

RSM Egypt - Chartered Accountants

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

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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 consolidated 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 consolidated 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 consolidated interim 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

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES-EIPICO (S.A.E)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30,2026

		June 30, 2026	Dec. 31, 2025	Dec. 31, 2024
	Notes		Restated	Restated
	No.	EGP	EGP	EGP
<u>Non-current assets</u>				
Fixed Assets (net)	5	4,972,437,413	3,069,747,924	1,045,230,507
Right of use for Assets	6	9,212,303	233,640,379	9,566,507
Construction in progress	7	3,372,437,069	4,901,223,806	5,693,566,382
Intangible Asset	8	37,649,913	40,142,171	32,053,960
Investments in associates	10	1,126,743,759	641,818,157	509,513,009
Deffered Tax Assets		361,493,395	337,611,796	-
Total non-current assets		9,879,973,852	9,224,184,233	7,289,930,365
<u>Current assets</u>				
Inventory (Net)	11	4,422,517,435	3,887,077,629	3,584,699,946
Trade & Notes receivables (Net)	12	3,972,033,762	3,325,044,117	3,049,275,231
Investment under liquidation	9	1,867,500	12,330,000	12,330,000
Debtors & other debit balances	13	283,313,334	356,786,958	185,584,353
Cash & cash equivalent	14	217,973,689	1,433,426,902	1,295,386,860
Total current assets		8,897,705,720	9,014,665,606	8,127,276,390
Total assets		18,777,679,573	18,238,849,839	15,417,206,755
<u>Equity</u>				
Paid in capital	15	1,687,557,500	1,687,557,500	1,487,557,500
Reserves	16	2,778,308,375	2,722,047,479	1,825,858,607
Retained earnings	17	1,011,252,592	425,602,317	234,120,278
Net profit for period / year	18	612,121,859	1,373,867,779	1,150,482,133
Total equity (parent company)		6,089,240,326	6,209,075,075	4,698,018,518
Non-controlling interest (Minority)		4,359,063	288,704,605	3,816,172
Total equity		6,093,599,389	6,497,779,680	4,701,834,690
<u>Non Current liabilities</u>				
Long term borrowings	19	3,221,203,075	3,758,803,399	3,425,026,502
Long-term lease liabilities	20	11,746,465	11,982,389	10,706,509
Deferred tax liabilities		269,323,575	190,768,071	35,828,578
Total non current liabilities		3,502,273,115	3,961,553,859	3,471,561,589
<u>Current liabilities</u>				
Provisions	21	545,275,792	537,942,744	356,698,370
Short term loans	22	5,402,055,420	3,918,693,902	4,406,896,591
credit bank (facilities)	19	1,390,609,218	1,107,863,191	1,357,102,074
Suppliers and note payable	23	887,852,046	780,416,969	410,391,619
Lease liability-short term	20	446,200	382,759	301,187
Creditors & other credit balances	24	495,451,629	1,044,832,271	367,421,180
Dividends payables		350,306,716	434,651	152,488
Total current liabilities		9,181,807,072	7,779,516,300	7,243,810,476
Total equity and liability		18,777,679,573	18,238,849,839	15,417,206,755

The accompanying notes from page 7 to page 68 represents an integral part of these financial statements.

CFO

Mohamed Taha Elsewify

Cairo, March, 12 2026

Chairman & managing director

Ahmed Saed Mohamed Kelany

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES-EIPICO (S.A.E)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED JUNE 30,2026

(all amounts are shown in EGP)

		From Apr. 1, 2026	From Jan. 1, 2026	From Apr. 1, 2025	From Jan. 1, 2025
	Notes	To June. 30, 2026	To June. 30, 2026	To June. 30, 2025	To June. 30, 2025
	No.	EGP	EGP	EGP	EGP
Net Sales	25	2,520,887,820	5,053,721,409	2,310,833,737	4,610,724,234
Cost of good sold	26	(1,535,156,850)	(2,994,278,528)	(1,246,617,075)	(2,495,417,589)
Gross profit		985,730,970	2,059,442,881	1,064,216,662	2,115,306,645
Less:					
Marketing expenses	27	(296,291,846)	(528,554,734)	(249,740,907)	(465,031,857)
Research and development	28	(18,336,986)	(34,357,553)	(19,749,017)	(34,850,692)
General & administrative expenses	29	(66,604,373)	(121,545,828)	(46,546,785)	(101,033,774)
Board of directors remunerations		(349,000)	(1,039,000)	(240,000)	(974,000)
Financing expenses	30	(377,437,215)	(690,299,016)	(340,256,875)	(676,236,046)
Expected credit losses		(103,501,613)	(103,501,613)	-	(50,000,000)
Inventory write down		(10,000,000)	(50,000,000)	(10,000,000)	(10,000,000)
Provisions		(25,000,000)	(50,000,000)	(20,000,000)	(30,000,000)
Total Expenses		(897,521,033)	(1,579,297,744)	(686,533,584)	(1,368,126,369)
Add:					
profit from subsidiaries & associates	32	220,835,860	233,954,290	171,201,402	204,646,614
Interest income		29,245,002	36,908,548	65,158,277	74,089,568
Deffer TAX		(4,287,677)	(4,287,677)	(2,334,467)	(2,334,467)
Capital Gains		1,988,478	5,474,833	412,650	1,086,308
Foreign currency exchanges		78,762,739	51,322,917	14,718,280	7,397,842
(Losses) on loss of control		(14,373,953)	(14,373,953)	-	-
Other Income		29,960,414	42,394,310	32,319,218	61,126,237
		342,130,863	351,393,269	281,475,360	346,012,102
Net profit for the period before income tax		430,340,800	831,538,406	659,158,438	1,093,192,378
Current income tax	34	(92,304,089)	(136,716,758)	(145,784,165)	(255,920,403)
Deferred income tax	35	11,079,752	(54,673,906)	2,040,420	2,844,047
Social contribution - social insurance	31	(6,861,829)	(13,473,661)	(6,091,777)	(12,051,170)
Net profit for the period after income tax		342,254,634	626,674,081	509,322,916	828,064,852
Earning per share		2.03	3.71	3.02	4.91

The accompanying notes from page 7 to page 68 represents an integral part of these financial statements.

CFO

Mohamed Taha Elsewify



Chairman & managing director

Ahmed Saed Mohamed Kelany



EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES-EIPICO (S.A.E)**CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD ENDED JUNE 30,2026**

(all amounts are shown in EGP)	Notes	From Jan. 1, 2026	From Jan. 1, 2025
	No.	To June 30, 2026	To June 30, 2025
Net profit for the period		626,674,081	828,064,852
Other Comprehensive Income			
Total other Comprehensive Income		-	-
Total Comprehensive Income for the period		626,674,081	828,064,852

The accompanying notes from page 7 to page 68 represents an integral part of these financial statements.

CFO

Mohamed Taha Elsewify

**Chairman & managing director**

Ahmed Saed Mohamed Kelany



EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES-EIPICO (S.A.E)

Consolidated 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	Expansions reserve	Retained earnings	Reserve for differences in employee benefits measurement systems	Total equity of the holding company	Non-controlling rights	Total
Balance as of Jan. 1, 2025	1,487,557,500	442,061,040	215,346,418	20,160,435	1,241,659,000	1,246,984,841	-	4,653,769,234	3,816,172	4,657,585,406
Adjustments to retained earnings	-	-	-	-	-	44,249,284	-	44,249,284	-	44,249,284
Balance after adjustments	1,487,557,500	442,061,040	215,346,418	20,160,435	1,241,659,000	1,291,234,125	-	4,698,018,518	3,816,172	4,701,834,690
Capital increases(EIPICO)	200,000,000	-	800,000,000	-	-	-	-	1,000,000,000	-	1,000,000,000
Capital increases(API)	-	-	-	-	-	-	-	-	269,400,000	269,400,000
Transferred to reserve	-	55,448,060	300,000,000	-	-	(351,109,503)	-	4,338,557	-	4,338,557
Distributed Dividends	-	-	-	-	-	(601,525,165)	-	(601,525,165)	(593,507)	(602,118,672)
Net profit for the period	-	-	-	-	-	820,527,650	-	820,527,650	7,537,202	828,064,852
Balance as of June. 30, 2025	1,687,557,500	497,509,100	1,315,346,418	20,160,435	1,241,659,000	1,159,127,107	-	5,911,359,560	280,159,867	6,201,519,427
The cumulative effect	-	(30,696,673)	(67,010,170)	-	-	640,342,989	(254,920,631)	287,715,515	8,544,738	296,260,253
Balance as of December. 31, 2025	1,687,557,500	466,812,427	1,248,336,248	20,160,435	1,241,659,000	1,799,470,096	(254,920,631)	6,209,075,075	288,704,605	6,497,779,680
Balance as of Jan. 1, 2026	1,687,557,500	466,812,427	1,248,336,248	20,160,435	1,241,659,000	1,799,470,096	(254,920,631)	6,209,075,075	288,704,605	6,497,779,680
transfer legal reserve	-	56,260,895	-	-	-	(56,260,895)	-	-	-	-
Capital decreases(API)	-	-	-	-	-	-	-	-	(298,380,265)	(298,380,265)
Dividends	-	-	-	-	-	(731,956,608)	-	(731,956,608)	(517,499)	(732,474,107)
Net profit for the period	-	-	-	-	-	612,121,859	-	612,121,859	14,552,222	626,674,081
Balance as of June. 30, 2026	1,687,557,500	523,073,322	1,248,336,248	20,160,435	1,241,659,000	1,623,374,452	(254,920,631)	6,089,240,326	4,359,063	6,093,599,389

The accompanying notes from page 7 to page 68 represents an integral part of these financial statements.

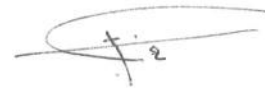
CFO

Mohamed Tala Elsewify



Chairman & managing director

Ahmed Saad Mohamed Kellany



EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES-EIPICO (S.A.E)

Consolidated 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 for the period before income tax		831,538,406	1,093,192,378
Adjustments to reconcile the net profit to cash flows from operating activities			
fixed assets depreciation		131,893,487	51,286,417
Right of use assets depreciation		1,803,150	584,472
Provisions		203,501,613	90,000,000
Amortization of intangible assets		3,397,588	2,038,728
Used from provisions		(65,108,416)	(87,611,192)
Credit interest		(35,832,456)	(54,006,917)
Collected Dividends		(96,316,488)	(8,717,331)
Gain / (Loss) on loss of control		14,373,953	-
Revaluation of investments		(123,263,849)	(195,929,282)
Debit interest		488,310,025	634,539,304
Capital(gain)loss		(5,474,833)	(1,086,308)
Foreign exchange losses (gains)		(51,268,113)	(7,326,335)
Adjustments Retained earnings		-	37,972,000
Operating profit before changes in working capital		1,297,554,067	1,554,935,934
Change in accounts receivables and other debit balances		(640,084,866)	(419,196,065)
Change in inventory		(562,998,343)	(288,669,314)
Change in credit and other credit balances		(933,486,207)	(276,840,437)
Receipts (payments) of unusual items		-	-
Payment for lease liability		(172,483)	(113,773)
Payment Interest		(488,310,025)	(653,915,128)
Payments tax		(84,341,180)	(51,423,371)
Net cash flows (used in) operating activities		(1,411,839,037)	(135,222,154)
Cash flows from investing activities			
Payment for purchasing of fixed assets & intangible assets		10,462,500	-
Payments for financial investment		-	(300,900,000)
Effect of losing the control on API		(603,156,517)	-
Payment for purchasing fixed assets and projects under constructions		(572,431,226)	(637,713,240)
Collections from the sale of fixed assets		5,475,881	1,170,211
Dividends received		81,946,313	8,717,331
Interest received		35,832,456	73,382,741
Net cash flows (used in) investment activities		(1,041,870,593)	(855,342,957)
Cash flows from financing activities			
Capital increase		406,826,280	1,501,000,000
Dividends		(388,670,192)	(386,555,285)
Collections from credit banks		1,423,686,513	(64,505,154)
Collections from banks (loan and change of facilities)		282,746,027	-
Collections in loans (long-term)		(537,600,324)	182,902,683
Net cash flows from financing activities		1,186,988,304	1,232,842,244
Net change in cash and cash equivalents during the period		(1,266,721,326)	242,277,133
Cash & cash equivalents at the beginning of the period		1,433,426,902	1,419,960,174
Differences on foreign currency valuation		51,268,113	7,326,335
Cash & cash equivalents at the end of the period		217,973,689	1,669,563,642

The accompanying notes from page 7 to page 68 represents an integral part of these financial statements.

CFO

Mohamed Taha Elsewify



Chairman & managing director

Ahmed Saed Mohamed Kelany



Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)

Notes to the Consolidated Financial statements for the period ended June 30,2026.

All Amounts are shown in EGP unless otherwise stated

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 50.01% 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

The consolidated financial statements comprise the assets and liabilities of **The Egyptian International Pharmaceutical Industries Group** (the "**Group**" or the "**Parent Group**") and all of its subsidiaries as at the reporting date, together with the results of operations of those subsidiaries for the year then ended. The Parent Group and its subsidiaries are collectively referred to in these consolidated financial statements as the "**Group**".

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same reporting date as that of the Parent Company. Where a

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)

Notes to the Consolidated Financial statements for the period ended June 30,2026.

All Amounts are shown in EGP unless otherwise stated

subsidiary has a different reporting date, it prepares additional financial information as of the Group's reporting date. If this is impracticable, adjustments are made for the effects of significant

transactions and events occurring between the two reporting dates, provided that the difference between the reporting dates does not exceed three months.

Subsidiaries

Subsidiaries are all entities that are controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power to direct the relevant activities of the investee. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is lost.

Elimination of Intra-Group Transactions and Uniformity of Accounting Policies

Intra-group transactions, balances, and unrealized gains arising from transactions between Group entities are eliminated in full upon consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of subsidiaries are adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

Business Combinations

The acquisition of subsidiaries is accounted for using the **acquisition method**. The consideration transferred is measured at its acquisition-date fair value, which comprises the fair value of the assets transferred, liabilities incurred, and equity instruments issued by the Group. Acquisition-related costs are recognized as an expense when incurred.

For each business combination, the Group measures the **non-controlling interests (NCI)** in the acquiree at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Accordingly, **goodwill** is recognized only to the extent of the interest acquired by the Group.

Non-Controlling Interests

Non-controlling interests are presented separately from the equity attributable to the owners of the Parent Company in the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, and the consolidated statement of changes in equity.

Total comprehensive income of a subsidiary is attributed to the owners of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in Ownership Interests Without Loss of Control

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)

Notes to the Consolidated Financial statements for the period ended June 30,2026.

All Amounts are shown in EGP unless otherwise stated

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as **equity transactions**. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in **equity** and attributed to the owners of the Parent Company. No **goodwill** is recognized on the acquisition of an additional interest, and no gain or loss is recognized on the partial disposal of an interest that does not result in a loss of control.

Loss of Control

When the Group loses control of a subsidiary, it derecognizes the assets of the subsidiary, including any **goodwill**, its liabilities, any **non-controlling interests**, and any cumulative translation differences recognized in equity. The Group recognizes the fair value of the consideration received and the fair value of any investment retained in the former subsidiary, with any resulting gain or loss recognized in **profit or loss**.

Amounts previously recognized in **other comprehensive income** relating to that subsidiary are reclassified to **profit or loss**, or transferred directly to **retained earnings**, on the same basis as would be required if the Group had directly disposed of the related assets and liabilities. The fair value of any retained investment becomes its initial carrying amount for subsequent accounting as an investment in an **associate** or as a **financial asset**, as appropriate

Transactions Under Common Control

Transfers of ownership interests in entities between parties under the common control of the ultimate parent are outside the scope of the **Business Combinations** standard. The Group accounts for such transactions using the **predecessor accounting method** (predecessor basis of accounting), whereby the assets and liabilities of the transferred entity are recognized at their existing carrying amounts as reflected in the consolidated financial statements of the ultimate parent. No **goodwill** is recognized, and any difference between the consideration transferred and the carrying amounts of the net assets acquired is recognized directly in **equity**.

The consolidated financial statements have been prepared on a **going concern basis** in accordance with the **Egyptian Accounting Standards (EAS)** and the relevant applicable laws and regulations. The Egyptian Accounting Standards require reference to the **International Financial Reporting Standards (IFRS)** (formerly **International Accounting Standards (IAS)**) in cases where no Egyptian Accounting Standard or legal requirement provides guidance on the accounting treatment for specific balances or transactions.

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

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)

Notes to the Consolidated Financial statements for the period ended June 30,2026.

All Amounts are shown in EGP unless otherwise stated

The consolidated financial statements have been prepared for **The Egyptian International Pharmaceutical Industries Company** and its subsidiary, **The Egyptian International Ampoules Group (EIACO)**. The Parent Company holds **98.63%** of the subsidiary's share capital, while the remaining **1.37%** is held by **other shareholders**.

These are the **consolidated financial statements** of the Company and its subsidiaries. They have been prepared in accordance with the applicable accounting standards and are presented together with the accompanying notes to the consolidated financial statements. Details of the subsidiaries and associates are disclosed in **Note ()**

2. Accounting policies (Continued)

2.2 Basis of Preparation of the Consolidated Financial Statements (Continued)

Consolidated 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.

Consolidated 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

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)

Notes to the Consolidated Financial statements for the period ended June 30, 2026.

All Amounts are shown in EGP unless otherwise stated

of the financial statements as it better reflects the way operations are run from a business point of view.

Consolidated Statement of Cash Flows

The statement of cash flows prepared using the indirect method.

(1) Measurement bases

The Consolidated 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.

2. Accounting policies (Continued)

2-1 Basis of Preparation of the Consolidated Financial Statements (Continued)

(3) Accounting Estimates

The preparation of the Consolidated 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- Accounting policies (Continued)

2.4 Property, Plant, and Equipment and Depreciation

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	6.7%
Motor Vehicles	5 years	20%
Tools	5 years	20%

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Furniture & Office Equipment	10 years	6%
Computers	5 years	20%

2. Accounting policies (Continued)

2.4 Property, Plant, and Equipment and Depreciation (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.

2. Accounting policies (Continued)

2.5 Intangible assets (Continued)

2.5.1 pharmaceutical licences and manufacturing rights (Continued)

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

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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, 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

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rights used in production is included in the cost of inventories and is recognised in cost of sales when those inventories are sold;

2. Accounting policies (Continued)

2.5 Intangible assets (Continued)

2.5.1 pharmaceutical licences and manufacturing rights (Continued)

amortisation of marketing authorisations, distribution rights and 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.

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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

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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 % or more of the voting power of the investee, and is presumed not to exist where it holds less than 20 %, unless the contrary can be clearly demonstrated.

Equity Method of Accounting

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under this method, the investment is initially recognized at cost and is subsequently adjusted to recognize the Group's share of the associate's profit or loss and other comprehensive income after the acquisition date. Dividends received from the associate reduce the carrying amount of the investment.

Any goodwill arising on the acquisition of an associate is included in the carrying amount of the investment. Such goodwill is not amortized and is not tested for impairment separately. Where the Group's share of the fair value of the identifiable net assets of the associate at the acquisition date exceeds the cost of the investment, the excess is recognized immediately in profit or loss in the acquisition period.

In the Company's separate financial statements, investments in associates are carried at cost less accumulated impairment losses, in accordance with the accounting policy described in Note ().

Reporting Dates and Uniformity of Accounting Policies

The financial statements of associates used in applying the equity method are prepared as of the same reporting date as that of the Group. Where this is impracticable, the most recent financial statements of the associate are used, with appropriate adjustments made for the effects of significant transactions and events occurring between that date and the Group's reporting date, provided that the difference between the reporting dates does not exceed three months.

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Where necessary, adjustments are made to the financial statements of associates to align their accounting policies with those adopted by the Group.

Transactions with Associates

Gains and losses arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealized losses are eliminated on the same basis, unless the transaction provides evidence of an impairment of the transferred asset.

Losses of Associates

When the Group's share of losses of an associate equals or exceeds its interest in the associate—including the carrying amount of the investment together with any long-term interests that, in substance, form part of the Group's net investment in the associate—the Group discontinues recognizing its share of further losses.

Additional losses are recognized, and a liability is recorded, only to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses previously not recognized.

Impairment of Investment

At each reporting date, the Group assesses whether there is any objective evidence that its investment in an associate is impaired. If such evidence exists, the entire carrying amount of the investment—including any goodwill included therein—is tested for impairment as a single asset by comparing its recoverable amount, being the higher of its value in use and fair value less costs of disposal, with its carrying amount.

Any impairment loss is recognized in profit or loss and is not allocated to any individual asset, including goodwill, that forms part of the carrying amount of the investment. A subsequent reversal of the impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Loss of Significant Influence

When the Group loses significant influence over an associate, it discontinues applying the equity method from the date on which significant influence is lost. Any retained investment is measured at its fair value on that date, and the difference between the carrying amount of the investment at the date the equity method ceases to be applied and the fair value of the retained investment, together with any proceeds from disposal, is recognized in profit or loss.

Amounts previously recognized in other comprehensive income in relation to the associate are accounted for on the same basis as would have been required if the associate had directly disposed of the related assets and liabilities.

Where an investment in an associate becomes an investment in a subsidiary, the Group applies the requirements for business combinations achieved in stages and remeasures its previously held interest at fair value on the date control is obtained.

Presentation

Investments in associates are presented as a separate line item within non-current assets in the consolidated statement of financial position.

The Group's share of the results of operations of associates is presented as a separate line item in the consolidated statement of profit or loss, while its share of the associates' other comprehensive income is presented within other comprehensive income.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is neither control nor joint control over those policies.

2. Accounting policies (Continued)

2.9 Investments in Subsidiaries and Associates (continued)

Measurement

Investments in subsidiaries and associates are carried in these separate financial statements at cost less accumulated impairment losses. The same measurement basis is applied consistently to each category of investment.

An investment is recognized on the date the Group obtains control or significant influence and is initially measured at cost, which comprises the consideration transferred together with any transaction costs directly attributable to the acquisition of the investment. The carrying amount of each investment is determined individually.

Investments denominated in a foreign currency are treated as non-monetary items measured at historical cost. Accordingly, they are translated into the functional currency using the exchange rate prevailing at the transaction date and are not retranslated at subsequent reporting dates.

Dividend Income

Dividend income from subsidiaries and associates is recognized in profit or loss when the Group's right to receive the dividend is established.

Impairment

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

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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 []. Lease liabilities are accounted for in accordance with the leases policy in Note []; lease receivables recognised 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 amortised 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

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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 realized.

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 amortized 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 recognized in profit or loss.

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.

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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:

2. Accounting policies (Continued)

2.10 Financial instruments (Continued)

- **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.

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.

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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.

2. Accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities — classification and measurement

Financial liabilities are classified at initial recognition as measured at amortized cost or at fair value through profit or loss. All of the Company's financial liabilities are measured at amortized 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.

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.

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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

Lease contracts under which the Group does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset are classified as operating leases. Rental income arising from operating leases is recognized on a straight-line basis over the lease term and is presented as revenue in the statement of profit or loss, reflecting its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the recognition of rental income.

Contingent rents are recognized as income in the period in which they are earned.

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

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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.

2.13 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.

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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.

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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.

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.

2.Accounting policies (Continued)

2.17 Borrowings (Continued)

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.

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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.

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

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shareholders. No liability is recognised in respect of the employees' share of undistributed profits.

2. Accounting policies (Continued)

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.

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

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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.

2.22 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. Accounting policies (Continued)

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.

2.24 Revenue from contracts with customers

The five-step model

The Group 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.

2. Accounting policies (Continued)

2.24 Revenue from contracts with customers (Continued)

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

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

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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.

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].

Dividends

Dividends 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 [2-26].

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.

2.27 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

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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

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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.

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.

3. 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 minimising 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

(1) 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:

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	2026		
	Assets	Liabilities	Net
US Dollar	2,314,506,866	(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)

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 and sales:

3. Financial risk management (Continued)

Net Currency Position (10%)	Effect on profit or loss	
	2026	2025
US Dollar	56,996,562	13,518,180
Euro	(48,964,498)	(23,132,7763)
Other currencies	-	-
Total	8,032,065	(9,614,583)

(2) 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

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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	99,406,385	8,735,806,304	87,358,063
Total	9,960,441,842	(98,488,352)	9,225,456,197	(82,461,564)

(3) 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.

(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].

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30, 2026.
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:

	<u>2026</u>	<u>2025</u>
Trade receivables and notes receivable	3,972,535,376	3,325,044,117
Other debtors and debit balances *	283,313,334	356,786,958
Due from related parties	-	-
Cash and balances at banks	217,973,689	1,433,426,902
Total	<u>4,473,822,399</u>	<u>5,115,257,977</u>

* 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:

<u>Category</u>	<u>Class</u>	<u>Impairment model</u>
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:

<u>Credit Rating</u>	<u>2026</u>	<u>2025</u>
B	<u>181,856,985</u>	<u>614,262,921</u>

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

<u>30 June 2026</u>	<u>ECL rates</u>	<u>Total Book Value</u>	<u>Allowance</u>	<u>Total</u>
Not Yet Due	%0,4	2,789,6,867	10,099,025	2,779,587,705
<90 Days	%2,9	524,899,099	15,395,495	509,503,604

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
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30 June 2026	ECL rates	Total Book Value	Allowance	Total
<180 Days	%5,2	453,719,883	23,707,192	430,012,691
>270Days	%8.8	202,473,449	17,900,682	184,572,767
>360Days	%100	1,112,979,155	1,112,979,155	-
TOTAL		583,758,316	1,180,081,549	3,903,675,766

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 programmed. 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:

	Less than a year	More than 1 year
30 June 2026		
Bank credit facilities	5,402,055,420	-
Long-term and short-term loans	1,390,609,218	3,221,203,075
Suppliers and notes payable	887,852,046	-
Other creditors and credit balances	495,451,630	-
Dividends payable	350,306,716	-
Lease liabilities	446,200	11,746,465
Total	8,526,721,230	3,232,949,540

31 December 2025

Bank credit facilities	3,918,693,902	-
Long-term and short-term loans	1,107,863,191	3,758,803,399
Suppliers and notes payable	780,416,969	-
Other creditors and credit balances	1,044,832,271	-

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30,2026.
All Amounts are shown in EGP unless otherwise stated

Dividends payable	434,651	-
Lease liabilities	382,759	11,982,389
Total	6,852,623,743	3,770,785,788

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	10,013,867,713	8,785,360,492
Less: cash and cash equivalents	(217,973,689)	(1,433,426,902)
Net debt	10,231,841,402	10,218,787,394
Capital	1,687,557,500	1,687,557,500
Reserves	2,778,308,375	2,778,308,375
Total capital and reserves	4,465,865,875	4,465,865,875
Gearing ratio	229.112%	228.820%

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.

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30, 2026.
All Amounts are shown in EGP unless otherwise stated

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 recognised 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 recognized, 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 recognized 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 recognized 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.

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)

Notes to the Consolidated Financial statements for the period ended June 30, 2026.

All Amounts are shown in EGP unless otherwise stated

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.

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)

Notes to the Consolidated Financial statements for the period ended June 30, 2026.

All Amounts are shown in EGP unless otherwise stated

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 recognized 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 recognized 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.

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30,2026.
All Amounts are shown in EGP unless otherwise stated

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 recognized 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.

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30,2026.
All Amounts are shown in EGP unless otherwise stated

5- Fixed assets

Egyptian International Pharmaceutical Industries co. "EIPICO" (S.A.E)
Notes To the Consolidated Financial Statements - for the Period Ended June 30, 2026

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

	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	83,186,032.00	2,049,022,582.00	2,239,014,867.00	114,282,111.00	211,458,655.00	213,449,549.00	4,910,213,896.00			
Additions during the period	-	835,020,836.00	855,881,389.00	12,675,470.00	265,597,075.00	65,435,311.00	2,034,610,081.00			
Disposals during the period	-	-	974,266.00	860,698.00	134,713.00	2,547,161.00	4,516,838.00			
Cost at 30 June 2026	83,186,032.00	2,884,043,418.00	3,093,922,898.00	176,096,883.00	476,721,017.00	276,337,699.00	6,910,307,139.00			
Accumulated depreciation at 1 January 2026	-	292,449,844.00	1,203,894,357.00	97,754,568.00	112,661,560.00	133,705,642.00	1,840,465,971.00			
Additions during the period	-	27,017,447.00	62,214,212.00	2,654,544.00	31,360,608.00	8,643,606.00	131,890,417.00			
Disposals during the period	-	-	974,264.00	860,691.00	134,687.00	2,517,021.00	4,486,663.00			
Accumulated depreciation on disposals	-	319,467,291.00	1,265,134,105.00	99,548,421.00	143,887,481.00	139,832,227.00	1,967,869,725.00			
Accumulated depreciation at 30 June 2026	-	2,864,576,127.00	1,838,787,785.00	26,548,462.00	332,833,536.00	136,505,472.00	4,972,437,414.00			
Net book value at 30 June 2026	83,186,032.00	-	1,255,135,113.00	149,548,421.00	143,887,481.00	139,832,227.00	1,942,867,714.00			
Accumulated Depreciation:										
on January 1, 2025	83,186,032.00	543,426,318.00	1,701,915,590.00	107,581,637.00	131,105,707.00	197,886,920.00	2,785,102,203.00			
Depreciations for the year	-	1,505,596,264.00	540,759,660.00	7,686,232.00	63,161,697.00	16,769,762.00	2,133,973,615.00			
Accumulated Depreciation for disposals	-	-	(3,660,284.00)	(985,257.00)	(3,008,730.00)	(1,207,133.00)	(8,861,924.00)			
on December 31, 2025	83,186,032.00	2,049,022,582.00	2,239,014,966.00	114,282,112.00	211,458,654.00	213,449,549.00	4,910,213,895.00			
on January 1, 2025	-	283,002,018.00	1,143,569,815.00	95,515,206.00	95,897,443.00	121,887,214.00	1,739,871,696.00			
Depreciation for the year	-	9,447,826.00	63,984,677.00	3,225,103.00	19,772,614.00	13,025,206.00	109,453,426.00			
Accumulated depreciation on disposals	-	-	(3,660,135.00)	(985,410.00)	(3,008,497.00)	(1,206,778.00)	(8,861,151.00)			
Accumulated depreciation at 31 December 2025	-	292,449,844.00	1,203,894,357.00	97,754,568.00	112,661,560.00	133,705,642.00	1,840,465,971.00			
Net book value at 31 December 2025	83,186,032.00	1,756,572,738.00	1,035,120,609.00	16,577,544.00	98,497,094.00	79,743,907.00	3,069,747,934.00			
* The fully depreciated fixed assets amounted to 823,181,538EGP										
	Lands	Buildings	Machines and equipments	Means of Transportation	Tools & Equipment	Furniture & Fixtures	Total			
	EGP	EGP	EGP	EGP	EGP	EGP	EGP			
-	-	66,749,460	486,770,100	89,503,355	81,508,630	98,649,993	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.

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30, 2026.
All Amounts are shown in EGP unless otherwise stated

6- Right-of-Use Assets – Storage Space Lease

	30 June 2026	31 December 2025
<u>Cost</u>		
Balance at 1 January	17,643,499	15,879,030
Additions	(1,160,229)	1,764,469
Balance at the end of the period/year	16,483,270	17,643,499
<u>Accumulated depreciation</u>		
Balance at 1 January	7,756,213	6,312,523
Depreciation for the period/year	674,983	1,443,690
Balance at the end of the period/year	(1,160,229)	-
Carrying amount at the end of the period/year	7,270,967	7,756,213
	9,212,303	9,887,286

7- Construction in Progress

	Balance at 31 December 2025	Additions		Transferred to assets	Balance at 30 June 2026
Buildings	51,080,132	4,770,865	49,389,132	1,753,090	4,708,775
Machinery and equipment	557,422,383	338,547,572	-	164,179,748	781,790,207
Means of Transportation	-	17,094	-	-	17,094
Tools and equipment	6,471,664	28,139,809	-	19,344,045	15,267,429
Fixtures	1,305,969	519,442	-	1,870,411	-
Software	-	214,150	-	160,000	54,150
EIPICO Plant (3)	4,284,898,658	67,641,627	-	1781,940,871	2,570,599,414
Total	4,901,178,806	439,850,559	49,389,132	1,969,248,165	3,372,437,069

Capitalized borrowing costs on construction in progress amounted to 475,390,932 EGP.

8 – Intangible Assets (Net)

	30 June 2026	31 December 2025
Net book value		
Goodwill (8/a)	-	-
Computer software (8/b)	37,649,913	40,142,171
Total	37,649,913	40,142,171

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30, 2026.
All Amounts are shown in EGP unless otherwise stated

8/a – Goodwill

Goodwill arose from the revaluation of assets and liabilities and the calculation of depreciation upon the merger of Egyptian Pharmaceutical Packaging Industry into Egyptian International Pharmaceutical Industries Company (EIPICO), based on the valuation performed as at 30 September 1999.

The goodwill amounted to **EGP 370,000,000** and was amortized at a rate of **5%** per annum. The goodwill was fully amortized as at **30 September 2019**

8/b – Intangible Assets – Computer Software

	30 June 2026	31 December 2025
<u>Cost</u>		
Balance at 1 January	51,463,081	38,428,889
Additions	905,330	13,034,192
Balance at the end of the period/year	<u>52,368,411</u>	<u>51,463,081</u>
<u>Accumulated amortization</u>		
Balance at 1 January	11,320,909	6,374,928
Amortization for the period/year	3,397,588	4,945,981
Balance at the end of the period/year	<u>14,718,497</u>	<u>11,320,909</u>
Carrying amount at the end of the period/year	<u>37,649,913</u>	<u>40,142,172</u>

9– Investments in Subsidiaries

Investee Company	Percentage of ownership	30 June 2026	31 December 2025
EIPICO Tech for Pharmaceuticals (under liquidation) (***)	%93	1,867,500	12,330,000
Total		<u>1,867,500</u>	<u>12,330,000</u>

EIPICO Tech for Pharmaceuticals (Under Liquidation) (*)**

EIPICO Tech for Pharmaceuticals is an Egyptian joint stock company subject to the provisions of Investment Law No. (8) of 1997. The company's objective is the manufacture of human, veterinary, and chemical pharmaceuticals, diagnostic preparations, sera, special foods, insecticides, cosmetics, detergents, and the production of packaging materials required for these products. The Egyptian International Pharmaceutical Industries Group (EIPICO) is the principal shareholder, holding 93% of the capital, while the remaining 7% is contributed by certain employees of EIPICO. These investments are recorded at cost amounting to EGP 12,330 thousand, representing 25% of the capital. The investment has no market value, and EIPICO Tech has not commenced any operations to date. The paid-in capital of the group is

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
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represented by land allocated for the project and cash deposits in Egyptian pounds at the bank.

An Extraordinary General Assembly of EIPICO Tech resolved to liquidate the group, appointed a liquidator, and initiated limited review procedures for liquidation, with actions currently in progress.

Since inception, EIPICO Tech has not carried out any operations. The group's assets consist entirely of current assets in the form of cash at banks (current accounts and deposits), which fully cover equity capital. Accordingly, no impairment provision has been recognized for this investment.

Pursuant to the resolution of the General Assembly dated June 4, 2026, it was decided to distribute 90% of the group's accumulated profits up to June 1, 2026, in addition to a partial return of capital until completion of liquidation. The company's share amounted to EGP 29,095,614 as dividends and EGP 10,462,500 as capital recovery.

10 – Investments in Associates

Investee Company	Percentage of ownership	30 June 2026	31 December 2025
Baterjee Factory for Pharmaceuticals and Medical Supplies, Saudi Arabia (*)	30%	35,900,976	35,900,976
Medical Professions Company for Pharmaceuticals (**)	10%	374,934,869	374,934,869
Arab Pharmaceutical Raw Materials Company (Arab API) (**)		330,600,000	0
Revaluation of investments		385,307,914	230,982,312
Total		1,126,743,759	641,818,157

Baterjee Factory for Pharmaceuticals and Medical Supplies, Saudi Arabia

An agreement was entered into with the Saudi partner, whereby EIPICO holds **30% of the share capital**, equivalent to **EGP 35,900,976**, which has been fully paid. EIPICO has **30% of the voting rights**.

The company commenced its operations in **2012** in the Kingdom of Saudi Arabia.

Medical Professions Company for Pharmaceuticals ()**

- As at **31 December 2019**, EIPICO had acquired **4,780,000 shares**, representing **9.77%** of the shares of Medical Professions Company for Pharmaceuticals, for a total consideration of **EGP 211,167,305**.
- EIPICO acquired an additional **112,331 shares** in Medical Professions Company for Pharmaceuticals for **EGP 4,942,564**, bringing the total number of shares acquired to

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4,892,331 shares, representing **10%** of the company's shares, with a total value of **EGP 216,109,869** as at **31 March 2020**.

- EIPICO acquired **1,825,000 shares** in Medical Professions Company for Pharmaceuticals for **EGP 74,825,000** through a capital increase offering, bringing the total investment to **EGP 290,934,869** and maintaining EIPICO's ownership interest at **10%** of the company's shares. The amount was fully paid as at **31 December 2020**.
- EIPICO acquired an additional **2,000,000 shares** in Medical Professions Company for Pharmaceuticals for **EGP 84,000,000** through a capital increase offering, bringing the total investment to **EGP 374,934,869** and maintaining EIPICO's ownership interest at **10%** of the company's shares. The amount was fully paid as at **30 September 2023**.

The Group's investment in Medical Professions Company for Pharmaceuticals was classified as an **investment in an associate**, based on management's assessment that the Group has **significant influence over the operating decisions** of Medical Professions Company for Pharmaceuticals.

11 – Inventories (Net) and Letters of Credit

	30 June 2026	31 December 2025
Raw materials inventory	1,719,374,627	1,461,463,684
Fuel, oils and power supplies inventory	2,007,187	2,277,167
Spare parts and supplies inventory	216,728,525	215,900,575
Packaging materials inventory	841,441,506	740,377,922
Work-in-progress inventory	346,974,267	364,182,428
Finished goods inventory	716,250,065	718,871,446
Less: Impairment in the value of inventories	(56,670,754)	(29,112,218)
Net inventories	3,786,105,423	3,473,961,004
Letters of credit for the purchase of goods	636,412,012	413,116,625
Total	4,422,517,435	3,887,077,629

12 – Trade Receivables (Net) and Notes Receivable

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30, 2026.
All Amounts are shown in EGP unless otherwise stated

	30 June 2026	31 December 2025
Distributors	818,806,510	482,659,254
Direct sales	17,104,601	6,758,646
Supplies and tenders	305,572,379	207,466,405
Export customers	2,264,287,281	1,916,922,005
Notes receivable	1,746,846,153	1,788,319,357
Less: Expected credit losses	(1,180,583,162)	(1,077,081,550)
Total	3,972,033,762	3,325,044,117

13 – Other Receivables and Other Debit Balances

	30 June 2026	31 December 2025
Deposits with third parties	12,320,915	6,786,797
Advance payments (taxes and insurance)	100,635,859	249,101,123
Advances to suppliers	42,564,888	12,906,900
Gas price differences (under settlement)	18,437,108	22,034,420
Contract assets – expected returns	47,368,043	41,368,043
Other receivables	61,986,521	24,589,675
Total	283,313,334	356,786,958

14 – Cash and Cash Equivalents

	30 June 2026	31 December 2025
Cash on hand and permanent petty cash advances	13,355,007	4,663,441
Current accounts with banks – local currency	135,085,609	345,701,139
Current accounts with banks – foreign currency	20,806,447	178,307,426
Bank deposits – local currency	6,033,736	453,914,059
Bank deposits – foreign currency	49,769,586	457,916,927
Banque Misr – day-to-day account	305	910
Total	225,050,690	1,440,503,902
Less: Expected credit losses	(7,077,000)	(7,077,000)
Net	217,973,689	1,433,426,902

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30, 2026.
All Amounts are shown in EGP unless otherwise stated

- Bank deposits include **quarterly and monthly term deposits**, as well as **day-to-day deposits bearing daily interest**.

15 – Paid-up Capital

- The Group's authorized capital amounts to **EGP 850 million** (Eight Hundred and Fifty Million Egyptian Pounds), while the issued and subscribed capital amounts to **EGP 793,364,000** (Seven Hundred and Ninety-Three Million, Three Hundred and Sixty-Four Thousand Egyptian Pounds), fully paid, comprising **79,336,400 shares** with a nominal value of **EGP 10 per share**.
- Pursuant to the resolution of the Company's General Assembly held on **27 March 2010**, approval was granted to increase the issued and paid-up capital from **EGP 721,240,000** to **EGP 793,364,000**, representing an increase of **EGP 72,124,000**, financed from profits distributed to shareholders at a rate of 10% of the issued and paid-up capital prior to the increase, to finance the Group's expansions and investments, with amendments to Articles **6 and 7** of the Company's Articles of Association.
- The capital increase was registered in the Commercial Register on **24 June 2010**.
- Pursuant to the resolution of the Company's Extraordinary General Assembly held on **30 April 2018**, approval was granted to increase the authorized capital from **EGP 850 million** to **EGP 1,500 million**, and to approve the increase in the issued capital from **EGP 793,364,000** to **EGP 991,705,000**. The increase in issued capital was approved by the Ordinary General Assembly held on **30 April 2018**, following the Extraordinary General Assembly's approval to distribute **one bonus share for every four existing shares**, financed from the Investment Projects Financing Reserve. The capital increase was approved in **January 2019**.
- Pursuant to the resolution of the Company's Extraordinary General Assembly held on **1 April 2023**, approval was granted to increase the capital from **EGP 991,705,000** to **EGP 1,487,557,500**, representing an increase of **EGP 495,852,500**, fully paid in cash by the shareholders at a rate of 50% of the issued and paid-up capital prior to the increase, to finance the Group's expansions and investments, with amendments to Articles **6 and 7** of the Company's Articles of Association.
- The capital increase was registered in the Commercial Register in **August 2023**.
- The Egyptian Exchange Securities Listing Committee, at its meeting held on **23 July 2025**, approved the listing of the shares resulting from the increase in the issued and paid-up capital from **EGP 1,487,557,500** to **EGP 1,687,557,500**, representing an increase of **EGP 200 million**, divided into **20 million shares**.

16 – Shareholding Structure

Shareholder	Number of shares	Ownership percentage
Arab Company for Pharmaceutical Industries and	86,647,861	51.35

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30,2026.
All Amounts are shown in EGP unless otherwise stated

Shareholder	Number of shares	Ownership percentage
Medical Appliances		
Medical Professions Investment Company	8,168,327	4.8
Federation of Medical Professions Syndicates	6,207,758	3.6
Medical Professions Syndicates Federation – Assistance and Pension Fund	5,903,086	3.50
Other shareholders	61,828,718	36.64
Total	168,755,750	%100

17 – Reserves

Reserves	Balance at 1 Jan. 2026	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
Remeasurement reserve for employee benefits	(254,920,631)	-	-	(254,920,631)
Capital reserve	20,160,435	-	-	20,160,435
Investment projects and expansion financing reserve	1,241,659,000	-	-	1,241,659,000
Total	2,722,047,479	56,260,895	-	2,778,308,374

18– Retained Earnings

	30 June 2026 (EGP)	31 December 2025 (EGP)
Balance at 31 December 2025	425,602,317	234,120,278
Dividends for 2025	731,956,608	601,525,165
Adjustments to retained earnings	(146,306,333)	(410,043,126)
Balance at 30 June 2026	1,011,252,592	425,602,317

19– Net Profit for the Period/Year Before Appropriation

	30 June 2026 (EGP)	31 December 2025 (EGP)
Profit for the period/year after tax	626,674,081	1,441,657,700

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30, 2026.
All Amounts are shown in EGP unless otherwise stated

	30 June 2026	31 December 2025
	(EGP)	(EGP)
Total	626,674,081	1,441,657,700

20 – Loans

	30 June 2026	31 December 2025
	(EGP)	(EGP)
Qatar National Bank Alahli – USD	1,723,732,362	2,188,896,030
Qatar National Bank Alahli – EUR	300,662,726	11,325,270
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
Banque du Caire – USD	0	0
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

Long-term loans	3,221,203,075	3,758,803,399
Short-term loans	1,390,609,218	1,107,863,191

EIPICO 3 Tenth of Ramadan Factory Financing Loan

- **Term:** Seven years, including a two-year grace period and a five-year repayment period.
- **Security:** Unsecured.

21 – Lease Liabilities

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30, 2026.
All Amounts are shown in EGP unless otherwise stated

Lease Liabilities	Balance at 1 January 2026	Additions	Payments	Interest	Balance at 30 June 2026
Current lease liabilities	11,982,389	0	(235,924)	0	11,746,465
Non-current lease liabilities	382,759	235,924	(172,483)	0	446,200
Total	12,365,148	235,924	(408,407)	0	12,192,665

The lease liabilities are classified as follows:

30 June 2026 (EGP)

Current lease liabilities	446,200
Non-current lease liabilities	11,746,465
	<u>12,192,665</u>

22– Provisions

Provisions are reviewed at the end of each reporting period.

Provisions	Balance at 1 January 2026	Movements during the period		Balance at 30 June 2026
		Additions during the period	Utilized during the period	
Provision for disputed income taxes	111,611,787	0	0	111,611,787
Provision for claims	7,992,633	0	2,884,388	5,108,244
Provision for end-of-service benefits	418,338,324	50,000,000	39,782,564	428,555,761
Total	537,942,744	50,000,000	42,666,952	545,275,792

Provisions recognized as at 30 June 2026

Description	30 June 2026 (EGP)	31 December 2025 (EGP)
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Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30, 2026.
All Amounts are shown in EGP unless otherwise stated

Description	30 June 2026 (EGP)	31 December 2025 (EGP)
Provision for disputed income taxes	0	18,500,000
Provision for supplies	103,501,613	376,157,654
Provision for claims	50,000,000	13,060,720
Provision for end-of-service benefits	0	1,500,000
	50,000,000	85,000,000
Total	203,501,613	494,218,374

23 – Bank Overdrafts and Credit Facilities

Bank	30 June 2026 (EGP)	31 December 2025 (EGP)
Banque du Caire – Al-Azhar Branch	884,012,186	438,721,315
Qatar National Bank Alahli	1,128,557,005	877,308,455
Emirates NBD	491,223,803	329,694,398
Kuwait Finance House	1,241,774,509	1,217,566,547
National Bank of Kuwait	573,985,736	303,169,446
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	5,402,055,422	3,918,693,902

24 – Suppliers and Notes Payable

Description	30 June 2026 (EGP)	31 December 2025 (EGP)
Local suppliers	333,108,943	513,674,170

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30, 2026.
All Amounts are shown in EGP unless otherwise stated

Description	30 June 2026 (EGP)	31 December 2025 (EGP)
Foreign suppliers	521,383,855	252,510,405
Notes payable	33,359,248	14,232,394
Total	887,852,046	780,416,969

25 – Other Payables and Other Credit Balances

Description	30 June 2026 (EGP)	31 December 2025 (EGP)
Sundry creditors (third-party deposits and social insurance)	32,814,913	22,858,071
Sundry creditors (Tax Authority)	18,219,195	139,731,849
Employees' funds	3,296,322	3,763,100
Accrued incentives	147,287,266	636,820,662
Accrued expenses	89,896,831	62,770,658
Contract liabilities – expected returns	83,217,775	73,217,775
Customers' advances – local	107,313,950	80,649,590
Total	482,046,252	1,019,811,705
Social insurance solidarity contribution (2.5 per thousand)	13,405,376	25,020,569
Grand Total	495,451,629	<u>1,044,832,271</u>

26 – Due from / Due to Related Parties

The nature of transactions with related parties consists of **commercial transactions (purchases)**. The related-party relationship is that of a **subsidiary (EIACO)**.

Description	Balance at 1 January 2026	Movements during the period		Balance at 30 June 2026
		Debit Credit		
26/A – Due from subsidiaries	1,212,960	—	—	—
26/B – Due to subsidiaries (EIACO)	83,334,329	—	—	—

27 – Net Sales (Revenue from Operations)

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30,2026.
All Amounts are shown in EGP unless otherwise stated

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Local sales – Direct	918,591,077	1,027,206,631
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	1,572,046,409
Export distributor incentives	(60,028,360)	(50,456,940)
Total sales	5,018,570,263	4,588,471,104
Operating revenue from services rendered to third parties	35,151,146	22,253,130
Total operating revenue from services rendered to third parties	35,151,146	22,253,130
Total	5,053,721,409	4,610,724,234

28– Cost of Sales

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Manufacturing cost of goods sold		
Cash wages	255,380,492	225,212,227
Benefits in kind – medical care and employees' meals	33,935,372	25,745,773
Social insurance contributions	26,741,683	23,312,850
Consumable materials – raw materials	1,576,261,854	1,380,795,119
Consumable materials – packaging materials	702,374,156	602,322,635
Consumable materials – purchases for resale	0	50,000
Consumable materials – spare parts and supplies	75,312,956	80,267,517
Consumable materials – fuel, gas, electricity, water and lighting	119,602,638	81,808,774
Consumable materials – stationery and office supplies	3,827,151	3,328,121
Service supplies – maintenance expenses	17,565,453	25,341,010
Service supplies – contract manufacturing / processing by third parties	354,910	270,047
Service supplies – testing and analysis	1,178,839	1,667,100
Service supplies – transportation, travel and travel allowances	3,586,449	4,797,985
Service supplies – transportation vehicle rentals	4,477,420	2,654,427
Insurance expenses	3,563,619	2,068,063
Service companies	22,173,152	12,207,167
Other service supplies	4,643,084	1,921,156
Atomic Energy Authority expenses	1,073,226	951,315

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30,2026.
All Amounts are shown in EGP unless otherwise stated

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Subscriptions	86,338	1,602,577
Customs clearance expenses	2,052,013	1,779,709
Analytical samples – raw materials and packaging materials	3,783,798	1,718,820
Service supplies – software (SAP)	7,285,864	5,930,011
Disposal expenses	651,820	573,737
Commodity taxes and duties	82,136	10,260
Depreciation	122,253,662	43,498,421
Cost of production	2,988,248,085	2,529,834,821
Add/(deduct): Change in inventories of finished goods and work-in-progress at cost	12,030,440	(34,417,232)
Add/(deduct): Expected returns	(6,000,000)	0
Add/(deduct): Free goods issued	0	0
Manufacturing cost of goods sold	2,994,278,528	2,495,417,589

28 – Selling and Marketing Expenses

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Cash wages	176,396,982	167,710,487
Benefits in kind – medical care and employees' meals	13,837,319	10,144,748
Social insurance contributions	23,648,044	21,312,636
Consumable materials – marketing activity supplies	8,488,658	8,387,630
Consumable materials – packaging materials	2,942,216	3,049,778

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30,2026.
All Amounts are shown in EGP unless otherwise stated

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Consumable materials – fuel, gas, electricity and water	17,190,370	13,082,127
Consumable materials – stationery and office supplies	859,876	1,314,148
Service supplies – maintenance expenses	2,733,089	3,071,588
Service supplies – seminars, conferences and marketing activities	69,957,760	71,186,734
Service supplies – contributions to scientific offices	557,394	2,834,237
Service supplies – transportation, travel and travel allowances	48,872,870	46,266,029
Service supplies – transportation vehicle rental expenses	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
Free medical samples	4,199,191	2,402,404
Other service supplies	9,010,995	4,551,722
Vehicle expenses	1,394,846	2,078,124
Registration expenses	20,397,348	12,088,893
Subscriptions	2,472,118	1,276,350
Disposal expenses	99,788	0
Customs clearance expenses	3,672,482	3,278,246
Software expenses – SAP	6,073,836	4,598,687
Commodity taxes and duties	16,709,636	2,671,220
Depreciation of fixed assets	5,178,209	3,683,432
Operating lease expenses	1,571,387	1,410,978
Compensation and penalties	22,219,469	3,062,434
Total	528,554,734	465,031,857

29 – Research and Development Expenses (R&D)

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Cash wages	15,133,215	14,015,547
Benefits in kind – medical care and employees' meals	1,152,404	864,416
Social insurance contributions	1,531,910	1,390,033
Consumable materials – materials used	6,919,045	4,620,466

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
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Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Service supplies – maintenance expenses	98,399	1,577,735
Service supplies – transportation, travel and travel allowances	683,060	702,032
Service supplies – transportation vehicle rental expenses	144,258	86,678
Service supplies – experiments and research	3,510,837	8,627,651
Other service supplies	438,224	659,335
Subscriptions	2,517,305	272,428
Service supplies – software (SAP)	284,307	212,917
Commodity taxes and duties	22	0
Depreciation of fixed assets	1,943,647	1,820,882
Operating lease expenses	920	572
Total	34,357,553	34,850,692

30 – General and Administrative Expenses

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Cash wages	70,195,108	64,374,030
Benefits in kind – medical care and employees' meals	9,147,148	7,770,375
Social insurance contributions	6,166,109	5,406,131
Consumable materials – materials used	6,668,469	5,251,206
Service supplies – maintenance expenses	1,118,618	3,714,991
Service supplies – transportation, travel and travel allowances	2,499,064	1,798,089
Service supplies – transportation vehicle rental expenses	1,015,448	624,189
Committee allowances – technical, audit and legal affairs	255,000	150,000
Other service supplies	8,547,488	4,765,526
Free medical samples	101,077	35,468
Subscriptions	405,070	581,724
Software expenses – SAP	2,999,353	2,245,309
Commodity taxes and duties	153	735
Depreciation of fixed assets	5,123,921	2,883,098

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
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All Amounts are shown in EGP unless otherwise stated

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Operating lease expenses	39,267	4,027
Donations	7,264,535	1,428,876
Real estate taxes	0	0
Total	121,545,828	101,033,774

31 – Finance Costs

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Interest expense on credit facilities	489,017,739	654,658,505
	172,599,081	0
	1,280,465	1,321,026
Bank commissions and charges	23,442,762	20,256,515
	3,958,969	0
Total	690,299,016	676,236,046

32 – Solidarity Contribution – Social Insurance

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Solidarity Contribution	13,473,661	12,051,170

33 – Profit from Subsidiaries and Associates

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Profit from subsidiary – Egyptian International Ampoules Company (EIACO)	-	-
EIPICO TECH	29,095,614	-
Share of profit from associate – BATERJEE Factory for	199,135,644	197,206,555

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30,2026.
All Amounts are shown in EGP unless otherwise stated

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Pharmaceuticals and Medical Supplies, Saudi Arabia		
Share of profit from associate – Medical Professions Company for Pharmaceuticals	5,678,874	7,440,059
Total	233,954,290	204,646,614

34 – Foreign Exchange Gains / (Losses)

Description	30 June 2026 (EGP)	30 June 2025 (EGP)
Foreign exchange gains / (losses)	51,322,917	7,397,842
Total	51,322,917	7,397,842

35- Income Tax

	30 June 2026	31 December 2025
Income Tax (EPICO)	110,910,519	241,777,276
Income Tax (IACO)	17,697,934	14,143,127
Income Tax – Arab API	8,108,305	0
Total	136,716,758	255,920,403

36 – Deferred Income Tax

Description	30 June 2026 – Asset / (Liability)	31 December 2025 – Asset / (Liability)
Property, plant and equipment and intangible assets	(269,323,575)	(32,984,531)
Unrealized foreign exchange losses	265,518,349	0
	95,975,046	0
Net tax giving rise to a liability	361,493,395	(32,984,531)
Less: Deferred tax previously charged	149,843,725	(35,828,578)
Deferred tax expense / (income)	(54,673,906)	2,844,047

37 – Tax Position

As of 30 June 2026, the Group has contingent liabilities arising in the ordinary course of its business, which are not expected to result in any material liabilities.

Egyptian International Pharmaceutical Industries Company – EIPICO (SAE)
Notes to the Consolidated Financial statements for the period ended June 30, 2026.
All Amounts are shown in EGP unless otherwise stated

Due to the nature of the procedures followed by the tax authorities in assessing tax liabilities, the final outcome of such assessments by the Egyptian Tax Authority may, in certain cases, differ from the Group's estimates. Accordingly, there may be additional contingent liabilities arising from tax examinations and the Egyptian Tax Authority's assessment of taxes due from the Group.

- The Group's profits are subject to corporate income tax in accordance with Income Tax Law No. 91 of 2005 and its amendments.
- The Group prepares its tax returns in accordance with the applicable laws and regulations in the Arab Republic of Egypt. The Group also periodically assesses its tax liabilities in respect of the various tax bases and recognizes the necessary provisions based on its final tax position. Given the nature of the tax assessment procedures in the Arab Republic of Egypt, the Group's final tax liability cannot be determined until the Egyptian Tax Authority completes its examination of the Group's books and records and the necessary legal procedures for resolving any disputes arising from the Group's objections to tax assessments issued by the Egyptian Tax Authority have been completed.

The following is a summary of the Group's tax position as of 31 December 2025.

First: Corporate Income Tax

Years from commencement of operations up to 2013

- The Group was subject to tax examination for these years. An Internal Committee was formed to settle the disputed matters and resolve the resulting tax differences.

Years 2014–2015

- The Group was subject to tax examination for these years. The Group submitted an objection to the examination results, and the matter was referred to the Internal Committee to settle the disputed matters. The resulting tax differences were settled and paid in 2022.

Period from 1 January 2016 to 31 December 2019

- The Group was subject to tax examination for this period and paid the principal tax liabilities due for these years. The late-payment penalties and additional tax remain payable during the forthcoming period.

Period from 1 January 2020 to 31 December 2023

- The Group has complied with the filing of its tax returns with the Large Taxpayers Center using the forms prescribed by the Egyptian Tax Authority in accordance with the applicable laws. The Group was subject to tax examination for this period, and the resulting tax differences were assessed. Settlement and payment of such differences

are currently in progress and are expected to be completed during the forthcoming period.

Period from 1 January 2024 to 31 December 2025

- The Group has complied with the filing of its tax returns with the Large Taxpayers Center using the forms prescribed by the Egyptian Tax Authority in accordance with the applicable laws. The Group has not yet been subject to tax examination for this period. The latest tax return was filed in April 2025 for the year 2024.

Second: Salaries and Wages Tax

Years from commencement of operations up to 31 December 2012

- The Group was subject to tax examination for these years. Internal Committees were formed, and all tax differences due according to the Internal Committee's decision were settled and paid.

Period from 1 January 2013 to 31 December 2019

- The Group was subject to tax examination for this period and settled and paid the tax differences due.

Period from 1 January 2020 to 31 December 2022

- The Group was subject to tax examination for this period and paid the principal tax due.

Period from 1 January 2023 to 31 December 2025

- The Group deducts the taxes due from all employees in accordance with the applicable law and remits such taxes within the prescribed deadlines. The Group has not yet been subject to tax examination for this period.

Third: Stamp Tax

Years from commencement of operations up to 31 December 2023

- The Group was subject to tax examination for these years. Internal Committees were formed, and the resulting differences were settled and paid, and the tax file was closed.

Period from 1 January 2024 to 31 December 2024

- The Group paid the stamp tax due on a timely basis and was subject to tax examination for this period.

Period from 1 January 2025 to 31 December 2025

- The Group paid the stamp tax due on a timely basis. The Group has not yet been subject to tax examination for this period.

Fourth: Sales Tax / Value Added Tax

Years up to 30 November 2020

- The Group was subject to tax examination for these years and settled and paid all tax differences due.

Period from 1 December 2020 to 31 December 2022

- The Group was subject to tax examination for this period, and the tax file was referred to the Tax Appeals Committee. The Group has not yet been notified of the date of the committee's hearing as of the date of these financial statements.

Period from 1 January 2023 to 31 December 2025

- The Group regularly files and pays its tax returns. The Group has not yet been subject to tax examination for this period.

Fifth: Withholding Tax and Advance Tax Payments

- The Group deducts the taxes due from all parties dealing with the Group and remits such taxes to the relevant tax office in accordance with each taxpayer's tax card up to 31 December 2025. The Group was subject to tax examination for the period from 2017 to 2018, and the resulting tax differences were settled and paid. The Group has also settled the advance tax payments due up to 31 December 2025.

Sixth: Real Estate Tax

- The Group was assessed for real estate tax on EIPEC0 1 and EIPICO 2 factories for the period from 1 July 2013 to 31 December 2020. The Group objected to such assessments and paid the real estate tax up to 2021 pending resolution of the disputed matters. The Group obtained an exemption from real estate tax on 24 April 2024.

38 – Effects of Central Bank Decisions

- On 6 March 2024, as part of the monetary tightening policy pursued by the Central Bank, the Monetary Policy Committee, at its extraordinary meeting, decided to increase the overnight deposit and lending rates and the Central Bank's main operation rate to **27.75%**, respectively. The credit rate was also increased by **25%28%**, by **600 basis points**, to reach **27.25%**, while the discount rate was increased by **600 basis points** to reach **27.75%**. The Group is currently assessing the impact of these decisions on its subsequent financial statements.

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- On 6 March 2024, the Central Bank approved, as part of its continued efforts to move towards a flexible inflation-targeting framework, the adjustment of the deposit, lending and discount rates, as well as allowing the exchange rate to be determined in accordance with market mechanisms. These measures may have significant future financial effects on the Company's financial position, future results of operations and shareholders' equity.

39 – Comparative Figures

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

Legal Proceedings:

A labor claim has been filed against the Group in the amount of **EGP 459,464**. No judgment has been rendered in this matter, and no hearing date has been scheduled to date.

40. 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.

CFO

Mohamed Taha Elsewify



Chairman & managing director

Ahmed Saed Mohamed Kelany

