

**TENTH OF RAMADAN FOR PHARMACEUTICAL  
INDUSTRIES AND DIAGNOSTIC REAGENTS  
(RAMEDA) (S.A.E)  
CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
TOGETHER WITH REVIEW REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

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**Condensed Interim Consolidated Financial Statements  
For the Period Ended 30 September 2020**

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**REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)**

**Introduction**


We have reviewed the accompanying condensed interim financial position of **TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)** as of 30 September 2020 as well as the related condensed statements of profit or loss, Comprehensive income, changes in equity and cash flows for the nine months ended on 30 September 2020, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these condensed interim consolidated 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 Condensed Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of condensed 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements does not give a true and fair view, in all material respects, of the financial position of the entity as at 30 September 2020, and of its financial performance and its cash flows for the nine months ended on 30 September 2020 in accordance with Egyptian Accounting Standards.

  
**Ehab Morad Azer**  
FESAA - FES  
(RAA 6537)  
(EYSA 87)

Cairo: November 9, 2020

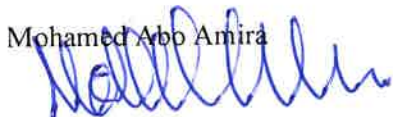
## TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 September 2020

|  | Notes | 30 September<br>2020<br>EGP | 31 December<br>2019<br>EGP |
|--|-------|-----------------------------|----------------------------|
| <b>ASSETS</b>                                |       |                             |                            |
| <b>Non-current assets</b>                    |       |                             |                            |
| Fixed assets and projects under construction | (5)   | 512,512,903                 | 483,452,748                |
| Right of use assets                          | (6)   | 17,178,609                  | -                          |
| Intangible assets                            | (7)   | 208,671,142                 | 104,648,049                |
| <b>Total non-current assets</b>              |       | <b>738,362,654</b>          | <b>588,100,797</b>         |
| <b>Current assets</b>                        |       |                             |                            |
| Inventories                                  | (8)   | 343,208,315                 | 214,068,473                |
| Trade and notes receivable                   | (9)   | 523,849,494                 | 499,197,383                |
| Treasury Bills                               | (10)  | 469,634,145                 | 464,890,000                |
| Due from related parties                     |       | 25,500                      | 25,500                     |
| Prepayments and other receivables            |       | 97,961,216                  | 47,132,638                 |
| Cash on hand and at banks                    | (11)  | 36,373,425                  | 53,935,240                 |
| <b>Total current assets</b>                  |       | <b>1,471,052,095</b>        | <b>1,279,249,234</b>       |
| <b>TOTAL ASSETS</b>                          |       | <b>2,209,414,749</b>        | <b>1,867,350,031</b>       |
| <b>EQUITY AND LIABILITIES</b>                |       |                             |                            |
| <b>Equity</b>                                |       |                             |                            |
| Paid up Capital                              | (14)  | 192,150,000                 | 192,150,000                |
| Legal reserve                                |       | 20,798,851                  | 16,649,610                 |
| General reserves - Issuance Premium          | (15)  | 486,965,000                 | 486,965,000                |
| Other reserves                               |       | 278,952                     | 278,952                    |
| Profits for the period and retained earnings |       | 441,481,953                 | 376,964,719                |
| <b>Total equity of Parent Company</b>        |       | <b>1,141,674,756</b>        | <b>1,073,008,281</b>       |
| Non-controlling interest                     |       | (1,450,734)                 | (953,175)                  |
| <b>Total equity</b>                          |       | <b>1,140,224,022</b>        | <b>1,072,055,106</b>       |
| <b>LIABILITIES</b>                           |       |                             |                            |
| <b>Non-current liabilities</b>               |       |                             |                            |
| Long term loans                              | (17)  | 45,599,676                  | 61,649,676                 |
| Long term lease liabilities                  | (6)   | 14,432,607                  | -                          |
| Deferred tax liabilities                     | (22)  | 25,665,491                  | 25,957,056                 |
| <b>Total non-current liabilities</b>         |       | <b>85,697,774</b>           | <b>87,606,732</b>          |
| <b>Current liabilities</b>                   |       |                             |                            |
| Provisions                                   | (12)  | 11,528,532                  | 9,963,935                  |
| Credit facilities                            | (16)  | 757,664,911                 | 486,336,405                |
| Current portion of long-term loans           | (17)  | 58,850,000                  | 64,200,000                 |
| Current portion of lease liabilities         | (6)   | 2,550,469                   | -                          |
| Trade, notes and other payables              | (13)  | 138,772,557                 | 127,399,418                |
| Income taxes payable                         |       | 14,126,484                  | 19,788,435                 |
| <b>Total current liabilities</b>             |       | <b>983,492,953</b>          | <b>707,688,193</b>         |
| <b>TOTAL LIABILITIES</b>                     |       | <b>1,069,190,727</b>        | <b>795,294,925</b>         |
| <b>TOTAL LIABILITIES AND EQUITY</b>          |       | <b>2,209,414,749</b>        | <b>1,867,350,031</b>       |

Finance Director

Mohamed Abo Amira



Board Member

Amr Abdallah Morsy



The accompanying notes from (1) to (27) are an integral part of these condensed Interim consolidated financial statements.  
Review Report Attached.

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the Period Ended 30 September 2020

|   | Notes | Nine-Months Ended           |                             | Three-Months Ended          |                             |
|---|-------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   |       | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP |
| Revenues  | (18)  | 672,858,339                 | 619,459,322                 | 235,397,483                 | 235,103,224                 |
| Cost of revenues                                | (19)  | (355,709,365)               | (356,110,215)               | (122,902,438)               | (143,586,623)               |
| <b>GROSS PROFIT</b>                             |       | <b>317,148,974</b>          | <b>263,349,107</b>          | <b>112,495,045</b>          | <b>91,516,601</b>           |
| Selling and marketing expenses                  | (20)  | (159,454,432)               | (107,461,120)               | (56,480,067)                | (37,027,226)                |
| General and administrative expenses             | (21)  | (34,206,204)                | (25,111,032)                | (10,449,615)                | (8,102,540)                 |
| Other income                                    |       | 892,928                     | 1,303,501                   | 409,456                     | 326,016                     |
| <b>OPERATING PROFIT</b>                         |       | <b>124,381,266</b>          | <b>132,080,456</b>          | <b>45,974,819</b>           | <b>46,712,851</b>           |
| Finance income                                  | (22)  | 49,354,731                  | 29,155                      | 14,546,120                  | 4,145                       |
| Finance expenses                                | (23)  | (76,640,831)                | (81,292,271)                | (24,135,659)                | (30,688,764)                |
| Net foreign exchange gain/(loss)                |       | (1,389,377)                 | (1,577,374)                 | (1,360,269)                 | (319,158)                   |
| <b>NET FINANCE COST</b>                         |       | <b>(28,675,477)</b>         | <b>(82,840,490)</b>         | <b>(10,949,808)</b>         | <b>(31,003,777)</b>         |
| Impairment of trade and notes receivable        |       | (4,768,081)                 | (1,958,945)                 | (2,238,567)                 | (1,171,001)                 |
| Provisions                                      | (12)  | -                           | (3,768,059)                 | -                           | -                           |
| Contribution for health insurance               |       | (1,803,754)                 | (1,520,541)                 | (615,836)                   | (580,212)                   |
| <b>PROFITS FOR THE YEAR BEFORE INCOME TAXES</b> |       | <b>89,133,954</b>           | <b>41,992,421</b>           | <b>32,170,608</b>           | <b>13,957,861</b>           |
| Income taxes                                    | (24)  | (20,965,038)                | (10,848,023)                | (7,477,159)                 | (3,484,885)                 |
| <b>PROFITS FOR THE YEAR</b>                     |       | <b>68,168,916</b>           | <b>31,144,398</b>           | <b>24,693,449</b>           | <b>10,472,976</b>           |
| <b>Attributable to:</b>                         |       |                             |                             |                             |                             |
| Equity holders of the Parent Company            |       | 68,666,475                  | 31,612,409                  | 24,900,718                  | 10,650,784                  |
| Non-controlling interests                       |       | (497,559)                   | (468,011)                   | (207,269)                   | (177,808)                   |
|   |       | <b>68,168,916</b>           | <b>31,144,398</b>           | <b>24,693,449</b>           | <b>10,472,976</b>           |
| Earnings Per Share - basic and diluted          | (25)  | <b>0.0893</b>               | <b>0.0411</b>               | <b>0.0324</b>               | <b>0.014</b>                |

**Finance Director**

Mohamed Abo Amira

**Board Member**

Amr Abdallah Morsy

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the Period Ended 30 September 2020

|                                      | Nine-Months Ended                                |                                    | Three-Months Ended                               |                                    |
|--------------------------------------|--|------------------------------------|--|------------------------------------|
|                                      | <i>30 September</i><br><i>2020</i><br><i>EGP</i> | 30 September<br>2019<br><i>EGP</i> | <i>30 September</i><br><i>2020</i><br><i>EGP</i> | 30 September<br>2019<br><i>EGP</i> |
| <b>PROFITS FOR THE PERIOD</b>        | <b>68,168,916</b>                                | 31,144,398                         | <b>24,693,449</b>                                | 10,472,976                         |
| OTHER COMPREHENSIVE INCOME           | -  | -                                  | -  | -                                  |
| <b>OTHER COMPREHENSIVE INCOME</b>    | <b>68,168,916</b>                                | <b>31,144,398</b>                  | <b>24,693,449</b>                                | <b>10,472,976</b>                  |
| <b>Attributable to:</b>              |  |                                    |  |                                    |
| Equity holders of the Parent Company | <b>68,666,475</b>                                | 31,612,409                         | <b>24,900,718</b>                                | 10,650,784                         |
| Non-controlling interest             | <b>(497,559)</b>                                 | (468,011)                          | <b>(207,269)</b>                                 | (177,808)                          |
|                                      | <b>68,168,916</b>                                | <b>31,144,398</b>                  | <b>24,693,449</b>                                | <b>10,472,976</b>                  |

The accompanying notes from (1) to (27) are an integral part of these condensed Interim consolidated financial statements.



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

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Period Ended 30 September 2020

|   | <b>Paid up<br/>Capital<br/>EGP</b> | <b>Legal<br/>reserve<br/>EGP</b> | <b>General reserve<br/>-Issuance<br/>Premium<br/>EGP</b> | <b>Other<br/>reserves<br/>EGP</b> | <b>Retained<br/>earnings<br/>EGP</b> | <b>Total equity<br/>of Parent<br/>Company<br/>EGP</b> | <b>Non-<br/>controlling<br/>interest<br/>EGP</b> | <b>Total<br/>EGP</b> |
|---|------------------------------------|----------------------------------|--|-----------------------------------|--------------------------------------|---|--|----------------------|
| Balance as at 1 January 2019              | 160,900,000                        | 10,213,168                       | -  | 278,952                           | 301,007,204                          | 472,399,324   | (238,934)  | 472,160,390          |
| Transferred to legal reserve              | -                                  | 6,436,442                        | -  | -                                 | (6,436,442)                          | -   | -  | -                    |
| Total comprehensive income for the period | -                                  | -                                | -  | -                                 | 31,612,409                           | 31,612,409  | (468,011)  | 31,144,398           |
| <b>Balance as at 30 September 2019</b>    | <b>160,900,000</b>                 | <b>16,649,610</b>                | <b>-</b>   | <b>278,952</b>                    | <b>326,183,171</b>                   | <b>504,011,733</b>                                    | <b>(706,945)</b>                                 | <b>503,304,788</b>   |
| Balance as at 1 January 2020              | 192,150,000                        | 16,649,610                       | 486,965,000  | 278,952                           | 376,964,719                          | 1,073,008,281   | (953,175)  | 1,072,055,106        |
| Transferred to legal reserve              | -                                  | 4,149,241                        | -  | -                                 | (4,149,241)                          | -   | -  | -                    |
| Total comprehensive income for the period | -                                  | -                                | -  | -                                 | 68,666,475                           | 68,666,475  | (497,559)  | 68,168,916           |
| <b>Balance as at 30 September 2020</b>    | <b>192,150,000</b>                 | <b>20,798,851</b>                | <b>486,965,000</b>                                       | <b>278,952</b>                    | <b>441,481,953</b>                   | <b>1,141,674,756</b>                                  | <b>(1,450,734)</b>                               | <b>1,140,224,022</b> |

The accompanying notes from (1) to (27) are an integral part of these condensed Interim consolidated financial statements.

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

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the Period Ended 30 September 2020

|   | Notes   | Nine-Months Ended    |                     |
|---|---------|----------------------|---------------------|
|   |         | 30 September 2020    | 30 September 2019   |
|   |         | EGP                  | EGP                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |         |                      |                     |
| Profits for the period before income taxes                          |         | 89,133,954           | 41,992,421          |
| <b>Adjustments to reconcile profit before tax to net cash flow:</b> |         |                      |                     |
| Net foreign exchange differences                                    |         | 725,924              | 52,046              |
| Depreciation and amortization                                       | (5,6,7) | 41,216,289           | 24,768,207          |
| Provision charged   | (12)    | 2,064,597            | 4,637,344           |
| Impairment of trade and notes receivable                            | (9)     | 4,768,081            | 1,958,944           |
| Impairment of inventory   | (8)     | 15,773,866           | 5,551,711           |
| Finance income  |         | (13,701,762)         | -                   |
| Finance expenses  | (21)    | 74,946,456           | 81,292,272          |
| Unwinding interests of lease liabilities                            | (21)    | 1,694,375            | -                   |
| (Gain) from sale of fixed assets                                    | (5)     | (50,934)             | (6,999)             |
|   |         | <u>216,570,846</u>   | <u>160,245,946</u>  |
| Change in inventories   |         | (137,163,276)        | 45,783,731          |
| Used of inventory provision   |         | (7,750,432)          | -                   |
| Change in trade and notes receivable                                |         | (29,256,483)         | (22,179,370)        |
| Used of Impairment of trade and notes receivable                    |         | (163,709)            | -                   |
| Change in prepayments and other receivables                         |         | (72,699,913)         | 2,052,122           |
| Change in Due to Related Parties                                    |         | -                    | 3,734,169           |
| Change in trade, notes and other payable                            |         | 9,387,740            | 21,588,193          |
| <b>Cash flows (used in) provided from operating activities</b>      |         | <u>(21,075,227)</u>  | <u>211,224,791</u>  |
| Debit interests paid  |         | (72,965,407)         | (78,348,141)        |
| Provisions used   | (12)    | (500,000)            | (492,087)           |
| Income taxes paid   |         | (26,914,204)         | (39,002,080)        |
| <b>NET CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES</b>  |         | <u>(121,454,838)</u> | <u>93,382,483</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |         |                      |                     |
| Payments to acquire fixed assets                                    | (5)     | (20,615,803)         | (9,957,801)         |
| Payments to acquire assets under construction                       | (5)     | (42,390,097)         | (56,249,398)        |
| Payments to acquire intangible assets                               | (7)     | (108,567,705)        | (8,096,871)         |
| Payment to acquire treasury bills                                   |         | (469,634,145)        | -                   |
| Matured treasury bills collection                                   |         | 500,000,000          | -                   |
| Proceeds from sale of fixed assets                                  | (5)     | 63,299               | 7,950               |
| Investment in term deposits   | (11)    | (133,961)            | (29,205)            |
| <b>NET CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>                |         | <u>(141,278,412)</u> | <u>(74,325,325)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |         |                      |                     |
| Credit facilities used  | (16)    | 734,178,634          | 424,207,548         |
| Payment of credit facilities  | (16)    | (462,850,128)        | (389,720,584)       |
| Receipts from long term loans                                       | (17)    | -                    | 732,226             |
| Payment of long-term loans  | (17)    | (21,400,000)         | (29,610,001)        |
| Change in due from related parties                                  |         | -                    | (19,449,533)        |
| Lease payments paid during the period                               |         | (4,165,108)          | -                   |
| <b>NET CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES</b>  |         | <u>245,763,398</u>   | <u>(13,840,344)</u> |
| <b>Net change in cash and cash equivalent during the period</b>     |         | <u>(16,969,852)</u>  | <u>5,216,814</u>    |
| Net foreign exchange difference                                     |         | (725,924)            | (52,046)            |
| Cash and cash equivalent - beginning of the year                    |         | 53,462,159           | 3,855,115           |
| <b>CASH AND CASH EQUIVALENT - END OF THE PERIOD</b>                 | (11)    | <u>35,766,383</u>    | <u>9,019,883</u>    |

The accompanying notes from (1) to (27) are an integral part of these condensed Interim consolidated financial statements.



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

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Period Ended 30 September 2020

#### **1- BACKGROUND**

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

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

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

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

The Group is principally engaged in:

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

**Below is a brief background about the subsidiaries:**

#### **Rameda for Pharmaceuticals Trading Company**

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

#### **Ramecare Company**

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

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

#### **Ramepharma Company**

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

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

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

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Period Ended 30 September 2020

#### **2- SIGNIFICANT ACCOUNTING POLICIES**

##### **2-1 BASIS OF PREPARATION**

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

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

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

##### **2-2 CHANGES IN ACCOUNTING POLICIES**

The accounting policies applied during this period are those applied in preparing the financial statements for the year ended 31 December 2019, except for the adoption of the new Egyptian Accounting Standards No. 48, "revenue from contracts with customers" and 49 "leases" as of 01 January 2020. The nature and impact of these standards and amendments are explained below.

The company has postponed the implementation of Egyptian Accounting Standard No. (47) "Financial Instruments" in accordance with a decision of the Financial Supervisory Authority that it is fully implemented and included as of 01 January 2021.

##### **2-2-1 EFFECT OF ADOPTION OF EAS NO. (48) "REVENUE FROM CONTRACTS WITH CUSTOMERS"**

EAS No. (48) "Revenue from contracts with customers" was issued to replace the EAS No. (8) "Construction contracts" and EAS No. (11) "Revenue" and establishes a five-step model for revenue from contracts with customers.

According to EAS No. (48) "Revenue from contracts with customers" is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new standard will replace all requirements for recognition under Egyptian Accounting Standards. EAS (48) requires either a full retrospective approach or modified retrospective approach for prior periods beginning on or after January 1, 2020 and early application is permitted.

The Company adopted EAS (48) using the modified retrospective method of adoption with the date of initial application of 1 January 2020. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The cumulative effect of initially applying EAS (48) is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under EAS No. (8) "Construction Contracts" and the EAS No. (11) "Revenue".

EAS No. (48) requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

**TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Period Ended 30 September 2020

**2-2 CHANGES IN ACCOUNTING POLICIES (continued)****2-2-1 EFFECT OF ADOPTION OF EAS NO. (48) "REVENUE FROM CONTRACTS WITH CUSTOMERS" (continued)*****Sale of goods***

The Company's contracts with customers for the sale of finished goods generally include one performance obligation. The Company has concluded that revenue from sale of finished goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the finished goods. Therefore, the adoption did not have an impact on the timing of revenue recognition.

***i) Variable consideration***

Some contracts for the sale of finished goods provide customers with a right of return and volume rebates. Prior to the adoption of EAS (48), the Company recognized revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Company deferred revenue recognition until the uncertainty was resolved.

Under EAS (48), rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration has not increased the amount of revenue that will be deferred.

***ii) Rights of return***

When a contract provides a customer with a right to return the goods within a specified period, the Company previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under EAS (48).

Under EAS (48), the consideration received from the customer is variable because the contract allows the customer to return the products. The Company used the expected value method to estimate the goods that will not be returned. For goods expected to be returned, the Company presented a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position. Upon adoption of EAS (48), the Company measure the impact on refund liability and an asset for the right to recover products from a customer and retained earnings as of 1 January 2020.

***iii) Volume rebates***

Under EAS (48), retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Company applied the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration was primarily driven by the number of sales value / volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration. Upon adoption of EAS (48), the Company recognized contract liabilities for the expected future rebates, derecognized the provision for rebates under trade payable and accrued expenses.

The management conducted an exercise and concluded that there is no material impact on transition to EAS (48) on 1 January 2020.

The company has implemented the EAS No. (49) "Leases". The standard is defined the principles of recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

With regard to operating lease contracts for EAS No. (49) "Leases", the company implemented the EAS (49) "Leases" on 01 January 2020.

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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 September 2020

#### 2-2 CHANGES IN ACCOUNTING POLICIES (continued)

##### 2-2-2 EFFECT OF ADOPTION OF EAS NO. (49) "LEASES"

The following are the adjustments to the financial position on 01 January 2020:

|                                   | <i>1 January 2020</i> |
|-----------------------------------|-----------------------|
|                                   | <i>EGP</i>            |
| Right of use Assets               | 18,206,266            |
| Prepayments and other receivables | 463,097               |
| Lease liabilities                 | 17,743,169            |

The Company has used the practical expedient of applying EAS 49 only those contracts that were previously identified as leases.

In adopting EAS 49, the Company has applied the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases in accordance with EAS 49 as short-term leases with a remaining lease term of less than 12 months as at 1 January 2019;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

On adoption of EAS (49), the company has recognized lease liabilities and associated right-of-use assets in relation to contracts that have been concluded as leases under the principles of EAS No. (49), The liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 January 2020. The associated right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of prepayments relating to that lease recognized in the statement of financial position as at 31 December 2019.

The following table shows reconciliation of operating lease commitments to lease liability under EAS (49) as on 1 January 2020:

|  | <i>1 January 2020</i> |
|--|-----------------------|
|  | <i>EGP</i>            |
| Operating lease commitments as at 31 December 2019               | 25,232,281            |
| Weighted average incremental borrowing rate as at 1 January 2020 | <u>14.17%</u>         |
| Lease liabilities as at 1 January 2020                           | <u>17,743,169</u>     |

Set out below are the new accounting policies of the Company upon adoption of EAS 49, which have been applied from 1 January 2020:

##### *i) Right-of-use assets*

Leases are recognized as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is recognized in the interim condensed consolidated statement of comprehensive income over the lease term. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs, if applicable.



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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS For the Period Ended 30 September 2020

#### 2-2 CHANGES IN ACCOUNTING POLICIES (continued)

##### 2-2-2 EFFECT OF ADOPTION OF EAS NO. (49) "LEASES" (continued)

###### ii) *Lease liabilities*

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicit to the lease or the Company's incremental borrowing rate.

###### iii) *Short-term leases and leases of low-value assets*

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Company's capitalisation threshold and are considered to be insignificant for the interim condensed consolidated statement of financial position for the Company as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the interim condensed consolidated statement of comprehensive income.

###### iv) *Variable lease payments*

Some leases contain variable payments that are linked to the usage/performance of the leased asset. Such payments are recognized in interim condensed consolidated statement of comprehensive income.

###### v) *Amounts recognized in the statement of financial position and profit or loss*

The amounts recognized in the consolidated statement of financial position and consolidated statement of profit or loss related to right of use asset and lease liabilities and the movement during the period disclosed in (notes 6).

#### 2-3 STANDARDS THAT WILL BE APPLIED AS OF 31 JANUARY 2021

##### 2-3-1 EGYPTIAN ACCOUNTING STANDARD NO. (47) "FINANCIAL INSTRUMENTS"

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

###### i) *Classification and measurement*

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

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

- Trade receivables and other financial assets classified as loans and receivables as at 31 December 2019 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortized cost.

###### ii) *Impairment*

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

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

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Period Ended 30 September 2020

#### **3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

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

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

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

##### **3-1 Judgments**

###### **Revenue Recognition for sale of goods**

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

##### **3-2 Estimates**

###### **Impairment of trade and other receivables**

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

###### **Provision for sales returns**

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

###### **Useful lives of fixed assets**

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

###### **Useful lives of intangible assets**

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

##### **Taxes**

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

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



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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 September 2020

#### 3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

##### Impairment of non-financial assets

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

#### 4- SEGMENT INFORMATION

Currently the Group's primary business segment is the production and selling of pharmaceutical products which contributes to 95% of total revenue and balance 5% is contributed by toll manufacturing services (30 September 2019: 95% and 5% receptively). The Group's management monitors the business under two segments, "production and selling of pharmaceutical products" and "manufacturing for others" (Toll manufacturing) for the purpose of making business decisions.

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

Accordingly, the Group's revenues during the period ended 30 September 2020 were reported under two segments in the consolidated financial statements.

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

| Period            | Services                                   |               | Sales of pharmaceutical products |                   |                | Total<br>EGP |
|-------------------|--|---------------|----------------------------------|-------------------|----------------|--------------|
|                   | Toll<br>Manufacturing<br>"Domestic"<br>EGP | Export<br>EGP | Private sales<br>EGP             | Domestic          |                |              |
|                   |  |               |                                  | Veterinary<br>EGP | Tenders<br>EGP |              |
| 30 September 2020 | 32,108,376                                 | 28,658,920    | 455,372,104                      | -                 | 156,718,939    | 672,858,339  |
| 30 September 2019 | 28,960,619                                 | 33,910,827    | 414,169,705                      | 1,658,555         | 140,759,616    | 619,459,322  |

Revenue from the top five customers presented 85% of total revenues (30 September 2019: 85%).

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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 September 2020

#### 5- FIXED ASSETS

| Cost                                       | Freehold Land |  | Buildings    |  | Machinery and equipment |  | Transportation and dragging equipment |  | Laboratory equipment |  | Tools       |  | Office furniture and fixtures |  | Assets under construction |  | Total EGP     |
|--|---------------|--|--------------|--|-------------------------|--|---------------------------------------|--|----------------------|--|-------------|--|-------------------------------|--|---------------------------|--|---------------|
|  | EGP           |  | EGP          |  | EGP                     |  | EGP                                   |  | EGP                  |  | EGP         |  | EGP                           |  | EGP                       |  |               |
| As of 1 January 2020                       | 18,637,425    |  | 227,835,573  |  | 313,603,694             |  | 12,411,128                            |  | 17,129,924           |  | 3,754,591   |  | 21,797,612                    |  | 66,327,646                |  | 681,497,593   |
| Additions                                  | -             |  | 6,779,350    |  | 6,024,902               |  | 681,500                               |  | 2,269,993            |  | 1,906,277   |  | 2,953,781                     |  | 42,390,097                |  | 63,005,900    |
| Transferred from assets under construction | -             |  | -            |  | 19,194,349              |  | -                                     |  | -                    |  | -           |  | 645,927                       |  | (19,840,276)              |  | -             |
| Disposals                                  | -             |  | -            |  | (31,032)                |  | (66,800)                              |  | -                    |  | (4,600)     |  | (684,074)                     |  | -                         |  | (786,506)     |
| As of 30 September 2020                    | 18,637,425    |  | 234,614,923  |  | 338,791,913             |  | 13,025,828                            |  | 19,399,917           |  | 5,656,268   |  | 24,713,246                    |  | 88,877,467                |  | 743,716,987   |
| Accumulated depreciation                   |               |  |              |  |                         |  |                                       |  |                      |  |             |  |                               |  |                           |  |               |
| As of 1 January 2020                       | -             |  | (50,634,122) |  | (113,601,464)           |  | (9,583,519)                           |  | (8,559,055)          |  | (1,309,799) |  | (14,356,886)                  |  | -                         |  | (198,044,845) |
| Depreciation for the period                | -             |  | (5,380,055)  |  | (24,947,366)            |  | (542,650)                             |  | (1,205,736)          |  | (292,713)   |  | (1,564,860)                   |  | -                         |  | (33,933,380)  |
| Disposals                                  | -             |  | -            |  | 19,356                  |  | 66,800                                |  | -                    |  | 3,910       |  | 684,075                       |  | -                         |  | 774,141       |
| As of 30 September 2020                    | -             |  | (56,014,177) |  | (138,529,474)           |  | (10,059,369)                          |  | (9,764,791)          |  | (1,598,602) |  | (15,237,671)                  |  | -                         |  | (231,204,084) |
| Net book value as of 30 September 2020     | 18,637,425    |  | 178,600,746  |  | 200,262,439             |  | 2,966,459                             |  | 9,635,126            |  | 4,057,666   |  | 9,475,575                     |  | 88,877,467                |  | 512,512,903   |

- The cost of fixed assets as of 30 September 2020 includes EGP 17,331,295 which represents fully depreciated assets that are still in use.

- The cost of asset under construction as of 30 September 2020 includes impairment by EGP 686,437.

- There is a commercial mortgage on the parent company's machines & tools in favor of "Commercial international Bank" against loans & facilities receipts (Note 17), this mortgage is in process of replacement transaction to be against treasury bills instead of machines & tools (Note 10).

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

|                                     | 30 September 2020 | EGP       |
|-------------------------------------|-------------------|-----------|
| Cost of revenue                     | 32,211,741        | 786,506   |
| Selling and marketing expenses      | 385,949           | (774,141) |
| General and administrative expenses | 1,335,690         | 12,365    |
|                                     | 33,933,380        | 63,299    |
|                                     |                   | 50,934    |

Gain from sale of fixed assets was calculated as follows:

|   | 30 September 2020 | EGP       |
|---|-------------------|-----------|
| Cost of disposed assets                     |                   | 786,506   |
| Accumulated depreciation of disposed assets |                   | (774,141) |
| Net book value of disposed assets           |                   | 12,365    |
| Proceeds from sale of fixed assets          |                   | 63,299    |
| Gain from sale of fixed assets              |                   | 50,934    |

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
For the Period Ended 30 September 2020

### 5- FIXED ASSETS (CONTINUED)

|  | Freehold Land |              | Buildings     |             | Machinery and equipment |             | Transportation and dragging equipment |               | Laboratory equipment |     | Tools |     | Office furniture and fixtures |     | Assets under construction |     | Total |     |          |
|--|---------------|--------------|---------------|-------------|-------------------------|-------------|---------------------------------------|---------------|----------------------|-----|-------|-----|-------------------------------|-----|---------------------------|-----|-------|-----|----------|
|  | EGP           | EGP          | EGP           | EGP         | EGP                     | EGP         | EGP                                   | EGP           | EGP                  | EGP | EGP   | EGP | EGP                           | EGP | EGP                       | EGP | EGP   | EGP |          |
| Cost                                       |               |              |               |             |                         |             |                                       |               |                      |     |       |     |                               |     |                           |     |       |     |          |
| As at 1 January 2019                       | 18,637,425    | 173,615,138  | 145,848,968   | 12,200,342  | 14,748,298              | 3,342,702   | 18,421,709                            | 213,050,197   | 599,864,779          |     |       |     |                               |     |                           |     |       |     |          |
| Additions                                  | -             | 5,970,194    | 6,249,144     | 210,786     | 2,381,626               | 411,889     | 3,163,115                             | 63,263,938    | 81,650,692           |     |       |     |                               |     |                           |     |       |     |          |
| Transferred from assets under construction | -             | 48,250,241   | 161,505,582   | -           | -                       | -           | 230,666                               | (209,986,489) | -                    |     |       |     |                               |     |                           |     |       |     |          |
| Disposals                                  | -             | -            | -             | -           | -                       | -           | (17,878)                              | -             | (17,878)             |     |       |     |                               |     |                           |     |       |     | (17,878) |
| As at 31 December 2019                     | 18,637,425    | 227,835,573  | 313,603,694   | 12,411,128  | 17,129,924              | 3,754,591   | 21,797,612                            | 66,327,646    | 681,497,593          |     |       |     |                               |     |                           |     |       |     |          |
| Accumulated depreciation                   |               |              |               |             |                         |             |                                       |               |                      |     |       |     |                               |     |                           |     |       |     |          |
| As at 1 January 2019                       | -             | (44,159,755) | (92,821,575)  | (8,947,723) | (7,169,885)             | (1,015,114) | (12,816,825)                          | -             | (166,930,877)        |     |       |     |                               |     |                           |     |       |     |          |
| Depreciation for the year                  | -             | (6,474,367)  | (20,779,889)  | (635,796)   | (1,389,170)             | (294,685)   | (1,553,238)                           | -             | (31,127,145)         |     |       |     |                               |     |                           |     |       |     |          |
| Disposals                                  | -             | -            | -             | -           | -                       | -           | 13,177                                | -             | 13,177               |     |       |     |                               |     |                           |     |       |     | 13,177   |
| As at 31 December 2019                     | -             | (50,634,122) | (113,601,464) | (9,583,519) | (8,559,055)             | (1,309,799) | (14,356,886)                          | -             | (198,044,845)        |     |       |     |                               |     |                           |     |       |     |          |
| Net book value as at 31 December 2019      | 18,637,425    | 177,201,451  | 200,002,230   | 2,827,609   | 8,570,869               | 2,444,792   | 7,440,726                             | 66,327,646    | 483,452,748          |     |       |     |                               |     |                           |     |       |     |          |
| Net book value as at 31 December 2018      | 18,637,425    | 129,455,383  | 53,027,393    | 3,252,619   | 7,578,413               | 2,327,588   | 5,604,884                             | 213,050,197   | 432,933,902          |     |       |     |                               |     |                           |     |       |     |          |

- The cost of fixed assets as of 31 December 2019 includes EGP 16,782,958 which represents fully depreciated assets that are still in use.

- There is a commercial mortgage on the parent company's machines & tools in favor of "Commercial International Bank" against loans & facilities receipts (Note 17).

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

|                                     | 31 December 2019 | 31 December 2019 |
|-------------------------------------|------------------|------------------|
|                                     | EGP              | EGP              |
| Cost of revenue                     | 28,593,111       | 17,878           |
| Selling and marketing expenses      | 404,691          | 13,177           |
| General and administrative expenses | 2,129,343        | 4,701            |
|                                     | 31,127,145       | 13,950           |
|                                     |                  | 9,249            |

Gain from sale of fixed assets was calculated as follows:

|   | 31 December 2019 | 31 December 2019 |
|---|------------------|------------------|
|   | EGP              | EGP              |
| Cost of disposed assets                     | 17,878           | 17,878           |
| Accumulated depreciation of disposed assets | 13,177           | 13,177           |
| Net book value of disposed assets           | 4,701            | 4,701            |
| Proceeds from sale of fixed assets          | 13,950           | 13,950           |
| Gain from sale of fixed assets              | 9,249            | 9,249            |

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the Period Ended 30 September 2020

**6- LEASES**

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

**A) Right of use assets**

*30 September 2020*

*EGP*

|   |                    |
|---|--------------------|
| Cost at 1 January 2020                                  | 18,206,266         |
| Additions   | 1,710,640          |
| <b>Total Cost as of 30 September 2020</b>               | <b>19,916,906</b>  |
| Accumulated amortization at 1 January 2020              | -                  |
| Amortization for period                                 | (2,738,297)        |
| <b>Accumulated amortization as of 30 September 2020</b> | <b>(2,738,297)</b> |
| <b>Net book value as of 30 September 2020</b>           | <b>17,178,609</b>  |

**B) Lease liability**

*30 September 2020*

*EGP*

|  |                   |
|--|-------------------|
| <b>Opening balance as of 1 January 2020</b>      | <b>17,743,169</b> |
| Additions  | 1,710,640         |
| Unwinding interests recognized during the period | 1,694,375         |
| Lease payments paid during the period            | (4,165,108)       |
| <b>As at 30 September 2020</b>                   | <b>16,983,076</b> |
| <b>Deduct: Current balance</b>                   | <b>2,550,469</b>  |
| <b>Non-current balance</b>                       | <b>14,432,607</b> |

**7- INTANGIBLE ASSETS**

**Registration Rights**

|   | <i>30 September 2020</i> | <i>31 December 2019</i> |
|---|--------------------------|-------------------------|
|   | <i>EGP</i>               | <i>EGP</i>              |
| Cost as at 1 January 2020                               | 122,484,853              | 113,306,875             |
| Additions   | 108,567,705              | 9,177,978               |
| <b>Total cost as at 30 September 2020</b>               | <b>231,052,558</b>       | 122,484,853             |
| Accumulated amortization as at 1 January 2020           | (17,836,804)             | (12,711,292)            |
| Amortization for the period/ year                       | (4,544,612)              | (5,125,512)             |
| <b>Accumulated amortization as at 30 September 2020</b> | <b>(22,381,416)</b>      | (17,836,804)            |
| <b>Net book value as at 30 September 2020</b>           | <b>208,671,142</b>       | 104,648,049             |

The balance of the intangible assets represents the cost of acquiring the registration rights of certain pharmaceutical products and is amortized using the straight-line method over their useful life (20 years). Management estimate the expected future benefit of the registration rights to be utilize over 20 years and assessed for impaired whenever there is an indication that the economic benefit of the product is impaired.

There is a commercial mortgage on the parent company's machines & tools in favor of "Commercial international Bank" against loans & facilities receipts (Note 17), this mortgage is in process of replacement transaction to be against treasury bills instead of machines & tools (Note 10). Intangible asset balance includes registration right assets under approval amounted to EGP 100,653,382 (31 December 2019: EGP 7,141,500).



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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 September 2020

#### 8- INVENTORIES

|                                 | <i>30 September 2020</i> | <i>31 December 2019</i> |
|---------------------------------|--------------------------|-------------------------|
|                                 | <i>EGP</i>               | <i>EGP</i>              |
| Raw materials                   | 113,809,907              | 63,937,785              |
| Packing and packaging materials | 50,041,543               | 32,644,420              |
| Spare parts                     | 7,708,820                | 7,342,641               |
| Finished goods                  | 139,887,898              | 75,637,934              |
| Work in progress                | 27,779,809               | 24,516,840              |
| Goods in transit                | 17,525,431               | 12,803,884              |
| Inventory with others           | 1,192,474                | 3,899,102               |
|                                 | <u>357,945,882</u>       | <u>220,782,606</u>      |
| Write down in inventories       | (14,737,567)             | (6,714,133)             |
|                                 | <u>343,208,315</u>       | <u>214,068,473</u>      |

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

|                                | <i>30 September 2020</i> | <i>31 December 2019</i> |
|--------------------------------|--------------------------|-------------------------|
|                                | <i>EGP</i>               | <i>EGP</i>              |
| Beginning balance              | (6,714,133)              | (1,570,298)             |
| Charged during the period/year | (15,773,866)             | (5,143,835)             |
| Used of inventory provision    | 7,750,432                | -                       |
| Ending balance                 | <u>(14,737,567)</u>      | <u>(6,714,133)</u>      |

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

- There is a commercial mortgage on the parent company's raw materials & finished goods in favor of "Commercial international Bank" against loans & facilities receipts (Note 17), this mortgage is in process of replacement transaction to be against treasury bills instead of raw materials & finished (Note 10).

#### 9- TRADE AND NOTES RECEIVABLES

|  | <i>30 September 2020</i> | <i>31 December 2019</i> |
|--|--------------------------|-------------------------|
|  | <i>EGP</i>               | <i>EGP</i>              |
| Trade receivable                                   | 253,940,531              | 265,925,729             |
| Trade receivable – toll manufacturing              | 13,611,262               | 13,189,373              |
| Notes receivable                                   | 264,307,522              | 223,487,730             |
|  | <u>531,859,315</u>       | <u>502,602,832</u>      |
| Impairment in value of trade and notes receivables | (8,009,821)              | (3,405,449)             |
|  | <u>523,849,494</u>       | <u>499,197,383</u>      |

Notes receivable amounting to EGP 160.7 M are mortgage as a guarantee for the credit facilities (Note 16).

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

|                   | <i>Total</i> | <i>Neither Past due nor impaired</i> | <i>Past due but not impaired</i> |                             |                             | <i>Impaired</i> |                           |
|-------------------|--------------|--------------------------------------|----------------------------------|-----------------------------|-----------------------------|-----------------|---------------------------|
|                   |              |                                      | <i>Less than 180 days</i>        | <i>From 181 to 270 days</i> | <i>From 271 to 365 days</i> |                 | <i>More than 365 days</i> |
| 30 September 2020 | 523,849,494  | 262,608,001                          | 245,936,545                      | 12,680,836                  | 2,624,112                   | -               | 8,009,821                 |
| 31 December 2019  | 502,602,832  | 223,487,730                          | 264,433,502                      | 10,675,661                  | 530,036                     | 70,454          | 3,405,449                 |

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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 September 2020

#### 9- TRADE AND NOTES RECEIVABLES (CONTINUED)

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

|                           | <i>30 September 2020</i> | <i>31 December 2019</i> |
|---------------------------|--------------------------|-------------------------|
|                           | <i>EGP</i>               | <i>EGP</i>              |
| Beginning balance         | (3,405,449)              | (2,118,559)             |
| Charged during the period | (4,768,081)              | (1,286,890)             |
| Used provision            | 163,709                  | -                       |
| Ending balance            | <u>(8,009,821)</u>       | <u>(3,405,449)</u>      |

#### 10- TREASURY BILLS

|                   | <i>30 September 2020</i> | <i>31 December 2019</i> |
|-------------------|--------------------------|-------------------------|
|                   | <i>EGP</i>               | <i>EGP</i>              |
| Treasury bills    | 502,300,000              | 500,000,000             |
| Unearned interest | (32,665,855)             | (35,110,000)            |
|                   | <u>469,634,145</u>       | <u>464,890,000</u>      |

- Some treasury bills are mortgaged as collateral for credit facilities amounted to EGP 88M (Note 16).

- CIB is in process of replacement transaction commercial mortgage to be against treasury bills by EGP 80M.

#### 11- CASH ON HAND AND AT BANKS

|                              | <i>30 September 2020</i> | <i>31 December 2019</i> |
|------------------------------|--------------------------|-------------------------|
|                              | <i>EGP</i>               | <i>EGP</i>              |
| <b>a) Egyptian Pounds</b>    |                          |                         |
| Cash on hand                 | 85,499                   | 49,790                  |
| Current accounts             | 19,382,289               | 46,630,651              |
| Checks under collection      | 9,019,206                | 3,706,012               |
| Term deposits                | 607,042                  | 473,081                 |
|                              | <u>29,094,036</u>        | <u>50,859,534</u>       |
| <b>b) Foreign currencies</b> |                          |                         |
| Current accounts             | 7,279,389                | 3,075,706               |
|                              | <u>7,279,389</u>         | <u>3,075,706</u>        |
|                              | <u>36,373,425</u>        | <u>53,935,240</u>       |

Cash balances are denominated in the following currencies:

|                      | <i>30 September 2020</i> | <i>31 December 2019</i> |
|----------------------|--------------------------|-------------------------|
|                      | <i>EGP</i>               | <i>EGP</i>              |
| Egyptian pound (EGP) | 29,092,666               | 50,859,534              |
| US dollar (USD)      | 7,263,903                | 3,069,709               |
| Euro (EUR)           | 16,856                   | 5,997                   |
|                      | <u>36,373,425</u>        | <u>53,935,240</u>       |

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

|                  | <i>30 September 2020</i> | <i>30 September 2019</i> |
|------------------|--------------------------|--------------------------|
|                  | <i>EGP</i>               | <i>EGP</i>               |
| Cash in hand     | 85,499                   | 20,802                   |
| Current accounts | 35,680,884               | 8,999,081                |
|                  | <u>35,766,383</u>        | <u>9,019,883</u>         |



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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 September 2020

#### 12- PROVISIONS

|                               | <i>Balance as at<br/>January 2020</i> | <i>Charged during<br/>the period</i> | <i>No longer<br/>required</i> | <i>Used during the<br/>period</i> | <i>Balance as at<br/>September 2020</i> |
|-------------------------------|---------------------------------------|--------------------------------------|-------------------------------|-----------------------------------|---|
|                               | <i>EGP</i>                            | <i>EGP</i>                           | <i>EGP</i>                    | <i>EGP</i>                        | <i>EGP</i>                              |
| Provision for expected claims | 3,200,001                             | -                                    | -                             | (500,000)                         | 2,700,001                               |
| Provision for sales returns*  | 6,763,934                             | 2,064,597                            | -                             | -                                 | 8,828,531                               |
|                               | <u>9,963,935</u>                      | <u>2,064,597</u>                     | <u>-</u>                      | <u>(500,000)</u>                  | <u>11,528,532</u>                       |
|                               | <i>Balance as at<br/>January 2019</i> | <i>Charged during<br/>the year</i>   | <i>No longer<br/>required</i> | <i>Used during the<br/>year</i>   | <i>Balance as at<br/>December 2019</i>  |
|                               | <i>EGP</i>                            | <i>EGP</i>                           | <i>EGP</i>                    | <i>EGP</i>                        | <i>EGP</i>                              |
| Provision for expected claims | 2,071,822                             | 3,768,060                            | (2,639,881)                   | -                                 | 3,200,001                               |
| Provision for sales returns*  | 5,485,132                             | 1,278,802                            | -                             | -                                 | 6,763,934                               |
|                               | <u>7,556,954</u>                      | <u>5,046,862</u>                     | <u>(2,639,881)</u>            | <u>-</u>                          | <u>9,963,935</u>                        |

\*Provision for sales returns is deduced from sales disclosed (NOTE 18).

#### 13- TRADE, NOTES AND OTHER PAYABLES

|                                       | <i>30 September 2020</i> | <i>31 December 2019</i> |
|---------------------------------------|--------------------------|-------------------------|
|                                       | <i>EGP</i>               | <i>EGP</i>              |
| Trade payables                        | 56,906,715               | 45,722,280              |
| Notes payables                        | 14,954,636               | 15,535,918              |
| Accrued expenses                      | 18,097,865               | 18,075,611              |
| Tax authority (other than income tax) | 41,084,352               | 26,843,000              |
| Advances from customer                | 6,419,804                | 20,210,828              |
| Other payables                        | 1,309,185                | 1,011,781               |
|                                       | <u>138,772,557</u>       | <u>127,399,418</u>      |

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

#### 14- CAPITAL

The Group's authorized capital amounted to EGP 1 billion, whereas the issued and paid up capital amounted to EGP 160,900,000 divided over 643,600,000 shares of par value EGP 0.25 each.

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

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

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

The following illustrate the new structure for shareholders as of 30 September 2020:

|   | <i>%</i>   | <i>No. of shares</i> | <i>Amount</i>      |
|---|------------|----------------------|--------------------|
| Main Shareholder's Shares                         | 51.25%     | 393,879,725          | 98,469,931         |
| Other listed Free Shares in Stock Exchange Market | 48.75%     | 374,720,275          | 93,680,069         |
|   | <u>100</u> | <u>768,600,000</u>   | <u>192,150,000</u> |

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For the Period Ended 30 September 2020

#### 15- GENERAL RESERVE-ISSUANCE PREMIUM

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

#### 16- CREDIT FACILITIES

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

|   | 30 September 2020<br>EGP | 31 December 2019<br>EGP |
|---|--------------------------|-------------------------|
| Opening balance                             | 481,938,674              | 420,514,887             |
| Used during the period                      | 738,195,929              | 664,519,265             |
| Payment during the period                   | <u>(462,850,128)</u>     | <u>(603,095,478)</u>    |
| Ending balance                              | <u>757,284,475</u>       | <u>481,938,674</u>      |
|   | 30 September 2020<br>EGP | 31 December 2019<br>EGP |
| Credit facilities maturing within 12 months | 757,284,475              | 481,938,674             |
| Bank credit                                 | <u>380,436</u>           | <u>4,397,731</u>        |
|   | <u>757,664,911</u>       | <u>486,336,405</u>      |

The interest rate on the Credit facilities ranges from 8 % to 10.75 % as of 30 September 2020 (31 December 2019: Range from 13.50% to 19.25%).

| Credit Facilities              | Facility amount<br>EGP | Interest rate            | Maturity<br>Date | 30 September 2020  | 31 December 2019   |
|--------------------------------|------------------------|--------------------------|------------------|--------------------|--------------------|
|                                |                        |                          |                  | EGP                | EGP                |
| CIB                            | 250,000,000            | 0.5%+CBE lending rate    | 10/07/2020       | 50,278,130         | 113,726,345        |
|                                |                        | 8 % CBE INITAVIE*        | 10/07/2020       | 71,730,111         | -                  |
| Audi Bank                      | 125,000,000            | 0.5 %+CBE lending rate   | 09/06/2021       | 79,971,084         | 110,541,776        |
|                                |                        | 8 % CBE INITAVIE*        | 09/06/2021       | 24,244,642         | -                  |
| Arab Bank                      | 88,000,000             | 0.25%+CBE lending        | 09/03/2021       | 46,308,600         | 43,318,210         |
|                                |                        | 8 % CBE INITAVIE*        | 09/03/2021       | 38,249,674         | -                  |
| ABK                            | 80,000,000             | 1 %+CBE lending rate     | 30/09/2021       | 40,892,730         | 54,958,042         |
|                                |                        | 8 % CBE INITAVIE*        | 30/09/2021       | 26,463,516         | -                  |
| ADIB                           | 130,000,000            | 0.5%+CBE lending rate    | 12/01/2021       | 71,058,833         | 86,572,770         |
|                                |                        | 8 % CBE INITAVIE*        | 12/01/2021       | 44,108,698         | -                  |
| Alex Bank                      | 170,000,000            | 0.25% + CBE lending rate | 30/04/2021       | 91,320,709         | 72,821,531         |
|                                |                        | 8 % CBE INITAVIE*        | 30/04/2021       | 61,571,527         | -                  |
| AUB                            | 130,000,000            | 8 % CBE INITAVIE*        | 31/05/2021       | 26,474,976         | -                  |
| HSBC                           | 88,000,000             | CBE lending rate         | 15/12/2020       | 84,611,245         | -                  |
| <b>Total Credit Facilities</b> |                        |                          |                  | <u>757,284,475</u> | <u>481,938,674</u> |

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

All of the above facilities are guaranteed by notes receivables and treasury bills (Note 9 and 10).

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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 September 2020

#### 17- LONG TERM LOANS

##### Loan (1):

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

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

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

The Company paid EGP 2,901,732 during the period ended 30 September 2020 and the balance outstanding amounted to EGP 55,973,972 as at 30 September 2020 (31 December 2019: EGP 58,875,704).

##### Loan (2):

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

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

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

The Company paid EGP 18,498,268 during the period ended 30 September 2020 and the balance outstanding amounted to EGP 48,475,704 as at 30 September 2020 (31 December 2019: EGP 66,973,972).

The Group obtained those loans against collateral of a commercial mortgage over the Group's tangible assets constituents over all machinery and equipment and intangible assets financed under this loan. This mortgage is in process of replacement transaction to be against treasury bills.

The balance of loans as of 30 September 2020 as follows:

| Loans  | Interest rate          | 30 September 2020<br>EGP | 31 December 2019<br>EGP |
|--|------------------------|--------------------------|-------------------------|
| Current portion of long-term loans           |                        |                          |                         |
| Loan (1)                                     | 0.75%+CBE lending rate | 30,250,000               | 31,200,000              |
| Loan (2)                                     | 0.85%+CBE lending rate | 28,600,000               | 33,000,000              |
| Total current portion of long-term loans     |                        | 58,850,000               | 64,200,000              |
| Non-current portion of long-term loans       |                        |                          |                         |
| Loan (1)                                     | 0.75%+CBE lending rate | 25,723,972               | 27,675,704              |
| Loan (2)                                     | 0.85%+CBE lending rate | 19,875,704               | 33,973,972              |
| Total non-current portion of long-term loans |                        | 45,599,676               | 61,649,676              |
|  |                        | 104,449,676              | 125,849,676             |

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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 September 2020

#### 18- REVENUES

|                                     | Nine-Months Ended           |                             | Three-Months Ended          |                             |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                     | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP |
| Sale of goods (net)                 | 640,749,963                 | 590,498,703                 | 221,820,484                 | 224,579,286                 |
| Toll manufacturing services revenue | 32,108,376                  | 28,960,619                  | 13,576,999                  | 10,523,938                  |
|                                     | <b>672,858,339</b>          | <b>619,459,322</b>          | <b>235,397,483</b>          | <b>235,103,224</b>          |

#### 19- COST OF REVENUES

|   | Nine-Months Ended           |                             | Three-Months Ended          |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP |
| Salaries, social insurance and other benefits | 62,365,559                  | 49,052,421                  | 20,671,405                  | 17,721,734                  |
| Raw materials                                 | 149,674,428                 | 215,691,738                 | 51,006,881                  | 93,222,487                  |
| Spare parts and materials                     | 14,986,442                  | 14,428,145                  | 4,437,623                   | 5,708,608                   |
| Government fees and medical stamps            | 7,759,604                   | 5,069,428                   | 3,409,960                   | 2,236,666                   |
| Other operating expenses                      | 38,577,023                  | 21,148,189                  | 14,230,809                  | 5,723,344                   |
| Energy expenses                               | 29,743,880                  | 16,022,174                  | 10,151,189                  | 6,482,163                   |
| Depreciation and amortization (Note 5,7)      | 36,756,353                  | 22,722,051                  | 12,827,750                  | 8,899,817                   |
| Rent  | 3,163,455                   | 4,706,919                   | 1,266,248                   | 1,810,063                   |
| Maintenance                                   | 12,682,621                  | 7,269,150                   | 4,900,573                   | 1,781,741                   |
|   | <b>355,709,365</b>          | <b>356,110,215</b>          | <b>122,902,438</b>          | <b>143,586,623</b>          |

#### 20- SELLING & MARKETING EXPENSES

|   | Nine-Months Ended           |                             | Three-Months Ended          |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP |
| Salaries, social insurance and other benefits | 87,306,196                  | 58,513,724                  | 31,529,770                  | 22,493,269                  |
| Depreciation (Note 5)                         | 3,124,246                   | 301,875                     | 1,058,469                   | 102,625                     |
| Rent  | 34,200                      | 1,988,154                   | 10,500                      | 661,647                     |
| Advertising and marketing                     | 68,989,790                  | 46,657,367                  | 23,881,328                  | 13,769,685                  |
|   | <b>159,454,432</b>          | <b>107,461,120</b>          | <b>56,480,067</b>           | <b>37,027,226</b>           |



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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 September 2020

#### 21- GENERAL & ADMINISTRATIVE EXPENSES

|   | Nine-Months Ended           |                             | Three-Months Ended          |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP |
| Salaries, social insurance and other benefits | 25,804,650                  | 17,792,352                  | 8,327,888                   | 6,543,525                   |
| Professional fees                             | 963,680                     | 3,007,742                   | 157,917                     | 349,121                     |
| Maintenance                                   | 513,376                     | 314,244                     | 124,592                     | 86,068                      |
| Depreciation (Note 5)                         | 1,335,690                   | 1,744,281                   | 490,204                     | 359,722                     |
| Others  | 5,588,808                   | 2,252,413                   | 1,349,014                   | 764,104                     |
|   | <b>34,206,204</b>           | <b>25,111,032</b>           | <b>10,449,615</b>           | <b>8,102,540</b>            |

#### 22- FINANCE INCOME

|                              | Nine-Months Ended           |                             | Three-Months Ended          |                             |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                              | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP |
| Interest from Treasury Bills | 49,330,609                  | -                           | 14,537,594                  | -                           |
| Interest from time deposits  | 24,122                      | 29,155                      | 8,526                       | 4,145                       |
|                              | <b>49,354,731</b>           | <b>29,155</b>               | <b>14,546,120</b>           | <b>4,145</b>                |

#### 23- FINANCE EXPENSES

|  | Nine-Months Ended           |                             | Three-Months Ended          |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP |
| Debit interests                          | 72,334,806                  | 77,989,260                  | 22,732,924                  | 30,072,580                  |
| Unwinding interests of lease liabilities | 1,694,375                   | -                           | 581,656                     | -                           |
| Bank Charges                             | 2,611,650                   | 3,303,011                   | 821,079                     | 616,184                     |
|  | <b>76,640,831</b>           | <b>81,292,271</b>           | <b>24,135,659</b>           | <b>30,688,764</b>           |

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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS For the Period Ended 30 September 2020

#### 24- INCOME TAXES

|                           | Nine-Months Ended           |                             | Three-Months Ended          |                             |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                           | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP |
| Current income tax        | (21,256,603)                | (10,116,528)                | (7,881,591)                 | (2,882,421)                 |
| Deferred income tax       | 291,565                     | (731,495)                   | 404,432                     | (602,464)                   |
| <b>Income tax expense</b> | <b>(20,965,038)</b>         | <b>(10,848,023)</b>         | <b>(7,477,159)</b>          | <b>(3,484,885)</b>          |

#### DEFERED INCOME TAXES

|   | Statement of financial position |                            | Statement of profit or loss |                             |
|---|---------------------------------|----------------------------|-----------------------------|-----------------------------|
|   | 30 September<br>2020<br>EGP     | 31 December<br>2019<br>EGP | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP |
| Depreciation and amortization             | (32,940,201)                    | (29,762,643)               | (3,177,558)                 | (2,605,272)                 |
| Provisions                                | 1,986,419                       | 1,521,885                  | 464,534                     | 195,589                     |
| Impairment of trade and notes receivables | 1,802,210                       | 766,226                    | 1,035,984                   | 440,762                     |
| Write down in value of inventory          | 3,236,716                       | 1,431,444                  | 1,805,272                   | 1,249,136                   |
| Unrealized foreign exchange differences   | 249,365                         | 86,032                     | 163,333                     | (11,710)                    |
| <b>Net deferred income taxes</b>          | <b>(25,665,491)</b>             | <b>(25,957,056)</b>        | <b>291,565</b>              | <b>(731,495)</b>            |

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

#### RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

|                              | Tax Rate      | 30 September<br>2020<br>EGP | Tax Rate      | 30 September<br>2019<br>EGP |
|------------------------------|---------------|-----------------------------|---------------|-----------------------------|
| Profits before income taxes  |               | 89,133,954                  |               | 41,992,421                  |
| Income tax based on tax rate | 22.5%         | 20,055,140                  | 22.5%         | 9,448,295                   |
| Non-deductible expenses      |               | 909,898                     |               | 1,399,728                   |
| <b>Effective Tax Rate</b>    | <b>23.52%</b> | <b>20,965,038</b>           | <b>25.83%</b> | <b>10,848,023</b>           |



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

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS For the Period Ended 30 September 2020

#### 25- EARNINGS PER SHARE

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

|  | Nine-Months Ended           |                             | Three-Months Ended          |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP | 30 September<br>2020<br>EGP | 30 September<br>2019<br>EGP |
| Basic and diluted, profit for the period                           | 68,666,475                  | 31,612,409                  | 24,900,718                  | 10,650,784                  |
| Weighted average number of shares<br>outstanding during the period | 768,600,000                 | 768,600,000                 | 768,600,000                 | 768,600,000                 |
| <b>Earnings per share</b>  | <b>0.0893</b>               | <b>0.0411</b>               | <b>0.0324</b>               | <b>0.0139</b>               |

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

#### 26- TAX POSITION

##### a) Corporate Tax

- The Company's records were inspected till the year 2013 and the dispute was ended and the differences are under settlement.
- The Company's records were inspected initially from year 2014 till 2017 which were refused by the company and the actual inspection is under process.
- No tax inspection took place for the Company's records for the years from 2018 till 2019.

##### b) Salary Tax

- The Company's records were inspected till the year 2015 and the taxes due were paid.
- The company is preparing for tax inspection for the years 2016 till 2019.

##### c) Stamp Tax

- The Company's records were inspected till 2013 and the taxes due were paid.
- The company is preparing for tax inspection for the years from 2014 till 2019.

##### d) VAT Tax

- The Company's records were inspected till the year 2015 and the taxes due were paid.
- The company is preparing for tax inspection for the year 2016 till 2019.

**TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Period Ended 30 September 2020

**27- MAJOR EVENT**

Some major global events occurred, which included the Arab Republic of Egypt as well, where an outbreak of COVID19 occurred soon before the end of 2019, and the World Health Organization "WHO" announced that the outbreak of the virus can be described as a global epidemic, and the government has introduced various measures to combat disease outbreaks, including travel restrictions and quarantine, business closures, and other locations, these government responses and their corresponding impacts are still evolving and which are expected to affect the economic climate and that, in turn, could expose the company to various risks, including a significant reduction in Revenues, and evaluation / impairment of assets and other risks.

These events did not negatively affect the financial statements of the company as on 30 September 2020 but may affect the financial statements for future financial periods. If it is difficult to quantify this effect for now, this effect will appear in future financial statements. The magnitude of the impact varies according to the expected extent, the period during which those events are expected to end and their impact.

The company announced that it has commenced the manufacture of Anviziram, which contains the active pharmaceutical ingredient Favipiravir, which is the generic form of the antiviral sold under the brand name Avigan in Japan. The Company has also secured approval from Egyptian Drug Authority to begin manufacturing intravenous "Remedisivir" vials for use in the treatment of patients suffering from coronavirus disease 2019 (Covid-19).

Avigan" is an antiviral drug developed by Toyama Chemicals, a division of the Japanese conglomerate Fujifilm, and contains the active ingredient Favipiravir. The company's entire production of Favipiravir is being produced under the trade name Anviziram, with capacity focused on the Egyptian market. The company aims to export Anviziram to neighboring countries upon receipt of approval from the Ministry of Health and the Egyptian Drug Authority.

In addition to Anviziram, the company has been granted Egyptian Drug Authority's approval for the manufacture of intravenous Remedisvir, a broad-spectrum antiviral medication which has been used in treatment of covid-19 patients. The company aims to commence production of Remdesivir over the coming period.