of credit impairment at the reporting date. The loss allowance is measured at an amount equal to lifetime expected credit losses.

2. Accounting policies (Continued)

2.10 Financial instruments (Continued)

Expected credit losses are determined using the probability of default, the exposure at default and the loss given default, applied to exposures grouped by the number of days past due, and are calculated on a probability-weighted basis across base, best and worst-case scenarios. Historical default and loss data are adjusted to reflect forward-looking information, comprising factors specific to individual customers together with macroeconomic factors.

Loss allowances are recognized in profit or loss. Financial assets measured at amortized cost are presented in the statement of financial position net of the related loss allowance.

Write-off

The gross carrying amount of a financial asset is written off, in whole or in part, when the Company has no reasonable expectation of recovering it. This is generally the case when the Company determines that the debtor has neither cash flows nor sources of income capable of generating sufficient cash to settle the amounts due. The assessment is made individually for each customer. A write-off constitutes a derecognition event; financial assets that have been written off may nevertheless remain subject to enforcement activity in order to recover the amounts due, and any amounts subsequently recovered are recognized in profit or loss within impairment losses on financial assets.

Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire; when the Company transfers the contractual rights to receive the cash flows and, in doing so, transfers substantially all the risks and rewards of ownership of the asset; or when the Company neither transfers nor retains substantially all the risks and rewards of ownership but does not retain control of the asset. Where the Company retains the contractual rights to receive the cash flows but assumes a contractual obligation to pay those cash flows to one or more recipients, the asset is derecognized only if substantially all the risks and rewards of ownership are transferred and control is not retained.

On derecognition of a financial asset in its entirety, the difference between its carrying amount and the consideration received — including any new asset obtained less any new liability assumed — is recognized in profit or loss.

Financial liabilities — classification and measurement

Financial liabilities are classified at initial recognition as measured at amortised cost or at fair value through profit or loss. All of the Company's financial liabilities are measured at amortised cost and comprise bank facilities and overdrafts, long-term loans, short-term loans, suppliers and notes payable, other creditors and credit balances, amounts due to related parties and dividends payable.

2. Accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities measured at amortized cost are recognized initially at fair value less any transaction costs directly attributable to the issue of the liability, and are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated taking into account any discount or premium on issue and any fees or costs that form an integral part of the effective interest rate, and the amortization is recognized as a finance cost in profit or loss.

Derecognition and modification of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Where an existing financial liability is replaced by another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the transaction is accounted for as an extinguishment of the original liability and the recognition of a new liability. Terms are regarded as substantially different where the present value of the cash flows under the new terms — including any fees paid net of any fees received, discounted at the original effective interest rate — differs by at least 10 per cent from the present value of the remaining cash flows of the original liability. Qualitative factors are also taken into account, including the currency in which the instrument is denominated, a change in the type of interest rate, the addition of conversion features and changes in loan covenants. The difference between the carrying amount of the original liability and the consideration paid, including any costs or fees incurred, is recognized in profit or loss.

Where a modification does not result in derecognition, the gross carrying amount of the liability is recalculated by discounting the modified contractual cash flows at the original effective interest rate, and the resulting gain or loss is recognized in profit or loss. Any costs or fees incurred adjust the carrying amount of the liability and are amortized over its remaining term.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only where there is a currently legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable both in the normal course of business and in the event of default or insolvency of the Company or of the counterparty.

2. Accounting policies (Continued)

2.11 Inventory

Inventories are stated at cost or net realizable value, whichever is less. The cost is determined on a weighted average basis. And include the full cost of production and production under the operating cost of materials, direct labour and other direct costs and indirect costs related to production (based on normal operating rates) and does not include the cost of borrowing. The net realizable value is the estimated selling price in the circumstances of the usual activity minus the costs required for the completion and selling expenses.

The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense 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, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2.12 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

A Lease is classified at the commencement date as a finance lease or an operating lease. A lease that substantially transfers all risks and rewards related to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease on the inception date at the fair value of the leased property or, if it is lower, at the present value of the minimum lease payments. The lease payments are apportioned between the finance charge and the reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

The leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will acquire the property by the end of the lease term, the asset is depreciated over the estimated useful life of the asset and the lease term, whichever is shorter. An operating lease is a lease agreement other than a finance lease. Operating lease payments are recognized as operating expenses in the statement of profit or loss on a straight-line basis over the term of the lease.

Company as Lessor

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the Company. All other leases are classified as operating leases, The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Accounting policies (Continued)

2.12 Leases (Continued)

Right of use assets

The Company recognizes right of use assets at the date of the commencement of the lease (i.e., the date of the underlying asset for use). The right of use is measured at cost, less any accumulated depreciation and impairment losses, and is adjusted for any re-measurement of the lease liability. The right of use assets includes amount of lease liability, initial direct cost and payment carried out on or before commencement minus any lease expenses received. Unless Company are reasonably certain of obtaining ownership of the leased asset at the end of the lease term, the right of use assets depreciated by a straight-line method over the estimated useful life or the lease term, whichever is shorter. Right of use assets are subject to impairment.

Lease liability

At the commencement date of the lease, the Company recognizes the lease liability measured at the present value of the minimum lease payments to be made over the lease term. lease payments include fixed payments (including substantial fixed payments) minus any accrued lease expenses, variable lease payments that are index or rate based and amounts expected to be paid under residual value guarantees. The lease payments also include the price for exercising a reasonably assured purchase option that the Company exercises and the payment of fines for terminating the lease, if the lease term reflects the firm's exercise of the termination option.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that gave rise to the payment.

When calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not easily identifiable. After the start date, the amount of the lease liability is increased to reflect the accrual of interest and reduced minimum lease payments. In addition, the carrying amount of the lease liability is re-measured if there is an adjustment or change in the lease term, a change in the substantial fixed lease payments or a change in the valuation of the purchase of the underlying asset.

The Company applies the exemption to short-term leases of machinery and equipment (i.e. leases that have a lease term of 12 months or less from the start date and do not contain a purchase option, It also applies exemption from recognition to assets with low value of office equipment (i.e. less than $ 5,000). Lease payments on short-term leases and leases for low-value assets are recognized as an expense on a straight-line basis over the lease term.

The interest rate issued by the Central Bank of Egypt was used to deduct the minimum lease payments and measure the lease liability recognized in the statement of financial position in case of unavailability of the weighted average of the cumulative borrowing rate for the leased company.

2. Accounting policies (Continued)

2.13 Trade receivables, notes receivable & Debtors

Trade receivables and notes receivable are recognised initially at the transaction price determined in accordance with the Company's revenue recognition policy, being the original invoiced amount, as they do not contain a significant financing component. Balances that do contain a significant financing component are recognised initially at the present value of the future cash flows.

These balances are subsequently measured at amortised cost using the effective interest method, less a loss allowance for expected credit losses. Applying the effective interest method has no material effect on short-term non-interest-bearing balances, which are accordingly carried at the invoiced amount less the loss allowance for expected credit losses.

The loss allowance for expected credit losses is determined in accordance with the impairment policy for financial assets set out in the financial instruments note, Note (2-10). Balances are written off in accordance with the write-off policy set out in that same note.

Trade receivables and notes receivable are presented within current assets because they arise within the Company's normal operating cycle, even where they fall due more than twelve months after the reporting date. Other debtors and debit balances that do not arise within the normal operating cycle are presented within current assets unless they fall contractually due more than twelve months after the reporting date, in which case they are presented within non-current assets.

2.14 Cash and cash equivalents

Cash and bank balances are carried in the balance sheet at cost. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.15 Share capital

Ordinary shares are classified as equity. Share premiums, if any, are taken to statutory reserve. The costs of issuing capital and amounts collected from shareholders to recover such costs are taken to the reserves.

Where the Company purchases its equity share capital, the consideration paid including any incremental external costs is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2. Accounting policies (Continued)

2.16 Reserves

Reserves represent appropriations of retained earnings. Transfers to reserves are recognised within equity in the period in which they are approved by the Ordinary General Assembly, on the proposal of the Board of Directors, as part of the appropriation of the profit for the preceding financial year.

Legal reserve

In accordance with the Company's articles of association, 5% of the net profit is transferred to a legal reserve. Such transfers cease once the reserve reaches 100% of the paid-up capital, and are resumed whenever the reserve falls below that level. The legal reserve is not available for distribution to shareholders.

Reserve for financing investment projects

This reserve is formed in accordance with Article 52, item 5, of the Company's articles of association. It is carried forward to the following year on the proposal of the Board of Directors, or is appropriated to establish an extraordinary reserve fund or an extraordinary depreciation fund.

General reserve

This reserve is formed in accordance with Article 52, item 5, of the Company's articles of association. It is a general reserve intended to provide the Company with internally generated finance to be invested in its various activities, thereby increasing the Company's working capital and strengthening its financial position.

Capital reserve

This reserve is formed by an amount equal to the gains arising on the sale of any item of property, plant and equipment, or on compensation received in respect of such items, in excess of its carrying amount. Such gains are recognised in profit or loss in the period in which they arise, and the reserve is subsequently formed by an appropriation from retained earnings within equity.

Other reserves

The General Assembly may, on the proposal of the Board of Directors, form other reserves.

2.17 Borrowings

Loans and credit facilities obtained by the Company are recognised initially at fair value less directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method, as set out in the financial instruments policy in Note (2-10). The difference between the proceeds received, net of transaction costs, and the amount payable at maturity is recognised in profit or loss over the term of the loan or facility.

2. Accounting policies (Continued)

2.17 Borrowings (Continued)

A Qualifying asset

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. For the Company, qualifying assets comprise principally projects under construction and other items of property, plant and equipment during their construction period, and any intangible asset under development that meets that description.

Borrowing costs comprise interest calculated using the effective interest method, finance charges on lease liabilities, and exchange differences arising on foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.

Recognition and capitalisation

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount capitalised is the actual borrowing costs incurred on that borrowing during the period, less any investment income earned on the temporary investment of those funds.

Where funds are borrowed generally and used to obtain a qualifying asset, the amount capitalised is determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the Company's borrowings outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The borrowing costs capitalised during a period may not exceed the total borrowing costs incurred in that period.

Commencement of capitalisation

Capitalisation of borrowing costs as part of the cost of a qualifying asset commences when all of the following conditions are met:

- expenditure on the asset is being incurred;
- borrowing costs are being incurred; and
- the activities necessary to prepare the asset for its intended use or sale are in progress.

Suspension of capitalisation

Capitalisation of borrowing costs is suspended during extended periods in which active development of the qualifying asset is interrupted.

2. Accounting policies (Continued)

2.17 Borrowings (Continued)

Cessation of capitalisation

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Where the construction of a qualifying asset is completed in parts and each part is capable of being used while construction continues on the other parts, capitalisation of borrowing costs on a completed part ceases once substantially all the activities necessary to prepare that part for its intended use or sale are complete.

2.18 Related parties

The related parties are represented in each of the associates, major shareholders, directors and senior management of the Company and also represent the companies controlled, jointly controlled or significant effect by those related parties. The terms and conditions of the transactions with related parties are approved by the Board of Directors. Related parties are treated with the same conditions as other parties

2.19 Employee benefits

Social insurance scheme

The Company operates a single pension arrangement, being a defined contribution plan under which it pays contributions to the schemes of the National Organisation for Social Insurance on a mandatory basis. The Company has no further obligation once those contributions have been paid. Regular contributions are recognised as a periodic cost in the year in which they fall due and are included within labour cost.

Accumulating compensated absences

A liability is recognised for the expected cost of accumulating compensated absences, measured as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The liability is recognised as employees render the service that increases their entitlement.

End-of-service benefits

The Company operates an end-of-service gratuity scheme under a regulation approved by the Board of Directors, under which a benefit becomes payable to the employee on reaching statutory retirement age or on death. The scheme is a defined benefit plan.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date.

2. Accounting policies (Continued)

2.19 Employee benefits (Continued)

The obligation is determined annually by an independent actuary using the projected unit credit method, by discounting the estimated future cash outflows using the yields on high-quality corporate bonds or, where there is no deep market in such bonds, the yields on government bonds denominated in the currency in which the benefits will be paid and having terms approximating to the terms of the related obligation.

Current service cost and any past service cost are recognised in profit or loss within labour cost, and net interest on the net defined benefit liability is recognised within finance cost. Remeasurements of the net defined benefit liability — comprising actuarial gains and losses arising from changes in demographic and financial assumptions and from experience adjustments — are recognised in other comprehensive income in the period in which they arise and are not subsequently reclassified to profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Company recognises termination benefits at the earlier of the date on which it can no longer withdraw the offer of those benefits and the date on which it recognises the costs of a restructuring that involves the payment of termination benefits. Benefits falling due more than twelve months after the reporting date are discounted to their present value.

Employees' share of profit

In accordance with the Company's articles of association, a proportion of the profit for the year is appropriated for distribution to the Company's employees in accordance with rules proposed by the Board of Directors and approved by the General Assembly. The employees' share of profit is recognised as part of the appropriation of profit within equity, and as a liability, in the period in which it is approved by the General Assembly of the Company's shareholders. No liability is recognised in respect of the employees' share of undistributed profits.

2.20 Provisions

Recognition

A provision is recognised when the Company has a present obligation, whether legal or constructive, as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation; and a reliable estimate can be made of the amount of the obligation. No provision is recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

2. Accounting policies (Continued)

2.20 Provisions (Continued)

A provision is recognised even if the likelihood of an outflow in respect of any one item included in the class may be small, provided that an outflow is probable for the class as a whole.

Measurement

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where the provision relates to a large population of items, the obligation is measured at its expected value; where it relates to a single obligation, the best estimate is the most likely outcome.

Where the effect of the time value of money is material, the provision is measured at the present value of the expenditure expected to be required to settle the obligation, discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision arising from the passage of time is recognised as a borrowing cost within finance costs in profit or loss.

Review and use of provisions

Provisions are reviewed at each reporting date and adjusted, where necessary, to reflect the current best estimate. Where it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. A provision is used only for the expenditure in respect of which it was originally recognised.

Reimbursements

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised as a separate asset when, and only when, it is virtually certain that the reimbursement will be received if the Company settles the obligation. The amount recognised for the reimbursement may not exceed the amount of the provision. In profit or loss, the expense relating to a provision may be presented net of the amount recognised for the reimbursement.

2.21 Contingent liabilities

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control, or a present obligation arising from past events that is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle it, or because the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the statement of financial position. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

2. Accounting policies (Continued)

2.22 Contingent assets

Contingent assets are not recognised in the statement of financial position. They are disclosed in the notes to the financial statements where an inflow of economic benefits is probable. Where the realisation of income is virtually certain, the related asset is no longer a contingent asset and is recognised.

2.23 Trade payables, notes payable and other creditors

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business. They are recognised when the goods are received or the services are rendered, whether or not they have been invoiced to the Company; amounts relating to goods received or services rendered that have not yet been invoiced are recognised as accruals within other creditors and credit balances.

These balances are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, in accordance with the financial instruments policy set out in Note [2.10]. Applying the effective interest method has no material effect on short-term non-interest-bearing balances, which are accordingly carried at the invoiced or agreed amount.

Where the effect of the time value of money is material — in particular where settlement is deferred beyond normal credit terms — the liability is measured initially at the present value of the expected cash outflows, discounted at the rate applicable to similar borrowings of the Company, and the related goods or services are measured at the cash price equivalent. The difference between that amount and the total payments is recognised as a finance cost over the period of the credit.

Suppliers and notes payable are presented within current liabilities because they are settled within the Company's normal operating cycle, even where they fall due more than twelve months after the reporting date. Other creditors and credit balances that do not arise within the normal operating cycle are presented within current liabilities unless the Company has an unconditional right to defer settlement for at least twelve months after the reporting date, in which case they are presented within non-current liabilities.

2.24 Revenue from contracts with customers

Revenue is recognised when the Company satisfies a performance obligation by transferring control of a promised good or service to a customer. Revenue is measured at the transaction price, being the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services, excluding amounts collected on behalf of third parties. Revenue is presented net of sales tax, returns, trade and volume discounts and distributor incentives.

2. Accounting policies (Continued)

2.24 Revenue from contracts with customers (continued)

The five-step model

The Company applies the following model to its contracts with customers:

(1)identifying the contract with the customer, whether written, oral or implied by the Company's customary business practices;

(2)identifying the performance obligations in the contract, being the distinct goods or services promised to the customer;

(3)determining the transaction price and the payment terms, including the effect of any variable consideration;

(4)allocating the transaction price to the performance obligations in the contract; and

(5)recognising revenue when, or as, each performance obligation is satisfied, whether at a point in time or over time. Judgement is applied at each step, taking into account all the relevant facts and circumstances of the contract.

Sale of pharmaceutical products

Revenue from the sale of pharmaceutical products — comprising direct sales to pharmacies, sales to distributors and supplies under government tenders — is recognised at the point in time at which control of the products transfers to the customer, which is generally on delivery of the products to the customer and their acceptance. Payment falls due in accordance with the credit terms agreed with each customer.

Export sales

Revenue from export sales is recognised at the point in time at which control of the products transfers to the customer, determined by reference to the shipping terms agreed with each customer.
Processing for third parties

Contract Manufacturing

Revenue from manufacturing and processing carried out on behalf of third parties is recognised when control of the processed goods transfers to the customer, which is generally on completion of the processing and delivery of the goods to the customer.

Variable consideration

Distributor incentives, volume discounts and rights of return give rise to variable consideration. The Company estimates variable consideration using either the expected value or the most likely amount, whichever better predicts the amount of consideration to which it will be entitled, and includes that estimate in the transaction price only to the extent that it is highly probable that a significant reversal of the cumulative revenue recognised will not subsequently occur. The estimate is based on accumulated experience with the customer, the type of transaction and the specific terms of each arrangement, and is reassessed at each reporting date.

A refund liability is recognised for the amounts expected to be refunded to customers in respect of expected returns, and for the incentives and discounts expected to be granted in respect of sales made up to the reporting date. Where a right of return exists, an asset is also recognised for the right to recover the products from the customer, measured at the former carrying amount of the inventory less any expected costs of recovery.

2. Accounting policies (Continued)

2.24 Revenue from contracts with customers (continued)

Significant financing component

The Company's sales are made on credit terms that are consistent with market practice and that do not exceed one year. Accordingly, no significant financing component is considered to exist and the transaction price is not adjusted for the effect of the time value of money.

Contract assets and contract liabilities

Where the Company satisfies a performance obligation before the consideration becomes unconditionally due, a contract asset is recognised. Where consideration is received, or becomes due, before the related performance obligation is satisfied, a contract liability is recognised. Contract assets are subject to the expected credit loss requirements set out in the financial instruments policy in Note [2.10].

2.25 Investment and interest income

Dividend income and interest income fall outside the scope of the standard on revenue from contracts with customers and are accounted for in accordance with the financial instruments policy set out in Note [2.10].

Dividend income

Dividend income is recognised in profit or loss when the Company's right to receive payment is established, it is probable that the economic benefits will flow to the Company and the amount can be measured reliably. Dividends from subsidiaries and associates are recognised on the same basis and are dealt with in Note [33].

Interest income

Interest income on financial assets measured at amortised cost is recognised in profit or loss using the effective interest method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortised cost of the asset, being its gross carrying amount net of the loss allowance.

Where a financial asset that has become credit-impaired subsequently ceases to be credit-impaired, interest income reverts to being calculated on the gross carrying amount.

2.26 Dividends

Dividends are recognised as liabilities in the financial statements at the end of the financial period in which the dividends are approved by the Company's General Assembly of Shareholders.

2. Accounting policies (Continued)

2.27 Income tax

Recognition

Income tax comprises current tax and deferred tax. It is recognised as income or expense in profit or loss for the period, except to the extent that it arises from a transaction or event that is recognised — in the same period or in a different period — outside profit or loss, whether in other comprehensive income or directly in equity, or that arises from a business combination. In those cases the tax is recognised consistently with the item to which it relates.

Current tax

Current tax for the current and prior periods is recognised as a liability to the extent that it remains unpaid. Where the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. Current tax liabilities and assets are measured at the amount expected to be paid to, or recovered from, the tax authority, using the tax rates and tax laws that are enacted or substantively enacted at the end of the financial period. Tax on distributed profits is accounted for as part of current tax.

Uncertain tax positions

Management periodically evaluates the positions taken in the Company's tax returns in respect of situations in which the applicable tax regulations are subject to interpretation, including interpretations issued by the administrative and regulatory authorities, and recognises provisions on the basis of the amounts expected to be paid to the tax authority.

Deferred tax - recognition

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. A deferred tax liability is recognised for all taxable temporary differences, except those arising from:

- the initial recognition of an asset or a liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and
- investments in subsidiaries and associates and interests in joint arrangements, where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets

A deferred tax asset is recognised for deductible temporary differences, for unused tax losses carried forward and for unused tax credits, to the extent that it is probable that future taxable profit will be available against which they can be utilised. Future taxable profit is determined by reference to the Company's approved business plan.

The carrying amount of deferred tax assets is reviewed at the end of each financial period and is reduced by the amount of any benefit that is no longer expected to be realised in future years.

2. Accounting policies (Continued)

2.27 Income tax (Continued)

Deferred tax assets not previously recognised are reassessed at the end of each financial period and are recognised to the extent that it has become probable that future taxable profit will allow them to be recovered.

Measurement

Deferred tax is measured at the tax rates expected to apply in the period in which the temporary difference reverses, based on the tax rates and tax laws that are enacted or substantively enacted at the end of the financial period. Measurement reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the financial period, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is not discounted to present value.

Offsetting and presentation

Current tax assets and current tax liabilities are offset only where the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are offset where such a right exists in respect of current tax and the deferred tax balances relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend to settle on a net basis. Deferred tax assets and liabilities are presented within non-current assets and non-current liabilities respectively.

2.28 Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss for the year or period attributable to the ordinary shareholders of the Company — after deducting the employees' share of profit, the remuneration of the members of the Board of Directors and any costs of servicing equity instruments other than ordinary shares — by the weighted average number of ordinary shares outstanding during the year or period, excluding treasury shares.

Where bonus shares are issued, the number of ordinary shares outstanding before the issue is adjusted for the proportionate change in the number of ordinary shares outstanding, as if the event had occurred at the beginning of the earliest period presented in the financial statements. The same treatment is applied to share splits and reverse share splits.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the amounts used in determining basic earnings per share for the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3. Accounting policies (Continued)

2.28 Earnings Per Share (Continued)

Where the Company has no dilutive potential ordinary shares, diluted earnings per share equals basic earnings per share.

Presentation

Where the Company presents both consolidated financial statements and separate financial statements, the disclosures required in respect of earnings per share are presented on the basis of the information contained in the separate financial statements. Earnings per share is presented in the statement of profit or loss only.

Financial risk management

The financial instruments represented in financial assets (cash at banks and on hands, accounts receivable, some of debtors' balances and securities investments) and financial liabilities (loans and credit facilities, vendors and some of creditors' balances).

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (comprising foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's financial risk management is carried out centrally by the finance function under policies approved by the Board of Directors and focuses on the unpredictability of financial markets and on minimizing potential adverse effects on the Company's financial performance. The Company does not enter into derivative transactions, whether for trading purposes or to hedge exposures to movements in foreign exchange rates or interest rates.

(A) Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk principally on borrowings and bank facilities denominated in US dollars and euro, on payables arising from imports of active pharmaceutical ingredients, packaging materials and production supplies, and on receivables arising from export sales. The functional currency of the Company is the Egyptian pound.

The following table sets out the Company's monetary balances denominated in foreign currencies at the reporting date, translated into Egyptian pounds:

	2026		
	Assets	**Liabilities**	**Net**
US Dollar	2,314,056,866	(1,744,091,244)	569,965,622
Euro	-	(489,644,976)	(489,644,976)
Other currencies	-	-	-
Total	**2,314,056,866**	**2,233,736,220**	**80,320,646**

	2025		
	Assets	**Liabilities**	**Net**
US Dollar	2,347,078,521	(2,211,896,724)	135,181,797
Euro	-	(231,327,628)	(231,327,628)
Other currencies	-	-	-
Total	**2,347,078,521**	**2,443,224,352**	**(96,145,831)**

3. The following analysis shows the effect on profit or loss of a reasonably possible change of 10% in the exchange rates of foreign currencies against the Egyptian pound at the reporting date, with all other variables held constant. The analysis assumes that all other variables — in particular interest rates — remain unchanged, and ignores any effect of forecast purchases andsales

(In the notes all amounts are shown in EGP unless otherwise stated)

3- Financial risk management (Continued)

Effects on the statements of profit or loss

Net Foreign Currency Position (10%)	**2026**	**2025**
US Dollar	56,996,562	13,518,180
Euro	(48,964,498)	(23,132,763)
Other Currencies	-	-
Total	**8,032,065**	**(9,614,583)**

(ii) Interest rate risk. Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to cash flow interest rate risk on its long-term loans, short-term loans and bank credit facilities, which bear interest at variable rates linked to prevailing market rates. The Company is not exposed to material fair value interest rate risk, as it does not carry any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and does not designate derivatives as hedging instruments.

The following analysis shows the effect on profit or loss of a reasonably possible change in interest rates on variable-rate borrowings outstanding at the reporting date, with all other variables held constant:

Change in interest rate (1%)	**2026**		**2025**	
	EGP	**Profit (Loss)**	**EGP**	**Profit (Loss)**
Financial assets	55,803,322	558,033	489,649,893	4,896,499
Financial liabilities	9,904,638,520	99,046,385	8,735,806,304	87,358,063
Total	**9,960,441,842**	**(98,488,352)**	**9,225,456,197**	**(82,461,564)**

(iii) Price risk

Price risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from foreign currency risk or interest rate risk. At the reporting date the Company holds no investments in equity instruments or in quoted debt instruments that are measured at fair value, and is accordingly not exposed to price risk. Where financial assets are subsequently classified as measured at fair value through profit or loss or at fair value through other comprehensive income, the Company will disclose the resulting exposure to price risk together with a sensitivity analysis showing the effect of reasonably possible changes in market prices on profit or loss and on other comprehensive income.

3. Financial risk management (Continued)

(B) Credit risk

Credit risk is the risk of financial loss to the Company where a counterparty to a financial instrument fails to discharge its obligations. Credit risk arises principally from trade receivables and notes receivable, from other debtors, from amounts due from related parties, and from cash and balances at banks. Credit risk is managed centrally for the Company as a whole.

In respect of banks, the Company deals with banks operating in Egypt that are subject to the supervision of the Central Bank of Egypt and that carry an appropriate independent credit rating. In respect of customers, management assesses the credit profile of each customer by reference to past experience of dealings with that customer and other relevant factors, sets credit limits accordingly, and monitors outstanding balances on a continuing basis. Loss allowances are determined in accordance with the impairment policy for financial assets set out in Note [2.10].

(In the notes all amounts are shown in EGP unless otherwise stated)

3. Financial risk management (Continued)

(B) Credit risk (Continued)

The Company's maximum exposure to credit risk at the reporting date, without taking account of any collateral held, is the carrying amount of the following financial assets:

	2026	2025
Trade receivables and notes receivable	3,903,675,766	3,266,404,688
Other debtors and debit balances *	267,249,271	281,248,920
Due from related parties	5,330,797	1,212,960
Cash and balances at banks	188,070,822	611,538,046
Total	**4,364,326,656**	**4,160,404,614**

* Excluding prepayments and advances, which do not give rise to credit risk.

The impairment models applied to the financial assets exposed to credit risk are as follows:

Category	Class	Impairment model
Financial assets at amortised cost	Trade receivables and notes receivable	Three-stage model
Financial assets at amortised cost	Other debtors and debit balances	Three-stage model
Financial assets at amortised cost	Due from related parties	Three-stage model
Financial assets at amortised cost	Cash and balances at banks	Three-stage model

Concentration of credit risk arises from the Company's dependence on a limited number of major distributors in the local market and on supplies made under government tenders. That concentration is mitigated by the diversity of the Company's export markets and by the credit limits and collection procedures applied to each customer.

The credit ratings of the banks with which the Company deals, and the balances held with them, are as follows:

Credit Classification	2026	2025
B	**181,856,985**	**614,262,921**

The ageing of trade receivables and the related loss allowance at the reporting date are as follows:

30 June 2026	ECL rates	Book Value	Allowance	Total
Non Due	%0,4	2,789,686,730	10,099,025	2,779,587,705
<90 Days	%2,9	524,899,099	15,395,495	509,503,604
<180 Days	%5,2	453,719,883	23,707,192	430,012,691
>180 Days	%8.8	202,473,449	17,900,682	184,572,767
>360 Days		**1,112,979,155**	**1,112,979,155**	-
Total	**%100**	**583,758,316**	**1,180,081,549**	**3,903,675,766**

(In the notes all amounts are shown in EGP unless otherwise stated)

3. Financial risk management (Continued)

(C) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities as they fall due. Prudent liquidity risk management involves maintaining sufficient cash and balances at banks, and maintaining committed credit facilities of an adequate amount to meet the Company's operating requirements and its capital expenditure programmer. Management monitors rolling forecasts of the Company's liquidity and cash position on the basis of expected cash flows.

The following table analyses the Company's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows, which include contractual interest, and therefore do not agree to the carrying amounts in the statement of financial position:

	Below 1 year	**More than 1 year**
30 June 2026		
Bank credit facilities	5,292,826,227	0
Long-term and short-term loans	1,390,609,218	3,221,201,075
Suppliers and notes payable	862,522,163	0
Other creditors and credit balances	525,147,854	0
Due to related parties	126,863,921	0
Dividends payable	339,551,916	0
Lease liabilities	446,200	11,746,465
Total	**8,537,967,498**	**3,232,947,540**
31 December 2025		
Bank credit facilities	3,869,139,714	0
Long-term and short-term loans	1,107,863,191	3,758,803,399
Suppliers and notes payable	756,808,310	0
Other creditors and credit balances	595,371,295	0
Due to related parties	83,334,329	0
Dividends payable	250,000	0
Lease liabilities	382,759	11,982,389
Total	**6,413,149,598**	**3,770,785,788**

(In the notes all amounts are shown in EGP unless otherwise stated)

3. Financial risk management (Continued)

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure so as to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Company monitors capital on the basis of the gearing ratio, calculated as net debt divided by total capital. Net debt is calculated as total borrowings and credit facilities less cash and cash equivalents; total capital is calculated as total equity plus net debt.

	2026	2025
Total borrowings and bank credit facilities	9,904,638,520	8,735,806,304
Less: cash and cash equivalents	(188,070,822)	(611,538,046)
Net debt	**9,716,567,698**	**8,124,268,258**
Capital	1,687,557,500	1,687,557,500
Reserves	2,778,308,375	2,722,047,479
Total capital and reserves	**4,465,865,875**	**4,409,604,979**
Gearing ratio	**%217,57**	**%184,24**

3.3 Fair value estimation

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values, given the short period to maturity. The carrying amounts of the Company's borrowings and bank credit facilities approximate their fair values, as they bear interest at variable rates that are repriced by reference to prevailing market rates. For disclosure purposes, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

Where financial instruments are measured at fair value, the Company classifies those measurements using the following hierarchy, which reflects the significance of the inputs used:
Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 — inputs for the asset or liability that are not based on observable market data.
At the reporting date the Company holds no financial instruments measured at fair value. Should financial instruments subsequently be measured at fair value, the Company will disclose their classification within the fair value hierarchy, the valuation techniques and inputs applied, and any transfers between levels.

4. Critical accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities. Estimates and the underlying assumptions are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable in the circumstances, and are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively. Actual results may differ from these estimates.

4.1 Critical judgements in applying the accounting policies

Control and significant influence. Management assesses whether the Company controls an investee by reference to the substance of the relationship rather than to the proportion of shares held, and whether it exercises significant influence over an investee in which it holds less than 20% of the voting power. Where an investment of less than 20% is classified as an associate, that conclusion is supported by evidence of participation in the financial and operating policy decisions of the investee. The conclusion determines whether the investment is accounted for as an investment in a subsidiary, an investment in an associate, or a financial asset.

Acquisition of a business or of a group of assets. Where the Company acquires a portfolio of product registrations, dossiers or manufacturing rights, management assesses whether the acquisition constitutes a business. That conclusion determines whether goodwill is recognised, whether transaction costs are capitalized or expensed, and how any contingent consideration is measured.

Capitalization of development expenditure. Management determines the point at which the criteria for capitalizing development expenditure are met, which the Company considers to be the date on which bioequivalence has been successfully established and the registration dossier has been submitted to the regulator with approval assessed as highly probable. Expenditure incurred before that date is recognised as an expense and cannot subsequently be reinstated.

Contingent milestone payments. Management judges whether an obligation to make a milestone payment under an in-licensing agreement has arisen, and whether the amount qualifies for capitalization as part of the cost of the related right or is recognised as an expense.

Identification of cash-generating units. Management identifies the level at which cash inflows are largely independent of those from other assets or groups of assets, and allocates shared production and distribution assets accordingly.

Business model and cash flow characteristics of financial assets. Management assesses, at portfolio level, the business model within which financial assets are held, and whether the contractual terms give rise to cash flows that are solely payments of principal and interest.

4. Critical accounting judgements and estimates (Continued)

4.1 Critical judgements in applying the accounting policies (Continued)

Timing of transfer of control in revenue. Management determines the point at which control of the products transfers to the customer. For local sales this is generally on delivery of the products and their acceptance by the customer; for export sales it is determined by reference to the shipping terms agreed with each customer.

Classification of assets as held for sale. Management judges whether a sale is highly probable and whether the asset is available for immediate sale in its present condition, which determines whether the asset is classified as held for sale and ceases to be depreciated or amortised.

Provisions and contingent liabilities. Management judges whether a present obligation exists in respect of disputed tax assessments and legal claims, and whether an outflow of resources is probable, and accordingly whether a provision is recognised or a contingent liability is disclosed.

4.2 Key sources of estimation uncertainty

Expected credit losses on trade receivables. The Company holds significant balances of trade receivables and notes receivable. The loss allowance is determined using the probability of default, the exposure at default and the loss given default, applied to exposures grouped by days past due and calculated on a probability-weighted basis. Historical default and loss data are adjusted for forward-looking information, comprising macroeconomic factors and factors specific to individual customers. Changes in those assumptions, or in the ageing profile of the portfolio, could result in a material adjustment to the loss allowance.

Net realizable value and obsolescence of inventories. Inventories are carried at the lower of cost and net realizable value. Determining net realizable value requires estimates of expected selling prices — which for a substantial part of the Company's products are subject to administered pricing — and of the costs necessary to complete and sell the goods. Estimating the allowance for slow-moving and obsolete inventories requires judgement about remaining shelf life, expected expiry dates, batch quality and demand patterns.

Useful lives of property, plant and equipment and intangible assets. The useful lives applied to items of property, plant and equipment and to product registrations, marketing authorizations and manufacturing rights are based on expected product life cycles, the anticipated date of loss of exclusivity and the entry of competing generic products, and expected technical and commercial obsolescence. Changes in those expectations alter the depreciation and amortization charge prospectively.

4. Critical accounting judgements and estimates (Continued)

4.2 Key sources of estimation uncertainty (Continued)

Impairment of non-financial assets. Determining the recoverable amount of cash-generating units requires estimates of forecast sales volumes and selling prices, gross margins, terminal growth rates and the pre-tax discount rate applied, together with the expected effect of movements in the exchange rate of the Egyptian pound on the cost of imported active pharmaceutical ingredients. Those assumptions are inherently uncertain.

Provisions for disputed taxes and claims. The Company is subject to tax assessments that are the subject of dispute, and to legal claims arising in the ordinary course of business. The related provisions represent management's best estimate of the amounts expected to be paid, which depends on the outcome of the disputes and on the interpretation of the applicable tax legislation.

Employee end-of-service benefit obligation. The measurement of the obligation for end-of-service benefits requires assumptions as to the discount rate, expected rates of salary increase, employee turnover and expected retirement dates. Changes in those assumptions affect the carrying amount of the obligation and the related charge.

Recoverability of deferred tax assets. A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the related deductible temporary differences and tax losses can be utilised. Future taxable profit is determined by reference to the Company's approved business plan.

Expected sales returns. In accordance with practice in the pharmaceutical sector, distributors and pharmacies are entitled to return products that have reached, or are approaching, their expiry date. Management determines the estimate of expected returns at the point of sale. The estimated amount to be refunded to customers is recognised within contract liabilities — expected returns and is measured by reference to the selling price of the products expected to be returned; a corresponding asset is recognised within contract assets — expected returns for the right to recover those products, measured at the former carrying amount of the inventory less any expected costs of recovery and less any expected reduction in the value of the returned products, including where those products are not expected to be capable of resale and will be destroyed.

The estimate is determined having regard to past experience of sales returns, the volume of revenue and the volume of sales, the expiry dates of the goods sold and their remaining shelf life at the date of sale, the product mix and historical return rates by product, and the volume of the Company's products held within the distribution channel. Management reviews the adequacy of the estimate periodically. Because a product may be returned several years after it is sold, the estimate made at the reporting date relates to the sales of more than one financial year, and a change in the return rate applied has a magnified effect on the amounts recognized.

4. Critical accounting judgements and estimates (Continued)

4.2 Key sources of estimation uncertainty (Continued)

Variable consideration. The transaction price includes estimates of distributor incentives and volume discounts, which are constrained so that revenue is recognised only to the extent that it is highly probable that a significant reversal will not subsequently occur. Those estimates are based on accumulated experience and are reassessed at each reporting date.

Capitalization rate for borrowing costs. Where general borrowings are used to finance qualifying assets, the amount capitalized is determined by applying a capitalization rate based on the weighted average of the borrowing costs applicable to the Company's outstanding borrowings, which requires judgement as to the borrowings to be included in that average.

(In the notes all amounts are shown in EGP unless otherwise stated)

5- Fixed assets

	Lands	Buildings	Machines and equipments	Means of Transportation	Tools & Equipment	Furniture & Fixtures	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost:							
Balance at 1 January 2026	81,059,818.00	2,010,832,841.00	2,144,677,898.00	112,341,607.00	210,212,273.00	210,799,515.00	4,769,923,952.00
Additions during the year	-	830,851,091.00	855,881,389.00	12,675,470.00	265,445,655.00	65,310,921.00	2,030,164,526.00
Disposals during the year	-	-	974,266.00	860,698.00	134,713.00	2,547,161.00	4,516,838.00
Cost at 30 June 2026	**81,059,818.00**	**2,841,683,932.00**	**2,999,585,021.00**	**124,156,379.00**	**475,523,215.00**	**273,563,275.00**	**6,795,571,640.00**
Accumulated depreciation at 1 January 2026	-	262,204,755.00	1,125,038,249.00	96,351,774.00	112,043,035.00	132,290,733.00	1,727,928,547.00
Additions during the period	-	25,901,994.00	60,371,008.00	2,512,296.00	31,284,894.00	8,444,686.00	128,514,876.00
Accumulated depreciation on disposals	-	-	974,264.00	860,691.00	134,687.00	2,546,148.00	4,515,790.00
Accumulated depreciation at 30 June 2026	-	288,106,749.00	1,184,434,993.00	98,003,379.00	143,193,242.00	138,189,271.00	1,851,927,634.00
Net book value at 30 June 2026	**81,059,818.00**	**2,553,577,183.00**	**1,815,150,028.00**	**26,153,000.00**	**332,329,973.00**	**135,374,004.00**	**4,943,644,006.00**
Accumulated Depreciation:	81,059,818.00	506,834,409.00	1,609,452,773.00	105,641,134.00	150,419,392.00	196,091,451.00	2,649,498,977.00
on January 1, 2025	-	-	11,347,231.00	386,232.00	24,225,979.00	6,868,560.00	42,828,002.00
Depreciations for the year	-	1,503,998,432.00	527,538,179.00	7,300,000.00	38,575,652.00	9,046,434.00	2,086,458,897.00
Accumulated Depreciation for disposals	-	-	3,660,283.00	985,757.00	3,008,750.00	1,207,133.00	8,861,923.00
on December 31, 2025	**81,059,818.00**	**2,010,832,841.00**	**2,144,677,900.00**	**112,341,609.00**	**210,212,273.00**	**210,799,312.00**	**4,769,923,953.00**
Accumulated depreciation at 1 January 2025	-	254,619,780.00	1,067,952,544.00	94,464,090.00	95,391,980.00	120,766,283.00	1,633,194,677.00
Depreciation for the year	-	7,584,975.00	60,745,840.00	2,873,425.00	19,659,552.00	12,731,228.00	103,595,020.00
Accumulated depreciation on disposals	-	-	3,660,135.00	985,741.00	3,008,497.00	1,206,778.00	8,861,151.00
Accumulated depreciation at 31 December 2025	-	262,204,755.00	1,125,038,249.00	96,351,774.00	112,043,035.00	132,290,733.00	1,727,928,546.00
Net book value at 31 December 2025	**81,059,818.00**	**1,748,628,086.00**	**1,019,639,651.00**	**15,989,835.00**	**98,169,238.00**	**78,508,579.00**	**3,041,995,407.00**

- The fully depreciated fixed assets amounted to EGP

Lands	Buildings	Machines and equipments	Means of Transportation	Tools & Equipment	Furniture & Fixtures	Total
EGP	EGP	EGP	EGP	EGP	EGP	EGP
0	66,749,460	486,770,100	89,503,355	81,508,630	98,649,993	0
						823,181,538

- There is no commercial mortgage on the fixed assets
- There are no assets that are temporarily out of service or not in use

(In the notes all amounts are shown in EGP unless otherwise stated)

6- Right of Use of Assets (Net)

	30 June 2026	31 December 2025
Cost	**EGP**	**EGP**
Balance as of 1 January	**17,643,944**	**15,879,030**
Additions	(1,160,229)	1,764,469
Balance at End of the Period/Year	**16,483,270**	**17,643,499**
Accumulated Depreciation		
Balance as of 1 January	7,756,213	6,312,523
Depreciation for the period / year	674,983	1,443,690
Accumulated Depreciation for disposals	(1,160,229)	-
Acc. Depreciation as of 30 June 2026	**7,270,967**	**7,756,213**
Net Book Value as of 30 June 2026	**9,212,303**	**9,887,286**

7- Projects under Constructions

Descriptions	Balance as of	Transactions During the Period		Balance as of
	31 December 2025	Additions	Transfer to fixed assets	30 June 2026
Buildings	1,691,000	4,770,865	1,753,090	4,708,775
Machinery and Equipment	554,709,121	388,547,572	164,179,748	779,076,945
Means of Transportations	0	17,094	0	17,094
Tools and Equipment's	6,471,664	28,139,809	19,344,045	15,267,429
Compositions	1,305,969	519,442	1,870,411	0
Programs	0	214,150	160,000	54,150
EIPICO Factory (3)	4,284,898,658	67,641,627	1,781,940,871	2,570,599,413
Total	**4,849,121,412**	**489,850,560**	**1,969,248,165**	**3,369,723,807**

- The capitalized interest on projects under construction reached 95,916,585 EGP

(In the notes all amounts are shown in EGP unless otherwise stated)

8- Intangible assets (Net)

	30 June 2026 EGP	31 December 2025 EGP
Goodwill (8/A)	-	-
Computer Software (8/B)	37,649,913	40,142,172
Total	**37,649,913**	**40,142,172**

8/A Goodwill

The goodwill came from re-evaluating assets and liabilities and calculating amortization when the Egyptian Company for Pharmaceutical Packaging merged into the Egyptian International Pharmaceutical Industries (EIPICO) based on the valuation done on 30/9/1999 Amounted to 370,000,000 EGP.The goodwill amortization is calculated at 5% and was fully depreciated by 30/9/2019.

8/B Computer Software

	30 June 2026 EGP	31 December 2025 EGP
Cost		
Balance at 1 Jan	51,463,081	38,428,889
Additions	905,330	13,034,192
Total Cost at the closing period/year	**52,368,411**	**51,463,081**
Accumulated Depreciation		
Balance at 1 Jan	11,320,909	6,374,928
Amortization period / year	3,397,588	4,945,981
Accumulated Amortization at the closing of the period	14,718,497	11,320,909
Net Book Value for the period / year	**37,649,913**	**40,142,172**

9- Investments in Subsidiaries – Associates and Assets held for sale

	Ownership %	30 June 2026	31 Dec 2025
The Egyptian International Ampoules Company for (EIACO)*	98,63	69,040,000	69,040,000
The Arab Company for Pharmaceutical Materials **	32,83	-	330,600,000
EPICO Tech Pharmaceuticals Company (Under Liquidation) ***	93	1,867,500	12,330,000
Gross		**70,907,500**	**411,970,000**

-The Egyptian International Ampoules Company for (EIACO)

EIACO Ampoules Company is an Egyptian joint-stock company governed by Investment Law No. 8 of 1997, aiming to produce pharmaceutical ampoules. The Egyptian International Pharmaceutical Industries Company (EIPICO) is the main shareholder in the company, holding 98.63 % of the capital, while the remaining 1.37 % is owned by other shareholders.

-The Arab Company for Pharmaceutical Materials

On 18/1/2024, the Arab Company for Pharmaceutical Raw Materials (Arab API) was established, subject to the Law of Economic Zones of a Special Nature No. (83) of 2002, with the objective of manufacturing active and inactive pharmaceutical raw materials and intermediate compounds. The Egyptian International Pharmaceutical Industries Company (EPICO) held 55.10% of the Company's share capital. On 18-2-2026, the share capital of the Arab Company for Pharmaceutical Raw Materials was increased by 406,826,280 EGP. EPICO did not subscribe to the capital increase and, accordingly, its ownership interest in the Company decreased to 32.83%. Consequently, the investment was reclassified as an investment in an associate.

Epico Tech pharmaceuticals (under liquidation)

-Ebico Tech Pharmaceuticals Company is an Egyptian joint-stock company subject to the Investment Law No. (8) of 1997. It aims to manufacture human and veterinary medicines, chemicals, diagnostic products, sera, special foods, pesticides, cosmetics, detergents, and the - production of packaging materials needed for these products. The Egyptian International Pharmaceutical Industries Company (EIPICO) is the main shareholder in this company, holding 93 % of the capital, while the remaining 7 % is contributed by some employees of EIPICO Pharmaceuticals. These investments are recorded at cost and amount to 12,330 thousand Egyptian pounds, representing 25% of the capital, with no market value. So far, EIPICO Tech has not carried out any activity, and the payments made to the company (capital) are represented in land for the project and cash in Egyptian pounds in the bank.

(In the notes all amounts are shown in EGP unless otherwise stated)

- The extraordinary general assembly of Epico Tech Company met and decided to liquidate the company. A liquidator was appointed along with limited inspection for the liquidation, and procedures are underway to carry out the company's liquidation.

- Epico Tech Company has not carried out any activities since its establishment until now, and the company's entire assets consist of current assets in the form of cash in banks (current/deposit accounts), which covers the equity from the capital. Therefore, no impairment provision has been made for this investment.

- According to the resolution of the Company's General Assembly held on 4/6/2026, it was resolved 90% to distribute the Company's entire accumulated profits up to 1/6/2026, in addition to a partial return of share capital pending the completion of the liquidation process. Accordingly, the Company received 29,095,614 as its share of the profit distribution and 10,462,500 as a return of capital.

10- Investments in Associate

	Ownership %	30 June 2026	31 December 2025
Al-Baterji Pharmaceuticals and Medical Supplies Factory in Saudi Arabia - KSA	**30**	35,900,976	35,900,976
Medical Professions Pharmaceuticals Company	**9.14**	374,934,869	374,934,869
Arab Company for Pharmaceutical Raw Materials	**32.83**	330,600,000	-
Total		**741,435,845**	**410,835,845**

- **Al-Baterji Pharmaceuticals and Medical Supplies Factory in Saudi Arabia – KSA.**

The contract was signed with the Saudi side, and EIPICO's participation rate is 30% of the capital, which equals 35 900 976 EGP. It has been fully paid and has a 30% voting share. The company started its operations in Saudi Arabia in 2012.

- **Medical Professions Pharmaceuticals Company**

- 4,780,000 shares were purchased, representing 9.77% of the shares of Medical Professions Pharmaceuticals Company as of 12/31/2019, with a value of 211,167,305 EGP.

- 112,331 shares of Al Mohan Medical Pharmaceuticals were purchased for 4,942,564 EGP, bringing the total number of acquired shares to 4,892,331 shares, representing 10% of the company's shares, with a total value of 216,109,869 EGP as of 31/3/2020.

- 1,825,000 shares of Medical Professions Pharmaceuticals Company were purchased for 74,825,000 EGP in a capital increase offering, bringing total investments to 290,934,869 EGP, allowing EIPICO to maintain a 10% stake in Medical Professions Company, fully paid up until 31/12/2020.

(In the notes all amounts are shown in EGP unless otherwise stated)

- 2,000,000 shares of Medical Professions Pharmaceutical Company were purchased for 84,000,000 EGP in the capital increase offering, bringing total investments to 374,934,869 EGP, allowing EIPICO to maintain a 10% stake in the company, fully paid up as of 30/9/2023.

- The Company's investment in Medical Professions Pharmaceuticals Company was classified as an investment in an associate, as the Company's management determined that it has significant influence over the operating decisions of Medical Professions Pharmaceuticals Company.

11- Inventories (Net)

	30 June 2026	31 Dec. 2025
Raw Materials	1,650,784,511	1,406,263,435
Fuels, oils and driving operations	1,426,571	1,939,851
Spare parts	204,378,605	204,992,265
Packing materials	839,712,084	739,098,993
Semi-finished products	329,460,900	364,182,428
Finished Products	709,992,030	685,968,818
(Less): Inventories Write Down	(56,670,754)	(29,112,218)
Net	**3,679,083,947**	**3,373,333,572**
Letter of credit for purchasing goods	571,277,710	397,267,870
Total	**4,250,361,658**	**3,770,601,442**

12- Trade and Notes receivables (Net)

	30 June 2026	31 December 2025
Distributers	754,145,069	428,803,608
Direct sales	17,104,601	6,758,646
Supplies and contracts	305,572,379	207,466,405
Export Receivables	2,264,287,281	1,916,922,005
Notes Receivables	1,742,647,985	1,783,535,574
Expected Credit Loss	(1,180,081,549)	(1,077,081,550)
Total	**3,903,675,766**	**3,266,404,688**

(In the notes all amounts are shown in EGP unless otherwise stated)

13-Debtors and other debit balances

	30 June 2026	31 December 2025
Deposits with others	10,605,113	5,508,528
Advance payments (Tax and insurance)	100,635,859	195,305,917
Advance payments suppliers	42,564,888	11,950,153
Prepaid Expenses	18,437,108	22,034,420
Expected returns	47,368,043	41,368,043
Other debit balances	47,638,259	5,081,860
Total	**267,249,271**	**281,248,920**

14- Cash and Cash equivalents

	30 June 2026	31 December 2025
Petty Cash and continuous predecessors	13,290,837	4,352,126
Banks Current accounts local currencies	105,465,602	79,178,065
Banks Current accounts foreign currencies	20,588,061	45,434,357
Time Deposits local currencies	6,033,736	31,732,966
Time Deposits foreign currencies	49,769,586	457,916,927
Misr Bank (day by day account)	-	605
Gross	**195,147,822**	**618,615,046**
Less: Expected Credit Loss	(7,077,000)	(7,077,000)
Total	**188,070,822**	**611,538,046**

- Bank deposits include quarterly and monthly deposits, in addition to day-by-day account deposits with daily interest.

15- Paid In Capital

- The company's authorized capital is 850 million EGP (eight hundred and fifty million Egyptian pounds), and the issued and subscribed capital is 793,364,000 EGP (seven hundred and ninety-three million, three hundred sixty-four thousand Egyptian pounds), fully paid up, with a value of 79,336,400 shares (the nominal value per share is 10 EGP).
- According to the decision of the company's General Assembly Meeting held on 27/3/2010, it was approved to increase the capital from 721,240,000 EGP to 793,364,000 EGP, an increase of 72,124,000 EGP financed from profits distributed to shareholders at a

(In the notes all amounts are shown in EGP unless otherwise stated)

rate of 10% of the issued and paid-up capital before the increase, to fund the company's expansions and investments, with amendments to Articles 6 and 7 of the companies by laws.
-The capital increase was registered in the commercial register on 24/6/2010.
-According to the resolution of the Extraordinary General Assembly meeting held on 30/4/2018, the authorized capital was increased from 850 million pounds to 1,500 million EGP, and the issued capital was raised from 793,364,000 EGP to 991,705,000 EGP. The issuance of the increased capital was approved at the Ordinary General Assembly meeting on 30/4/2018, following the Extraordinary General Assembly meeting, with a distribution of one free share for every four original shares, funded from the investment projects financing reserve. The increase decision was ratified in 1/2019.
- Under the resolution of the company's extraordinary general meeting held on 01/04/2023, it was approved to increase the capital from 991,705,000 EGP to 1,487,557,500 EGP, an increase of 495,852,500 EGP paid in cash by the shareholders at 50% of the issued and paid-up capital before the increase, to finance the company's expansions and investments, with amendments to Articles 6 and 7 of the company's bylaws.
- The capital increase was recorded in the commercial register on 8/2023.
- The Egyptian Stock Exchange Securities Committee, in its session held on 23/7/2025, decided to approve the listing of shares for the increase of the issued and paid-up capital from 1,487,557,500 EGP to 1,687,557,500 EGP, an increase of 200 million EGP distributed over 20 million shares.

Shareholders

	No. of shares	Share Percentage
Arab Company for Drug Industries and Medical Appliances	86,647,861	%51,34
Medical Union for Investing	8,168,327	%3,68
Federation of Medical Union Syndicates	6,207,758	%3,50
Aid and Pension Fund, Federation of Medical Professions Unions	5,903,086	%4,84
Other Shareholders	61,828,718	%36,64
Total	**168,755,750**	**%100**

(In the notes all amounts are shown in EGP unless otherwise stated)

16 – Reserves

	Balance at 1 Jan. 2026	Movements During the Period Additions during the period	Deductions during the period	Balance at 30 June 2026
Legal Reserve	466,812,427	56,260,895	--	523,073,322
General Reserve	1,248,336,248	--	--	1,248,336,248
Reserve of Remeasurement Benefits Employee	(254,920,631)	--	--	(254,920,631)
Capital Reserve	20,160,435	--	--	20,160,435
Investment Reserve for Financing Projects and Expansions	1,241,659,000	--	--	1,241,659,000
Total	**2,722,047,479**	**56,260,895**	**--**	**2,778,308,375**

17- Retained Earnings

	30 June 2026	31 December 2025
Balance at 31 December 2025	202,200,401	88,024,386
Dividends for 2025	358,008,182	114,176,015
Balance at 30 June 2026	**560,208,583**	**202,200,401**

18 - Net Profit for the Period / Year Before Distribution

	30 June 2026	31 December 2025
Net Profit for the Period / Year After Tax	433,403,500	1,125,217,907
Total	**433,403,500**	**1,125,217,907**

(In the notes all amounts are shown in EGP unless otherwise stated)

19- Loans

	30 June 2026	31 Dec. 2025
Qatar National Bank Al Ahli – USD	1,723,732,362	2,188,896,030
Qatar National Bank Al Ahli – EUR	300,662,726	270,325,11
National Bank of Kuwait – Local Currency	75,392,880	99,625,027
National Bank of Kuwait – EUR	188,982,250	220,002,358
National Bank of Kuwait – USD	20,358,882	23,000,694
Banque du Caire – Local Currency	1,428,414,258	1,401,587,586
Abu Dhabi Islamic Bank – Local Currency	375,692,065	423,652,754
Kuwait Finance House	498,576,871	498,576,871
Total	**4,611,812,293**	**4,866,666,590**
Divided into:		
Long-term Loan Installments	3,221,203,075	3,758,803,399
Short-term Loan Installments	**1,390,609,218**	**1,107,863,191**

* **Loan for Financing EPICO 3 Factory in 10th of Ramadan**
* **Terms: Seven years (two-year grace period – five-year repayment period)**
* **Guarantees: Unsecured**

20- Lease Liabilities

	Balance at 1 January 2026	additions	paid	Interest	Balance at 30 June 2026
	EGP	EGP	EGP	EGP	EGP
Long-term Lease Liabilities	11,982,389	0	(235,924)	-	11,746,465
Short-term Lease Liabilities	382,759	235,924	(172,483)	-	446,200
Total	**12,365,148**	**235,924**	**(408,407)**	-	**12,192,665**

* **Current Lease Liabilities — 446,200**
* **Long-term Lease Liabilities — 11,746,465**

(In the notes all amounts are shown in EGP unless otherwise stated)

21- Provisions

Provisions are reviewed at the end of each financial reporting period.

	Balance at 1 Jan. 2026	Movements during the period		Balance at 30 June 2026
	EGP	EGP	EGP	EGP
Provision for Disputed General Taxes	107,562,458	-	-	107,562,458
Provision for Claims	7,992,634	-	2,884,390	5,108,244
Provision for End-of-Service Benefits	416,338,325	50,000,000	39,782,564	426,555,761
Total	**531,893,417**	**50,000,000**	**42,666,954**	**539,226,463**

*****Provisions Recognized as at 30 June 2026**

Description	30 June 2026	31 Dec. 2025
Provision for Disputed General Taxes	-	18,500,000
Provision for Impairment of Trade Receivables	103,000,000	376,157,654
Provision for Supplies	50,000,000	13,060,720
Provision for Claims	-	1,500,000
Provision for End-of-Service Benefits	50,000,000	85,000,000
Total	**203,000,000**	**494,218,374**

22- Banks Creditors – Bank Facilities

	30 June 2026	31 December 2025
Banque du Caire – Al-Azhar	815,764,010	396,912,124
Qatar National Bank Al Ahli	1,128,557,005	877,308,454
Emirates NBD Bank	491,223,803	329,694,398
Kuwait Finance House	1,241,774,509	1,217,566,547
National Bank of Kuwait	533,004,717	295,424,449
Abu Dhabi Islamic Bank	310,075,095	193,931,483
Al Baraka Bank Egypt	607,908,741	411,560,218
Egyptian Gulf Bank	164,518,347	146,742,040
Total	**5,292,826,227**	**3,869,139,713**

23 – Trade payables and Notes payables

	30 June 2026	31 Dec. 2025
Local Suppliers	316,730,777	496,923,625
Foreign Suppliers	512,902,137	246,684,427
Notes Payable	32,889,248	13,200,258
Total	**862,522,163**	**756,808,310**

24- Trade and Other Payables

(In the notes all amounts are shown in EGP unless otherwise stated)

	30 june 2026	31 Dec. 2025
Sundry Creditors (Third-Party Guarantees – Social Insurance)	30,812,302	22,729,604
Sundry Creditors (Tax Authority)	18,219,195	105,053,191
Performance Guarantee Retention	21,695,700	39,553,236
Employees' Funds	6,876,880	5,869,723
Accrued Incentives	84,977,279	81,373,574
Other Credit Balances	69,489,160	70,447,586
Accrued Expenses	89,954,323	93,101,542
Contract Liabilities – Expected Returns	83,217,775	73,217,775
Customers' Advances – Local	107,313,950	80,269,518
Total	**512,556,564**	**571,615,749**
Solidarity Contribution – Social Insurance (2.5 per thousand)	12,591,288	23,755,546
Total	**525,147,853**	**595,371,295**

25- Due from / Due to Related Parties

The nature of transactions with related parties consists of commercial transactions (purchases), and the nature of the relationship is that of a subsidiary (EIACO).

	Balance at 1 January 2026	Movements during the period		Balance at 30 June 2026
		Debit	Credit	
25 / A – Due from Subsidiaries	1,212,960	8,384,857	(4,267,020)	5,330,797
25 / B – Due to Subsidiaries (EIACO)	83,334,329	246,465,076	(289,994,667)	126,863,921

(In the notes all amounts are shown in EGP unless otherwise stated)

26 - Net Sales – Operating Revenue

	30 June 2026	30 June 2025
Local Sales – Direct	793,286,825	939,126,005
Local Sales – Distributors	1,951,383,709	1,755,171,383
Local Sales – Supplies	588,684,781	284,503,621
Export Sales	1,619,939,056	1,572,046,408
Export Distributor Incentives	(60,028,360)	(50,456,940)
Total Sales	**4,893,266,011**	**4,500,390,477**
Revenue from Services Provided to Third Parties	35,151,146	22,253,130
Total Revenue from Services Provided to Third Parties	**35,151,146**	**22,253,130**
Total	**4,928,417,157**	**4,522,643,607**

27- Cost of sales

	30 June 2026	30 June 2025
Cost of Manufacturing of Goods Sold		
Cash Wages	249,916,002	220,929,023
In-kind Benefits – Medical Care and Employees Meals	32,552,407	24,622,046
Social Insurance	26,043,796	22,789,636
Material Supplies – Raw Materials	1,557,063,952	1,370,250,298
Material Supplies –Packing Materials	701,421,210	601,643,148
Material Supplies – Purchases for Resale	0	50,000
Material Supplies – Spare Parts and Supplies	74,309,099	79,198,244
Material Supplies – Fuel, Gas, Electricity, Water and Lighting	117,332,989	79,982,332
Material Supplies– Stationery and Office Supplies	3,827,151	3,328,121
Service Supplies – Maintenance	17,342,196	25,341,010
Service Supplies – Outsourced Operations	354,910	270,047
Service Supplies – Testing and Analysis	1,178,839	1,667,100
Service Supplies–Transportation and Travel Allowances	3,551,576	4,797,985
Service Supplies – Transportation Rentals	4,477,420	2,654,427
Insurance Expenses	3,563,619	2,068,063
Service Companies	22,173,152	12,207,167
Service Supplies – Other	4,222,908	1,857,019

(In the notes all amounts are shown in EGP unless otherwise stated)

Atomic Energy Authority Expenses	1,073,226	951,315
Subscriptions	86,338	1,602,577
Customs Clearance Expenses	2,052,013	1,779,709
Testing Samples – Raw Materials and Packaging	3,783,798	1,718,820
Service Supplies – SAP Software	7,285,864	5,930,011
Disposal Expenses	651,820	573,737
Commodity Taxes and Fees	82,136	10,260
Depreciation	121,810,460	43,123,068
Cost of Production	**2,956,156,880**	**2,509,345,162**
Add / Less: Change in Inventories of Finishedand Work-in-Progress Products at Cost	10,698,316	(31,142,488)
Add / Less: Expected Returns	(6,000,000)	-
Cost of Manufacturing of Goods Sold	**2,960,855,196**	**2,478,202,675**

28- Marketing Expenses

	30 June 2026	30 June 2025
Cash Wages	175,768,096	167,348,056
In-kind Benefits – Medical Care and Employees' Meals	13,837,319	10,144,748
Social Insurance	23,648,044	21,312,636
Material Supplies – Marketing Activity Supplies	8,488,658	8,387,630
Material Supplies – Packaging Materials	2,942,216	3,049,778
Material Supplies – Fuel, Gas, Electricity and Water	17,190,370	13,082,127
Material Supplies – Stationery and Office Supplies	859,876	1,314,148
Service Supplies – Maintenance	2,733,089	3,025,126
Service Supplies – Seminars and Conferences – Marketing Activities	69,957,760	71,186,734
Service Supplies – Contributions to Scientific Offices	557,394	2,834,237
Service Supplies – Transportation and Travel Allowances	48,719,865	46,201,208
Service Supplies – Transportation Rentals	850,178	510,598
Royalties	2,736,122	4,909,140
Freight Expenses	62,069,740	66,343,322
Insurance Expenses	4,414,814	3,806,165

(In the notes all amounts are shown in EGP unless otherwise stated)

Free Medical Samples	4,199,191	2,402,404
Service Supplies – Other	9,010,995	4,551,718
Vehicle Expenses	1,394,844	2,078,124
Registration Expenses	20,397,348	12,088,893
Subscriptions	2,472,118	1,276,350
Disposal Expenses	99,788	-
Customs Clearance Expenses	3,672,482	3,278,246
Service Supplies – SAP Software	6,073,836	4,598,687
Commodity Taxes and Fees	16,709,636	2,671,220
Depreciation of Fixed Assets	5,178,209	3,683,432
Actual Rent Expenses	1,571,387	1,410,978
Compensation and Fines	22,219,469	3,062,434
Total	**527,772,843**	**464,558,139**

29- Research and Development (R&D)

	30 June 2026	30 June 2025
Cash Wages	15,133,215	14,015,547
In-kind Benefits – Medical Care and Employees' Meals	1,152,404	864,416
Social Insurance	1,531,910	1,390,033
Material Supplies – Materials Used	6,919,045	4,620,466
Service Supplies – Maintenance	98,399	1,577,735
Service Supplies – Transportation and Travel Allowances	683,060	702,032
Service Supplies – Transportation Rentals	144,258	86,678
Service Supplies – Experiments and Research	3,510,837	8,627,651
Service Supplies – Other	438,224	659,332
Subscriptions	2,517,305	272,428
Service Supplies – SAP Software	284,307	212,917

(In the notes all amounts are shown in EGP unless otherwise stated)

Commodity Taxes and Fees	22	-
Depreciation of Fixed Assets	1,943,647	1,820,882
Actual Rent Expenses	920	572
Total	**34,357,553**	**34,850,691**

30- General and Administrative Expenses

	30 June 2026	30 June 2025
Cash Wages	61,679,631	56,145,208
In-kind Benefits – Medical Care and Employees' Meals	7,467,292	6,496,478
Social Insurance	5,275,403	4,755,504
Material Supplies – Materials Used	6,167,657	4,928,689
Service Supplies – Maintenance	1,118,618	1,452,000
Service Supplies – Transportation and Travel Allowances	2,499,064	1,736,737
Service Supplies – Transportation Rentals	1,015,448	615,689
Committee Allowances – Technical, Audit and Legal Affairs	160,000	150,000
Service Supplies – Other	1,778,812	2,351,951
Free Medical Samples	101,077	35,468
Subscriptions	405,070	581,724
Service Supplies – SAP Software	2,999,353	2,245,309
Commodity Taxes and Fees	153	735
Depreciation of Fixed Assets	3,655,131	2,616,527
Actual Rent Expenses	6,475	4,027
Donations	7,264,535	1,428,876
Total	**101,593,720**	**85,544,923**

(In the notes all amounts are shown in EGP unless otherwise stated)

31- Finance Costs

	30 June 2026	30 June 2025
Interest Expense – Credit Facilities	488,310,025	653,915,128
Interest Expense – Long-Term Loans	172,599,081	-
Interest Expense – Lease Contracts	1,280,465	1,321,026
Bank Commissions and Charges	23,153,911	20,466,105
Cheque Cancellation Charges	3,958,969	-
Total	**689,302,451**	**675,702,259**

32- Solidarity Contribution – Social Insurance

	30 June 2026	30 June 2025
Solidarity Contribution	12,540,599	11,586,928
Total	**12,540,599**	**11,586,928**

33- Profits from Subsidiaries and Associates

	30 June 2026	30 June 2025
Profits from Subsidiaries – EACO	20,712,000	37,972,000
Profits from subsidiaries – EpicoTech Company	29,095,614	-
Profits from Associates – Al Batarji Pharmaceuticals and Medical Supplies, Saudi Arabia	56,324,211	-
Profits from Associates – Medical Professions	10,896,664	8,717,331
Total	**117,028,488**	**46,689,331**

34- Foreign Currency Exchange (Losses) / Gains

	30 June 2026	30 June 2025
Foreign Currency Exchange (Losses) / Gains	33,809,038	7,326,335

(In the notes all amounts are shown in EGP unless otherwise stated)

Total	**33,809,038**	**7,326,335**

35- Adjustments for Calculating the Effective Income Tax Rate

		30 June 2026	30 June 2025
Net Profit for the Year Before Income Tax		611,528,524	857,063,856
Less: Dividends from Subsidiaries and Associates		(60,704,278)	(46,689,331)
Net Amount		550,824,246	810,374,525
Add: Tax on Dividends		6,070,428	4,668,933
Net Tax Base		556,894,674	815,043,456
Tax Rate According to the Tax Law	22.5%		
Tax Based on the Tax Base		110,910,519	241,777,276
Add: Deferred Tax for the Year		54,673,906	(2,844,047)
Total		165,584,425	238,933,229
Effective Tax Rate		**%27.1**	**%27.9**

36- Deferred Income Tax

	30 June 2026	30 June 2025
Fixed and Intangible Assets	(269,323,575)	(32,984,531)
Provision for Expected Credit Losses	265,518,349	-
Provision for End-of-Service Benefits	95,975,046	-
Net Tax Giving Rise to a Liability	361,493,395	(32,984,531)
Less: Deferred Tax Previously Recognized	149,843,725	(35,828,578)
Deferred Tax (Expense) / Income	**(54,673,906)**	**2,844,047**

37- Tax Position:

The Company has contingent liabilities as at 30 June 2026 arising from the ordinary course of its business, which are not expected to result in material liabilities. Due to the nature of the procedures followed by the governmental authorities in assessing tax liabilities, the final outcome of such assessment by the Egyptian Tax Authority may, in some cases, differ from the Company's estimates. Accordingly, additional contingent liabilities may arise as a result of tax examination and the Egyptian Tax Authority's assessment of taxes due from the Company.

- The Company's profits are subject to corporate income tax in accordance with Income Tax Law No. 91 of 2005 and its amendments.
- The Company prepares its tax returns in accordance with the provisions of the applicable laws in the Arab Republic of Egypt. The Company also periodically assesses its tax liabilities for the various tax bases and recognizes the necessary provision in light of its final tax position. Due to the nature of tax settlement procedures in the Arab Republic of Egypt, the Company's final tax liability cannot be determined until the Egyptian Tax Authority completes the examination of the Company's books and the necessary legal procedures for settling any disputes arising from the Company's objections to the assessments received from the Egyptian Tax Authority are completed.

he following is a summary of the Company's tax position up to 31 December 2025:

First: Corporate Income Tax

Years from commencement of activities up to 2013.

The Company was examined for these years, and an internal committee was formed to settle the points of disagreement and the resulting tax differences.

Years from 2014 – 2015

The Company was examined for these years, objections were submitted against the examination, and the matter was referred to the internal committee. The points of disagreement were settled and the tax differences were paid in 2022

Period from 1 January 2016 to 31 December 2019

The Company was examined for this period, and the principal tax due for these years was paid. The remaining amounts relate to late payment penalties and additional tax, which are expected to be paid during the coming period.

Period from 1 January 2020 to 31 December 2023

The Company is committed to submitting its tax returns to the Large Taxpayers Center in accordance with the forms prepared by the Egyptian Tax Authority and in compliance with the provisions of the law. The Company was examined for this period, and the tax differences due were assessed, which are currently being settled and are expected to be paid during the coming period.

Period from 1 January 2024 to 31 December 2025

The Company is committed to submitting its tax returns to the Large Taxpayers Center in accordance with the forms prepared by the Egyptian Tax Authority and in compliance with the provisions of the law. The Company has not yet been examined for this period. The latest tax return was submitted in April 2025 for the year 2024.

Second: Payroll and Wages Tax

Years from commencement of activities to 31 December 2012

The Company was examined, and internal committees were formed. All differences due were paid based on the decision of the internal committee.

Period from 1 January 2013 to 31 December 2019

The Company was examined for this period and the tax differences due were paid.*

Period from 1 January 2020 to 31 December 2022

The Company was examined for this period and the principal tax due was paid.

Period from 1 January 2023 to 31 December 2025

The Company deducts the taxes due from all employees in accordance with the law and remits them within the prescribed deadlines. The Company has not yet been examined for this period.

Third: Stamp Tax

Years from commencement of activities to 31 December 2023

The Company was examined, internal committees were formed, the tax differences were paid, and the tax file was settled.

Years from 1 January 2024 to 31 December 2024

The Company paid the stamp tax due on an ongoing basis and was examined for this period.

Years from 1 January 2025 to 31 December 2025

The Company paid the stamp tax due on an ongoing basis and has not yet been examined for this period.

Fourth: Sales Tax / Value Added Tax

Years up to 30 November 2020

The Company was examined for these years and all differences due were paid.

Period from 1 December 2020 to 31 December 2022

The Company was examined for this period and the tax file was referred to the Appeals Committee. The Company has not yet been notified of the date of the committee meeting.

Period from 1 January 2023 to 31 December 2025

The Company regularly submits and settles its tax returns and has not yet been examined for this period.

Fifth: Withholding Tax and Advance Payments

The Company deducts the taxes due from all parties dealing with it and remits such taxes in accordance with the tax card of each taxpayer to the relevant tax office up to 31 December 2025. The period from 2017 to 2018 was examined, the tax differences due were paid, and the advance tax payments were made up to 31 December 2025.

Sixth: Real Estate Tax

(In the notes all amounts are shown in EGP unless otherwise stated)

The Company was assessed for real estate tax on EPICO Plant 1 and EPICO Plant 2 for the period from 1 July 2013 to 31 December 2020. The Company objected to the assessment and paid the tax up to 2021 pending resolution of the dispute. The Company obtained an exemption from real estate tax on 24 April 2024.

38- Comparative Figures

The comparative figures have been reclassified to conform with the current presentation of the financial statements.

39-Legal Claims

There is a labor claim filed against the Company amounting to 459,464, which has not yet been adjudicated, and no hearing date has been scheduled to date.

40-Transactions with Related Parties

The financial statements include the following balances with related parties:

	30 June 2026	31 December 2025
Egyptian International Ampoules Company (IACO) – Trade and Other Receivables	5,330,797	1,212,960
Egyptian International Ampoules Company (IACO) – Trade and Other Payables	126,863,921	83,334,329

The following transactions were conducted with related parties during the period from January 2026 to June 30, 2026, which affected net profit:

	Sales	Purchases
Egyptian International Ampoules Company (IACO)	8,384,857	289,994,667
Total	**8,384,857**	**289,994,667**

27. Substantial Events

Recent developments have witnessed escalating geopolitical tensions in the Middle East and the Gulf region, leading to increased uncertainty in global and regional markets. These developments have resulted in higher energy prices and increased costs of certain goods and services, along with continued inflationary pressures. The Egyptian economy has also been affected by these factors, particularly through ongoing pressure on the Egyptian Pound exchange rate against foreign currencies and rising inflation rates. Management is closely monitoring these geopolitical and economic developments to assess their potential impact on the Company's operations, financial position, and results of operations. Based on the information available as of the date of approval of the financial statements, management has concluded that there is no material impact requiring adjustments to the current financial statements, while continuing to monitor any future developments that may affect the Company's financial performance.

Financial Controller **Chairman**