

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

**CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 December 2023**

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

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**Consolidated Financial Statements  
For the Year Ended 31 December 2023**

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**Auditor's Report  
TO THE SHAREHOLDERS OF TENTH OF RAMADAN FOR PHARMACEUTICAL  
INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)** (the "Parent Company") and its subsidiaries (together the "Group"), represented in the consolidated statement of financial position as at 31 December 2023, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

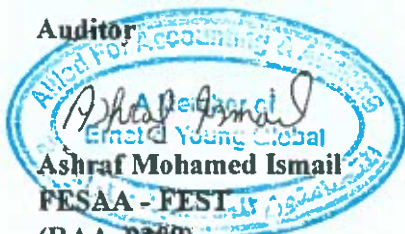
**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the "Group", as at 31 December 2023, and its consolidated financial performance and consolidated cash flows for year then ended in accordance with the Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

**Auditor's Report  
TO THE SHAREHOLDERS OF TENTH OF RAMADAN FOR PHARMACEUTICAL  
INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E) - (CONTINUED)**

**Emphasis of Matter**

Without qualifying our opinion, we would like to refer to what was disclosed in Note (36) on events subsequent to the reporting date, with regard to the decision of the Central Bank of Egypt, following the financial year-end 2023, to amend the interest rates on deposit, borrowing, and discount, as well as allow the exchange rate to be determined, according to the market mechanisms, including the consequent significant future financial impacts on the Company's financial position, future business results, and equity.

**Auditor**  
  
**Ashraf Mohamed Ismail**  
FESAA - FEST  
(RAA. 9388)  
(EFSAR. 102)

**Cairo: 19 March 2024**

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 December 2023**

	Notes	31 December 2023 EGP	31 December 2022 EGP
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets and projects under construction	(5)	593,657,768	540,765,324
Right of use assets	(6-A)	12,391,296	16,215,560
Intangible assets	(7)	589,271,529	457,567,619
<b>Total non-current assets</b>		<b>1,195,320,593</b>	<b>1,014,548,503</b>
<b>Current assets</b>			
Inventories	(8)	303,260,502	348,410,615
Trade and notes receivable	(9)	1,271,742,277	900,686,830
Treasury Bills	(10)	260,895,424	361,862,202
Due from related parties	(32)	25,500	25,500
Prepayments and other receivables	(11)	134,669,448	80,541,679
Cash on hand and at banks	(12)	52,358,275	66,956,028
<b>Total current assets</b>		<b>2,022,951,426</b>	<b>1,758,482,854</b>
<b>TOTAL ASSETS</b>		<b>3,218,272,019</b>	<b>2,773,031,357</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid up Capital	(15)	375,000,000	250,000,000
Paid under capital increase		-	160,606
Legal reserve		125,000,000	125,000,000
General reserve	(16)	377,699,726	397,521,390
Treasury Shares	(17)	(26,231,267)	(65,926,198)
Share based payments reserve	(18)	13,927,085	14,873,267
Other reserves		278,952	278,952
Profits for the year and retained earnings		896,888,242	796,678,614
<b>Total equity of Parent Company</b>		<b>1,762,562,738</b>	<b>1,518,586,631</b>
Non-controlling interest		12,936,522	4,590,062
<b>Total equity</b>		<b>1,775,499,260</b>	<b>1,523,176,693</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term lease liabilities	(6-B)	11,699,588	16,343,678
Deferred tax liabilities	(29)	58,234,398	51,555,823
<b>Total non-current liabilities</b>		<b>69,933,986</b>	<b>67,899,501</b>
<b>Current liabilities</b>			
Provisions	(13)	15,034,468	14,158,105
Credit facilities	(19)	1,060,221,318	904,752,873
Current portion of lease liabilities	(6-B)	4,807,464	3,663,480
Trade, notes and other payables	(14)	232,184,692	205,666,967
Income taxes payable		60,590,831	53,713,738
<b>Total current liabilities</b>		<b>1,372,838,773</b>	<b>1,181,955,163</b>
<b>TOTAL LIABILITIES</b>		<b>1,442,772,759</b>	<b>1,249,854,664</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,218,272,019</b>	<b>2,773,031,357</b>

**Finance Director**

Mohamed Abo Amira



**Board Member**

Amr Abdallah Morsy



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

Auditor's Report Attached

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
For the Year Ended 31 December 2023

	Notes	31 December 2023 EGP	31 December 2022 EGP
Revenues	(22)	1,922,350,721	1,483,951,426
Cost of revenues	(23)	(1,016,435,585)	(763,908,530)
<b>GROSS PROFIT</b>		<b>905,915,136</b>	<b>720,042,896</b>
Selling and marketing expenses	(24)	(363,580,501)	(296,417,891)
General and administrative expenses	(25)	(82,330,195)	(65,912,870)
Other income	(26)	7,476,152	5,909,850
<b>OPERATING PROFIT</b>		<b>467,480,592</b>	<b>363,621,985</b>
Finance income	(27)	62,902,521	56,732,176
Finance expenses	(28)	(194,259,309)	(92,084,277)
Net foreign exchange gain/(loss)		18,683,006	25,651,093
<b>NET FINANCE COST</b>		<b>(112,673,782)</b>	<b>(9,701,008)</b>
Impairment of trade and notes receivable	(9)	(3,808,578)	(3,643,441)
Provisions	(13)	(673,282)	-
Share Based payment expenses		(17,768,011)	(17,847,920)
Contribution for health insurance		(5,109,505)	(3,975,441)
<b>PROFITS FOR THE YEAR BEFORE INCOME TAXES</b>		<b>327,447,434</b>	<b>328,454,175</b>
Income taxes	(29)	(74,241,526)	(75,566,400)
<b>PROFITS FOR THE YEAR</b>		<b>253,205,908</b>	<b>252,887,775</b>
<b>Attributable to:</b>			
Equity holders of the Parent Company		244,859,448	245,676,087
Non-controlling interests		8,346,460	7,211,688
		<b>253,205,908</b>	<b>252,887,775</b>
Basic Earnings Per Share	(30)	0.1499	0.1552
Diluted Earnings Per Share	(30)	0.1489	0.1544

**Finance Director**

Mohamed Abo Amira

**Board Member**

Amr Abdallah Morsy

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2023

	<i>31 December 2023</i>	31 December 2022
	<i>EGP</i>	<i>EGP</i>
<b>PROFITS FOR THE YEAR</b>	<b>253,205,908</b>	252,887,775
OTHER COMPREHENSIVE INCOME	-	-
<b>OTHER COMPREHENSIVE INCOME</b>	<b>253,205,908</b>	252,887,775
<b>Attributable to</b>		
Equity holders of the Parent Company	<b>244,859,448</b>	245,676,087
Non-controlling interest	<b>8,346,460</b>	7,211,688
	<b>253,205,908</b>	252,887,775

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

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

For the Year Ended 31 December 2023

	<i>Paid up capital</i>	<i>Paid under capital increase</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Treasury Shares</i>	<i>Share based payment reserve</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Total equity of parent company</i>	<i>Non-controlling interest</i>	<i>Total</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Balance as at 1 January 2022	250,000,000	-	26,446,118	486,965,000	-	-	278,952	584,420,299	1,348,110,369	(2,621,626)	1,345,488,743
Transferred to legal reserve	-	-	98,553,882	(89,443,610)	-	-	-	(9,110,272)	-	-	-
Paid under capital increase	-	160,606	-	-	-	-	-	-	160,606	-	160,606
Acquisition of treasury shares	-	-	-	-	(65,926,198)	-	-	-	(65,926,198)	-	(65,926,198)
Share based Payment reserve	-	-	-	-	-	14,873,267	-	-	14,873,267	-	14,873,267
Dividend distributions	-	-	-	-	-	-	-	(24,307,500)	(24,307,500)	-	(24,307,500)
Total comprehensive income for the year	-	-	-	-	-	-	-	245,676,087	245,676,087	7,211,688	252,887,775
<b>Balance as at 31 December 2022</b>	<b>250,000,000</b>	<b>160,606</b>	<b>125,000,000</b>	<b>397,521,390</b>	<b>(65,926,198)</b>	<b>14,873,267</b>	<b>278,952</b>	<b>796,678,614</b>	<b>1,518,586,631</b>	<b>4,590,062</b>	<b>1,523,176,693</b>
Balance as at 1 January 2023	<b>250,000,000</b>	<b>160,606</b>	<b>125,000,000</b>	<b>397,521,390</b>	<b>(65,926,198)</b>	<b>14,873,267</b>	<b>278,952</b>	<b>796,678,614</b>	<b>1,518,586,631</b>	<b>4,590,062</b>	<b>1,523,176,693</b>
Paid under capital increase	-	<b>1,952,074</b>	-	-	-	-	-	-	<b>1,952,074</b>	-	<b>1,952,074</b>
Transferred from paid under increase to capital increase (Note 15)	<b>2,112,680</b>	<b>(2,112,680)</b>	-	-	-	-	-	-	-	-	-
Transferred from retained earnings to capital increase (Note 15)	<b>127,887,320</b>	-	-	-	-	-	-	<b>(127,887,320)</b>	-	-	-
Retire treasury shares (Note 17)	<b>(5,000,000)</b>	-	-	<b>(34,694,931)</b>	<b>39,694,931</b>	-	-	-	-	-	-
Share based Payment reserve	-	-	-	-	-	<b>13,927,085</b>	-	-	<b>13,927,085</b>	-	<b>13,927,085</b>
Transferred from Share based payment reserve to General reserve	-	-	-	<b>14,873,267</b>	-	<b>(14,873,267)</b>	-	-	-	-	-
Dividend distributions	-	-	-	-	-	-	-	<b>(16,762,500)</b>	<b>(16,762,500)</b>	-	<b>(16,762,500)</b>
Total comprehensive income for the year	-	-	-	-	-	-	-	<b>244,859,448</b>	<b>244,859,448</b>	<b>8,346,460</b>	<b>253,205,908</b>
<b>Balance as at 31 December 2023</b>	<b>375,000,000</b>	<b>-</b>	<b>125,000,000</b>	<b>377,699,726</b>	<b>(26,231,267)</b>	<b>13,927,085</b>	<b>278,952</b>	<b>896,888,242</b>	<b>1,762,562,738</b>	<b>12,936,522</b>	<b>1,775,499,260</b>

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



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

### CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended 31 December 2023

	Notes	31 December 2023 EGP	31 December 2022 EGP
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profits for the year before income taxes		327,447,434	328,454,175
<b>Adjustments to reconcile profit before tax to net cash flow:</b>			
Net foreign exchange differences		(424,100)	(17,220,563)
Depreciation and amortization	(5,6,7)	72,883,988	65,484,366
Share based payment expense		17,768,011	17,847,920
Provision charged	(13)	1,291,549	(103,740)
Impairment of trade and notes receivable	(9)	3,808,579	3,643,441
Impairment of inventory	(8)	34,022,291	19,856,361
Finance income		(61,696,842)	(56,724,822)
Finance expenses	(28)	192,223,806	89,532,944
Unwinding interests of lease liabilities	(28)	2,035,503	2,551,333
(Gain) Loss from sale of fixed assets	(5)	(140,610)	128,285
		<b>589,219,609</b>	<b>453,449,700</b>
Change in inventories		30,970,816	(88,594,743)
Used of inventory provision		(19,842,994)	(20,273,895)
Change in trade and notes receivable		(374,864,026)	(243,641,353)
Used of Impairment of trade and notes receivable		-	(1,285,327)
Change in prepayments and other receivables		(39,330,822)	(9,794,716)
Change in trade, notes and other payable		16,973,659	68,594,495
<b>Cash flows provided from operating activities</b>		<b>203,126,242</b>	<b>158,454,161</b>
Debit interests paid		(186,520,667)	(84,819,761)
Provisions used		(415,186)	-
Income taxes paid		(60,685,858)	(44,286,421)
<b>NET CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES</b>		<b>(44,495,469)</b>	<b>29,347,979</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire fixed assets	(5)	(22,668,483)	(24,769,326)
Payments to acquire assets under construction	(5)	(68,376,758)	(9,606,254)
Payments to acquire intangible assets	(7)	(162,444,085)	(93,899,161)
Payment to acquire treasury bills		(599,507,503)	(1,322,700,580)
Matured treasury bills collection		643,200,000	1,461,450,000
Sale of Treasury bills		104,013,571	29,003,101
Proceeds from sale of fixed assets	(5)	182,572	22,850
Investment in term deposits	(12)	46,970,971	(279,270)
<b>NET CASH FLOWS (USED IN) PROVIDED FROM INVESTING ACTIVITIES</b>		<b>(58,629,715)</b>	<b>39,221,360</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceed from capital increase		2,112,680	-
Credit facilities used	(19)	1,420,560,704	1,205,464,975
Payment of credit facilities	(19)	(1,265,092,259)	(1,121,367,337)
Payment of long-term loans		-	(21,949,676)
Acquisition of Treasury shares		-	(65,926,198)
Dividends paid during the year		(16,762,500)	(24,307,500)
Lease payments paid during the year		(5,744,323)	(5,189,717)
<b>NET CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES</b>		<b>135,074,302</b>	<b>(33,275,453)</b>
<b>Net change in cash and cash equivalent during the YEAR</b>		<b>31,949,118</b>	<b>35,293,886</b>
Net foreign exchange difference		424,100	17,220,567
Cash and cash equivalent - beginning of the year		19,579,917	13,886,158
<b>CASH AND CASH EQUIVALENT - END OF THE YEAR</b>	(12)	<b>51,953,135</b>	<b>66,400,611</b>

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

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

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

For the Year Ended 31 December 2023

#### **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)**

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

For the Year Ended 31 December 2023

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

##### **2-1 Basis of preparation**

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

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

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

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

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

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ending on December 31, 2022.

There is no change in the accounting policies used as the company did not apply the new changes in the accounting standards.

##### **2-3 CHANGES IN ACCOUNTING POLICIES**

The Prime Minister's Decision No. 883 of 2023 was issued on March 6, 2023, to amend the Egyptian Accounting Standards, and accordingly, the Introductory Appendix in the Egyptian Accounting Standards issued by the Minister of Investment's Decision No. 110 of 2015 is replaced by a Introductory Appendix to the Egyptian Accounting Standards Amendments and the Introductory Appendix 2023 Amendments.

It replaces the following standards: (10) fixed assets, (23) intangible assets, (34) Investment properties, (35) agriculture, and (36) Exploration for and evaluation of mineral resources, from the aforementioned Egyptian accounting standards, with standards Attached to the Prime Minister's decision and the Introductory appendix Amendments 2023.

Set out below are the amended standards and interpretations issued,

##### **Amended Egyptian accounting standard 10: Fixed assets**

Egyptian accounting standard 10 has been amended and reissued in 2023 and is effective for the financial periods beginning on or after 1 January 2023. Retrospective application is required with restating the comparative information.

The amendments allow using the revaluation model for the subsequent measurement of fixed assets. The gains and losses resulting from the revaluation of fixed assets are recognized within other comprehensive income and accumulated as equity in the "revaluation surplus" account.

There is no impact on the company's consolidated financial statements, as the company chose not to change the current accounting policy and did not apply the alternative accounting treatment.

##### **Amended Egyptian accounting standard 23: Intangible assets**

Egyptian accounting standard 23 has been amended and reissued in 2023 and is effective for the financial periods beginning on or after 1 January 2023. Retrospective application is required with restating the comparative information.

The amendments allow using the revaluation model for the subsequent measurement of intangible assets. The gains and losses resulting from the revaluation of intangible assets are recognized within other comprehensive income and accumulated as equity in the "revaluation surplus" account.

There is no impact on the company's consolidated financial statements, as the company chose not to change the current accounting policy and did not apply the alternative accounting treatment.

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

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

For the Year Ended 31 December 2023

#### **2-3 CHANGES IN ACCOUNTING POLICIES (CONT)**

##### **Amended Egyptian accounting standard 34: Investment properties**

Egyptian accounting standard 34 has been amended and reissued in 2023 and is effective for the financial periods beginning on or after 1 January 2023. Retrospective application is required with restating the comparative information.

The amendments allow entities to using the fair value model option for subsequent measurement of their real estate investments, with REITs required only to use the fair value model for subsequent measurement of all their real estate assets .

The increase in fair value is recognized for the subsequent measurement of real estate investment within items within other comprehensive income, rather than profits or losses, and accumulated within equity in the account of "surplus valuation of real estate investment at fair value".

There is no impact on the company's consolidated financial statements

##### **Amended Egyptian accounting standard 35: Agriculture**

Egyptian accounting standard 35 has been amended and reissued in 2023 and is effective for the financial periods beginning on or after 1 January 2023. Retrospective application is required with restating comparative figures.

Fruit plants were excluded from EAS 35: Agriculture to be under the scope of EAS 10: Fixed Assets. There is no impact on the company's consolidated financial statements.

##### **Amended Egyptian accounting standard 36: Exploration for and evaluation of mineral resources**

Egyptian accounting standard 36 has been amended and reissued in 2023, is effective for the financial periods beginning on or after 1 January 2023. Retrospective application is required with restating the comparative information.

The amendments allow using the revaluation model for the subsequent measurement of its mineral resources. The gains and losses resulting from the revaluation of mineral resources are recognized within other comprehensive income and accumulated as equity in the "revaluation surplus" account. There is no impact on the company's consolidated financial statements.

Set out below are standards and interpretations that have been issued, but remain not effective, as at the date of issuance of these financial statements.

##### **Egyptian accounting standard 50: Insurance contracts**

Egyptian accounting standard 50 "Insurance Contracts" which replaced the Egyptian Accounting Standard 37 "Insurance Contracts". EAS 50 was issued in 2023, and effective beginning on or after July 1, 2024 in Egypt. Early application of the standard is allowed

This standard defines the proof principles of insurance contracts falling within the scope of this standard, and determines their measurement, presentation and disclosure. The objective of the standard is to ensure that the entity provides appropriate information that truthfully reflects those contracts. This information provides the users of the financial statements with basis for assessing the impact of such insurance contracts on the entity's financial position, financial performance and cash flows.

There is no impact on the company's consolidated financial statements.

#### **2-2-1 Basis of consolidation**

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

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

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

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

---

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

For the Year Ended 31 December 2023

#### **2-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

- a- Eliminate the carrying amount of the Parent Company investment in each subsidiary and the Parent Company share of equity of each subsidiary.
- b- Identify the non-controlling interest in the profit or loss of the consolidated subsidiaries for the reporting year.
- c- Identify the non-controlling interests in the net assets of consolidated subsidiaries and presented in the consolidated financial statement separately from the Parent ownership interests. Non-controlling interests in the net assets consist of:
  - (1) The amount of non-controlling interests as of the original date of combination.
  - (2) The non-controlling interests' share of changes in equity since the date of the combination.
- d- Intergroup balances and transactions, revenues and expenses are eliminated.
  - The separate financial statements of the Parent Company and its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same date.
  - The separate financial statements of the Parent Company and its subsidiaries used in the preparation of the consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events with similar circumstances.

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

##### **2-2-2 Business combination**

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

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

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

For the Year Ended 31 December 2023

#### **3-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **2-2-3 Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

###### **2-2-4 Foreign currency translation**

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

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

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

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

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

###### **2-2-5 Fixed assets**

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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

#### 2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

##### 2-2-6 Assets under construction

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

##### 2-2-7 Intangible Assets

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

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

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

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

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

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

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

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

#### **2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **2-2-8 Available for sale**

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

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

###### **2-2-9 Inventory**

The inventory elements are valued as follows:

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

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

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

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

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

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

These receivables are recognized initially at fair value.

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

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

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

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



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

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

For the Year Ended 31 December 2023

#### **2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **2-2-12 Provisions**

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

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

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

###### **2-2-13 Insurance**

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

###### **2-2-14 Legal reserve**

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

###### **2-2-15 General Reserve**

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

###### **2-2-16 Borrowings**

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

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

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

###### **2-2-17 Income taxes**

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

###### **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

**2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred income tax**

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

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

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

**2-2-18 Dividends**

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

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

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

For the Year Ended 31 December 2023

#### **2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **2-2-19 Interest income**

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

###### **2-2-20 Expenses**

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

###### **2-2-21 Borrowing costs**

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

###### **2-2-22 Related party transactions**

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

###### **2-2-23 Contingent Liabilities and Assets**

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

###### **2-2-24 Fair value measurement**

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

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

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

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

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

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

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

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

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

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

For the Year Ended 31 December 2023

#### **2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

##### **2-2-25 Impairment of assets**

###### **Impairment of financial assets**

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

###### **Impairment of non-financial assets**

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

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

##### **2-2-26 Statement of cash flows**

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

##### **2-2-27 Cash and cash equivalent**

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

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

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

For the Year Ended 31 December 2023

#### **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 CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

#### 3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

##### 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 93% of total revenue and balance 7% is contributed by toll manufacturing services (31 December 2022: 91% and 9% receptively). The Group's management monitors the business under two segments, "production and selling of pharmaceutical products" and "manufacturing for others" (Toll manufacturing) for the purpose of making business decisions.

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

Accordingly, the Group's revenues during the year ended 31 December 2023 were reported under two segments in the consolidated financial statements.

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

Year	<i>Services Toll Manufacturing "Domestic" EGP</i>	<i>Sales of pharmaceutical products</i>			<i>Total EGP</i>
		<i>Export EGP</i>	<i>Private sales EGP</i>	<i>Domestic Tenders EGP</i>	
<b>31 December 2023</b>	<b><u>134,005,772</u></b>	<b><u>180,244,234</u></b>	<b><u>1,418,630,243</u></b>	<b><u>189,470,472</u></b>	<b><u>1,922,350,721</u></b>
31 December 2022	<u>132,436,833</u>	<u>106,506,582</u>	<u>1,084,236,994</u>	<u>160,771,017</u>	<u>1,483,951,426</u>

Revenue from the top five customers presented 77% of total pharmaceutical products revenues (31 December 2022: 77%).

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

For the Year Ended 31 December 2023

**5- FIXED ASSETS AND ASSETS UNDER CONSTRUCTION**

	Freehold Land	Buildings	Machinery and equipment	Transportatio n and dragging equipment	Laboratory equipment	Tools	Office furniture and fixtures	Assets under construction	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost									
As of 1 January 2023	18,637,425	279,172,534	444,859,590	16,305,904	31,982,677	7,345,392	33,111,400	12,858,215	844,273,137
Additions	-	4,799,190	5,093,589	-	3,203,922	4,226,069	5,345,713	68,376,758	91,045,241
Transferred from assets under construction	-	4,461,068	37,268,407	-	-	-	1,414,923	(43,144,398)	-
Disposals	-	-	(4,427,411)	(245,740)	-	-	(448,318)	-	(5,121,469)
<b>As of 31 December 2023</b>	<b>18,637,425</b>	<b>288,432,792</b>	<b>482,794,175</b>	<b>16,060,164</b>	<b>35,186,599</b>	<b>11,571,461</b>	<b>39,423,718</b>	<b>38,090,575</b>	<b>930,196,909</b>
Accumulated depreciation									
As of 1 January 2023	-	(74,889,887)	(182,460,484)	(11,707,422)	(11,027,525)	(2,818,251)	(20,604,244)	-	(303,507,813)
Depreciation for the period	-	(9,143,501)	(20,755,328)	(841,804)	(3,116,373)	(824,506)	(3,429,323)	-	(38,110,835)
Disposals	-	-	4,412,116	245,740	-	-	421,651	-	5,079,507
<b>As of 31 December 2023</b>	<b>-</b>	<b>(84,033,388)</b>	<b>(198,803,696)</b>	<b>(12,303,486)</b>	<b>(14,143,898)</b>	<b>(3,642,757)</b>	<b>(23,611,916)</b>	<b>-</b>	<b>(336,539,141)</b>
<b>Net book value as of 31 December 2023</b>	<b>18,637,425</b>	<b>204,399,404</b>	<b>283,990,479</b>	<b>3,756,678</b>	<b>21,042,701</b>	<b>7,928,704</b>	<b>15,811,802</b>	<b>38,090,575</b>	<b>593,657,768</b>

- The cost of fixed assets as of 31 December 2023 includes EGP 110,474,664 which represents fully depreciated assets that are still in use.
- The cost of asset under construction as of 31 December 2023 includes impairment by EGP 686,437, (EGP 686,437 as at 31 December 2022).

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

	31 December 2023 EGP
Cost of revenue	35,018,353
Selling and marketing expenses	1,089,220
General and administrative expenses	2,003,262
	<u>38,110,835</u>

Loss from sale of fixed assets was calculated as follows:

	31 December 2023 EGP
Cost of disposed assets	5,121,469
Accumulated depreciation of disposed assets	(5,079,507)
Net book value of disposed assets	<u>41,962</u>
Proceeds from sale of fixed assets	<u>182,572</u>
Loss from sale of fixed assets	<u>140,610</u>

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For the Year Ended 31 December 2023

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

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

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

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

Loss from sale of fixed assets was calculated as follows:

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



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

#### 6- LEASES

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

##### A) Right of use assets

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Cost at 1 January 2023	27,817,376	20,558,589
Additions	208,714	7,258,787
<b>Total Cost as of 31 December 2023</b>	<b>28,026,090</b>	<b>27,817,376</b>
Accumulated amortization at 1 January 2023	(11,601,816)	(7,526,230)
Amortization for year	(4,032,978)	(4,075,586)
<b>Accumulated amortization as of 31 December 2023</b>	<b>(15,634,794)</b>	<b>(11,601,816)</b>
<b>Net book value as of 31 December 2023</b>	<b>12,391,296</b>	<b>16,215,560</b>

##### B) Lease liability

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
<b>Opening balance as of 1 January 2023</b>	<b>20,007,158</b>	<b>15,386,755</b>
Additions	208,714	7,258,787
Unwinding interests recognized during the period	2,035,503	2,551,333
Lease payments paid during the year	(5,744,323)	(5,189,717)
<b>As at 31 December 2023</b>	<b>16,507,052</b>	<b>20,007,158</b>
<b>Deduct: Current balance</b>	<b>4,807,464</b>	<b>3,663,480</b>
<b>Non-current balance</b>	<b>11,699,588</b>	<b>16,343,678</b>

#### 7- INTANGIBLE ASSETS

	<b>Registration Rights</b>	
	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Cost as at 1 January 2023	518,048,757	424,149,596
Additions	162,444,085	93,899,161
<b>Total cost as at 31 December 2023</b>	<b>680,492,842</b>	<b>518,048,757</b>
Accumulated amortization as at 1 January 2023	(60,481,138)	(34,486,307)
Amortization for the year	(30,740,175)	(25,994,831)
<b>Accumulated amortization as at 31 December 2023</b>	<b>(91,221,313)</b>	<b>(60,481,138)</b>
<b>Net book value as at 31 December 2023</b>	<b>589,271,529</b>	<b>457,567,619</b>

- The balance of the intangible assets represents the cost of acquiring the registration rights of certain pharmaceutical products and is amortized using the straight-line method over their useful life (20 years). Management estimate the expected future benefit of the registration rights to be utilize over 20 years and assessed for impaired whenever there is an indication that the economic benefit of the product is impaired.
- Intangible asset balance includes registration right assets under approval amounted to EGP 13,439,970 (31 December 2022: EGP 35,307,994).

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

#### 8- INVENTORIES

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Raw materials	111,944,615	140,318,486
Packing and packaging materials	73,593,369	68,795,958
Spare parts	19,850,409	19,009,433
Finished goods	89,060,232	74,913,324
Work in progress	24,630,447	51,192,105
Goods in transit	7,329,099	4,657,299
Inventory with others	1,687,988	180,370
	<u>328,096,159</u>	<u>359,066,975</u>
Write down in inventories	(24,835,657)	(10,656,360)
	<u><u>303,260,502</u></u>	<u><u>348,410,615</u></u>

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

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Beginning balance	(10,656,360)	(11,073,894)
Charged during the year	(34,022,291)	(19,856,361)
Used of inventory provision	19,842,994	20,273,895
Ending balance	<u><u>(24,835,657)</u></u>	<u><u>(10,656,360)</u></u>

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

#### 9- TRADE AND NOTES RECEIVABLES

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Trade receivable	331,578,953	256,370,679
Trade receivable – toll manufacturing	36,863,339	31,131,130
Notes receivable	918,006,872	624,083,329
	<u>1,286,449,164</u>	<u>911,585,138</u>
Impairment in value of trade and notes receivables	(14,706,887)	(10,898,308)
	<u><u>1,271,742,277</u></u>	<u><u>900,686,830</u></u>

Notes receivable amounting to EGP 493 M are mortgage as a guarantee for the credit facilities (Note 19).

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

	<i>Total</i>	<i>Neither Past due nor impaired</i>	<i>Past due but not impaired</i>			<i>Impaired</i>	
			<i>Less than 180 days</i>	<i>From 181 to 270 days</i>	<i>From 271 to 365 days</i>		<i>More than 365 days</i>
31 December 2023	<u>1,286,449,164</u>	<u>908,294,799</u>	<u>360,833,164</u>	<u>1,590,245</u>	<u>964,583</u>	<u>59,486</u>	<u>14,706,887</u>
31 December 2022	<u>911,585,138</u>	<u>616,900,522</u>	<u>283,779,446</u>	<u>2,998</u>	<u>3,864</u>	<u>-</u>	<u>10,898,308</u>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

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

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

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Balance as at 1 January 2023	<b>(10,898,308)</b>	(8,540,194)
Charged during the year	<b>(3,808,579)</b>	(3,643,441)
Used provision	-	1,285,327
Ending balance	<b><u>(14,706,887)</u></b>	<u>(10,898,308)</u>

#### 10-TREASURY BILLS

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Treasury bills	<b>283,900,000</b>	378,900,000
Unearned interest	<b>(23,004,576)</b>	(17,037,798)
	<b><u>260,895,424</u></b>	<u>361,862,202</u>

#### 11-PREPAYMENTS AND OTHER RECEIVABLES

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Prepaid expenses	<b>2,205,830</b>	2,828,758
Advances to suppliers	<b>38,761,805</b>	10,597,637
Tax authority	<b>22,564,192</b>	18,408,178
Letters of credit margin	<b>15,593,769</b>	39,779,507
Accrued interests	<b>17,065,424</b>	2,107,871
Deposits with others	<b>2,117,440</b>	2,175,017
Employees' imprests and advances	<b>1,310,725</b>	1,681,681
Customs-authority	<b>2,549,172</b>	908,863
Other receivables	<b>32,501,091</b>	2,054,167
	<b><u>134,669,448</u></b>	<u>80,541,679</u>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

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

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
<b>a) Egyptian Pounds</b>		
Cash on hand	32,433	2,359,109
Current accounts	25,777,065	4,653,299
Checks under collection	9,241,507	7,179,075
Term deposits	405,140	394,811
	<u>35,456,145</u>	<u>14,586,294</u>
<b>b) Foreign currencies</b>		
Cash on hand	180,130	12,815
Current accounts	16,722,000	5,375,619
Term deposits	-	46,981,300
	<u>16,902,130</u>	<u>52,369,734</u>
	<u>52,358,275</u>	<u>66,956,028</u>

Cash balances are denominated in the following currencies:

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Egyptian pound (EGP)	35,456,145	14,586,294
US dollar (USD)	15,306,487	52,340,130
Euro (EUR)	1,595,643	29,604
	<u>52,358,275</u>	<u>66,956,028</u>

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

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Cash in hand	212,563	76,045
Checks under collection	9,241,507	6,984,687
Current accounts	42,499,065	6,825,426
	<u>51,953,135</u>	<u>13,886,158</u>

#### 13-PROVISIONS

	<i>Balance as at 1 January 2023</i>	<i>Charged during the year</i>	<i>Used during the year</i>	<i>Balance as at 31 December 2023</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Provision for expected claims	5,550,001	673,282	(415,186)	5,808,097
Provision for sales returns*	8,608,104	618,267	-	9,226,371
	<u>14,158,105</u>	<u>1,291,549</u>	<u>(415,186)</u>	<u>15,034,468</u>
	<i>Balance as at 1 January 2022</i>	<i>Charged during the year</i>	<i>Used during the year</i>	<i>Balance as at 31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Provision for expected claims	5,550,001	-	-	5,550,001
Provision for sales returns*	8,711,844	-	(103,740)	8,608,104
	<u>14,261,845</u>	<u>-</u>	<u>(103,740)</u>	<u>14,158,105</u>

\*Provision for sales returns is deduced from sales disclosed (NOTE 22).

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Trade payables	<b>102,405,625</b>	120,250,295
Notes payables	<b>37,700,531</b>	5,423,773
Accrued expenses	<b>58,644,065</b>	51,102,049
Tax authority (other than income tax)	<b>17,800,462</b>	11,814,991
Advances from customer	<b>10,431,219</b>	11,382,706
Other payables	<b>5,202,790</b>	5,693,153
	<b><u>232,184,692</u></b>	<b><u>205,666,967</u></b>

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

#### 15-CAPITAL

The Group's authorized capital amounted to EGP 1 billion, whereas the issued and paid up capital amounted to EGP 375,000,000 divided over 1,500,000,000 shares of par value EGP 0.25 each.

Based on the decision of the Extraordinary General Assembly on October 14, 2020, the meeting of the Board of Directors held on January 4, 2023 decided to increase the company's issued and paid-up capital from 250,000,000 Egyptian pounds to 252,112,680 Egyptian pounds, an increase of 2,112,680 Egyptian pounds distributed over 8,450,720 shares, funded by the payments of the beneficiaries of the system provided that the increase is allocated entirely for the benefit of the system of rewarding and motivating the company's employees, so that the company's issued capital after the increase will be 252,112,680 Egyptian pounds paid in full distributed over 1,008,450,720 shares with a nominal value of 0.25 Egyptian pounds. The amount paid under capital increase reached EGP 2,112,680 as of 30 September 2023. According to the bank certificate issued by Arab Bank on January 9, 2023, the company's issued and paid-up capital was increased from 250,000,000 EGP to 252,112,680 EGP, an increase of 2,112,680 EGP distributed over 8,450,720 shares (Note 17).

The extraordinary General Assembly meeting held on August 16, 2023 decided to increase the paid-in capital by 127,887,320 Egyptian pounds by distributing bonus shares of 0.52253 free shares for each original share of the company's shares before the increase of 978,980,720 shares after excluding treasury shares with reparations in favor of small shareholders from the smallest to The largest has to finance the increase in shares from the company's distributable net profits (profits for the year + retained earnings) for the fiscal year ending on December 31, 2022, so the company's issued capital after the increase becomes 380,000,000 Egyptian pounds distributed over 1,520,000,000 shares with a nominal value of EGP 0.25 per share and was registered in commercial register dated September 20, 2023.

The extraordinary General Assembly meeting held on August 16, 2023 decided to Reduce the issued and paid-up capital from 380,000,000 Egyptian pounds to 375,000,000 Egyptian pounds, a reduction of 5,000,000 Egyptian pounds, by retiring treasury shares listed under shares (shareholders through public and private offering) by 20,000,000 shares with a nominal value of 0.25 per share.

The following illustrate the structure for shareholders as of 31 December 2023:

	%	<i>No. of shares</i>	<i>Amount</i>
			<i>EGP</i>
Main Shareholder's Shares	<b>45.71%</b>	<b>685,593,073</b>	<b>171,398,268</b>
Treasury Shares	<b>0.63%</b>	<b>9,470,000</b>	<b>2,367,500</b>
Other listed Free Shares in Stock Exchange Market	<b>53.66%</b>	<b>804,936,927</b>	<b>201,234,232</b>
	<b><u>100%</u></b>	<b><u>1,500,000,000</u></b>	<b><u>375,000,000</u></b>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

#### 15-CAPITAL (CONTINUED)

The structure for shareholders as at 31 December 2022:	%	No. of shares	Amount EGP
Main Shareholder's Shares	33.15%	331,574,309	82,893,577
Treasury Shares	2.95%	29,470,000	7,367,500
Other listed Free Shares in Stock Exchange Market	63.90%	638,955,691	159,738,923
	<u>100%</u>	<u>1,000,000,000</u>	<u>250,000,000</u>

#### 16-GENERAL RESERVE

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

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

The capital was reduced by retiring 20,000,000 shares amounted 5,000,000 Egyptian pounds, with a nominal value of 0.25 per share, and an amount of 34,694,932 Egyptian pounds from the general reserve balance, which represents the difference between the market value of the purchased shares and the nominal value.

#### 17-TREASURY SHARES

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

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

During year 2022, the company purchased 20 million shares as treasury shares amounted to 39,694,932 EGP, and according to Article 48 of Law 159 of 1981, the company must dispose its treasury shares to others within a period of not more than one year from obtaining them otherwise it shall reduce its capital by the equivalent of the nominal value of these stocks.

The company reduced its capital by the nominal value of the treasury stocks with a total value of 5,000,000 EGP.

#### 18-SHARE BASED PAYMENT RESERVE

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

On 30 March 2023 the company activated the reward and incentive program. Giving number of employees, managers and executive board members share options for total of 13,138,759 shares at the nominal value (0.25 EGP per share) on condition of staying in service for the required period till the exercise date on 1 November 2023 an archiving the required performance appraisal. Each employee was granted maximum number of shares according to contracts giving one month period from the exercise date to exercise the purchasing right.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended 31 December 2023

#### 18- SHARE BASED PAYMENT RESERVE (CONTINUED)

The fair value of the granted shares for numbers of employees were 17,211,774 Egyptian Pound using the price of the share announced in the Egyptian Stock Exchange on the grant date (1.31 EGP for share) before the deduction of the nominal value of shares that would be paid by the beneficiaries in cash.

#### Movement of Equity instruments in the period as follow:

	<i>31 December 2023</i>		<i>31 December 2022</i>	
	Amount EGP	Shares No.	Amount EGP	Shares No.
<b>Balance at 1 January 2023</b>	<b>14,873,267</b>	<b>8,450,720</b>	-	-
Granted during the year	<b>13,927,085</b>	13,138,759	14,873,267	8,450,720
Forfeited during the year	-	-	-	-
Exercised during the year	<b>(14,873,267)</b>	<b>(8,450,720)</b>	-	-
<b>Total shares at the end of year</b>	<b>13,927,085</b>	<b>13,138,759</b>	14,873,267	8,450,720

#### 19-CREDIT FACILITIES

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

	<i>31 December 2023</i> <i>EGP</i>	<i>31 December 2022</i> <i>EGP</i>
Opening balance	<b>893,644,592</b>	819,720,928
Used during the year	<b>1,429,210,500</b>	1,195,291,001
Payment during the year	<b>(1,265,092,259)</b>	(1,121,367,337)
Ending balance	<b>1,057,762,833</b>	893,644,592
	<i>31 December 2023</i> <i>EGP</i>	<i>31 December 2022</i> <i>EGP</i>
Credit facilities maturing within 12 months	<b>1,057,762,833</b>	893,644,592
Bank credit	<b>2,458,485</b>	11,108,281
	<b>1,060,221,318</b>	904,752,873

The interest rate on the Credit facilities ranges from 8% to 20.75% as of 31 December 2023 (31 December 2022: Range from 8% to 18.25%).

Credit Facilities	Facility amount EGP	<i>31 December 2023</i> <i>EGP</i>	<i>31 December 2022</i> <i>EGP</i>
CIB	500,000,000	<b>326,662,581</b>	180,248,662
FAB	125,000,000	<b>118,301,989</b>	63,847,436
Arab Bank	88,000,000	<b>100,823,368</b>	73,847,329
ABK	120,000,000	<b>89,908,853</b>	95,136,500
ADIB	150,000,000	<b>132,496,882</b>	131,491,585
Alex Bank	170,000,000	<b>42,789,875</b>	164,828,846
AUB	130,000,000	<b>79,808,945</b>	93,222,510
ENBD	100,000,000	<b>80,119,201</b>	91,021,724
AWB	100,000,000	<b>86,851,139</b>	-
<b>Total Credit Facilities</b>		<b>1,057,762,833</b>	893,644,592

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

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

#### 20-CAPTIAL COMMITMENTS

As at 31 December 2023, the Group had contractual commitments in respect of its assets under construction and facility machines not provided for in the financial statements amounted to EGP 28,513,458. (EGP 42,164,225 as at 31 December 2022).

#### 21-CONTINGENT LIABILITIES

As at 31 December 2023, the Group has obligations in respect of its inventory (Cash against document) not provided for in the financial statements amounted to EGP 98,131,643. (EGP 16,647,204 as at 31 December 2022).

#### 22-REVENUES

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Sale of goods (net)	<b>1,788,344,949</b>	1,351,514,593
Toll manufacturing services revenue	<b>134,005,772</b>	132,436,833
	<b><u>1,922,350,721</u></b>	<u>1,483,951,426</u>

#### 23-COST OF REVENUES

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Salaries and incentives	<b>123,672,203</b>	103,668,343
Social insurance and other benefit	<b>37,164,228</b>	24,368,704
Raw materials	<b>578,561,529</b>	424,319,310
Spare parts and materials	<b>35,148,212</b>	21,017,950
Government fees and medical stamps	<b>17,275,521</b>	18,281,611
Other operating expenses	<b>70,151,360</b>	46,148,101
Energy expenses	<b>47,503,868</b>	42,237,341
Depreciation and amortization (Note 5,7)	<b>65,758,528</b>	58,576,291
Rent	<b>5,042,077</b>	3,613,147
Maintenance	<b>36,158,059</b>	21,677,732
	<b><u>1,016,435,585</u></b>	<u>763,908,530</u>

#### 24-Selling & marketing expenses

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Salaries and incentives	<b>133,737,607</b>	116,058,635
Social insurance and other benefit	<b>14,179,532</b>	10,470,429
Depreciation (Note 5)	<b>5,122,198</b>	4,901,259
Rent	<b>66,900</b>	54,300
Advertising and marketing	<b>210,474,264</b>	164,933,268
	<b><u>363,580,501</u></b>	<u>296,417,891</u>



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

#### 25-General & administrative expenses

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Salaries and incentives	56,004,803	47,875,655
Social insurance and other benefit	3,758,063	2,720,150
Professional fees	5,017,006	2,028,596
Maintenance	1,851,900	1,369,142
Depreciation (Note 5)	2,003,262	2,006,816
Others	13,695,161	9,912,511
	<u>82,330,195</u>	<u>65,912,870</u>

#### 26-OTHER INCOME

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Loss from sale of fixed assets (Note 5)	140,610	(128,285)
Other income	7,335,542	6,038,135
	<u>7,476,152</u>	<u>5,909,850</u>

#### 27-FINANCE INCOME

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Interest from Treasury Bills	61,696,842	56,724,822
Interest from time deposits	1,205,679	7,354
	<u>62,902,521</u>	<u>56,732,176</u>

#### 28-FINANCE EXPENSES

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Debit interests	189,163,156	86,515,124
Unwinding interests of lease liabilities	2,035,503	2,551,333
Bank Charges	3,060,650	3,017,820
	<u>194,259,309</u>	<u>92,084,277</u>

#### 29-INCOME TAXES

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>EGP</i>	<i>EGP</i>
Current income tax	(67,562,951)	(64,508,813)
Deferred income tax	(6,678,575)	(11,057,587)
<b>Income tax expense</b>	<u>(74,241,526)</u>	<u>(75,566,400)</u>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

#### 29- INCOME TAX (CONTINUED) DEFERED INCOME TAXES

	<i>Statement of financial position</i>		<i>Statement of profit or loss</i>	
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Depreciation and amortization	(70,926,537)	(58,468,620)	(12,457,917)	(11,578,539)
Provisions	2,075,933	1,936,823	139,110	(23,342)
Impairment of trade and notes receivables	3,309,050	2,437,135	871,915	539,351
Write down in value of inventory	5,588,023	2,397,681	3,190,342	(93,945)
Share based payment	3,133,594	4,015,782	(882,188)	4,015,782
Unrealized foreign exchange differences	(148,972)	(3,874,624)	3,725,652	(3,916,894)
Others	(1,265,489)	-	(1,265,489)	-
Net deferred income taxes	<u>(58,234,398)</u>	<u>(51,555,823)</u>	<u>(6,678,575)</u>	<u>(11,057,587)</u>

#### RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	<i>Tax Rate</i>	<i>31 December</i>	<i>Tax Rate</i>	<i>31 December</i>
		<i>2023</i>		<i>2022</i>
		<i>EGP</i>		<i>EGP</i>
Profits before income taxes		<u>327,447,434</u>		328,454,175
Income tax based on tax rate	22.5%	73,675,673	22.5%	73,902,189
Non-deductible expenses		<u>565,853</u>		1,664,211
Effective Tax Rate	22.67%	<u>74,241,526</u>	23.01%	<u>75,566,400</u>

#### 30-EARNINGS PER SHARE

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

	<i>31 December</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>EGP</i>	<i>EGP</i>
Net profit for the year	244,859,448	245,676,087
Remuneration for the Board Members*	(5,362,000)	(5,362,000)
Staff profit Share*	(16,000,000)	(11,400,000)
<b>Profit Available for Shareholders</b>	<u>223,497,448</u>	<u>228,914,087</u>
Weighted average number of shares outstanding after purchase of treasury shares during the period	1,490,530,000	1,474,996,796
Share Options for employees and executive board members	10,928,596	7,593,165
Weighted average number of ordinary shares adjusted for the effect of share option of dilution	<u>1,501,458,596</u>	<u>991,043,165</u>
<b>Earnings per share - Basic</b>	<u>0.1499</u>	<u>0.1552</u>
<b>Earnings per share - Diluted</b>	<u>0.1489</u>	<u>0.1544</u>

\* Employees dividends and board of directors' remuneration as recommended in board meeting held on 18 March, 2023, and currently is a subject of general assembly approval.

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

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

For the Year Ended 31 December 2023

#### **31-TAX POSITION**

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

##### **a) Corporate Tax**

- The Company's records were inspected till the year 2013 and the due tax has been paid.
- The years from 2014 to 2017 were inspected as an estimate and were challenged and a decision was issued to re-examine the actual inspection has been done and the dispute is under settlement.
- The years 2018 and 2019 have been inspected and the forms were issued and the dispute are under settlement.

##### **b) Salary Tax**

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

##### **c) Stamp Tax**

- The Company's records were inspected till 2013 and the taxes due were paid.
- The years from 2014 to 2020 were inspected and the dispute are under settlement.

##### **d) Sales Tax**

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

##### **e) VAT Tax**

- The Company's books were examined from 2016 to 2022 and the due tax has been paid.

#### **RAMEDA FOR PHARMACEUTICAL TRADING (S.A.E)**

##### **a) Corporate Tax**

- The company provides legal procedures within the legal dates according to law 91 of year 2005.
- The years 2012 and 2021 have been inspected and the tax dues were paid and settled.

##### **b) Salary Tax**

- The company has not been notified of the examination to now.

##### **c) Stamp Tax**

- The company has not been notified of the examination to now.

##### **d) VAT**

- The company was examined from the beginning of registration 8/2018 until 8/2019, and the tax dues were paid and settled.

##### **e) Social Insurance**

- No insurance file has been opened for the company to date.

##### **f) Withholding Tax**

- The company has not been notified of the examination to now.

#### **RAMECARE COMPANY (L.L.C).**

##### **a) Corporate Tax**

- The company submits tax returns on legal dates in accordance with Law No. 91 of 2005.
- The company was notified of a tax form (19) for the years 2015/2016, and it was appealed on the legal date, and the necessary documents are being prepared for re-examination.
- The years from 2017 to 2022 were not notified of the inspection.

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

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

For the Year Ended 31 December 2023

#### **31- TAX POSITION (CONTINUED)**

##### **b) Salary Tax**

- The company has not been notified of the examination to now.

##### **c) Stamp Tax**

- The years from the beginning of the activity until the year 2014, the company was not notified of the examination.
- The company was notified of Form (19) tax for the years 2015/2016, and it was appealed on the legal dates, and the necessary documents are being prepared for re-examination.
- The years from 2017 to 2022 were not notified of the inspection.

##### **d) VAT**

- The company has not been notified of the examination to now.

##### **e) Social Insurance**

- No insurance file has been opened for the company to date.

##### **f) Withholding Tax**

- The company has not been notified of the examination to now.

#### **RAMEPHARMA COMPANY (L.L.C).**

##### **a) Corporate Tax**

- The company submits tax returns on legal dates in accordance with Law No. 91 of 2005.
- The company was notified of the form (19) tax for the years 2015-2016, and it was appealed within the legal deadline, and the documents are being prepared for submission to the competent committees.
- The company was not notified of any forms or notifications for the years 2017 to 2022.

##### **b) Salary Tax**

- The company has not been notified of the examination to now.

##### **c) Stamp Tax**

- The company has not been notified of the examination to now.

##### **d) VAT**

- The company has not been notified of the examination to now.

##### **e) Social Insurance**

- No insurance file has been opened for the company to date.

##### **f) Withholding Tax**

- The company has not been notified of the examination to now.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

#### 32- RELATED PARTY DISCLOSURES

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

##### a) Due from related parties

	<i>31 December</i> <b>2023</b> <i>EGP</i>	<i>31 December</i> <b>2022</b> <i>EGP</i>
Eman Wahed El-Zomor	<u>25,500</u>	<u>25,500</u>
	<u><b>25,500</b></u>	<u><b>25,500</b></u>

##### b) Salaries and incentives of key managers

The key manager's compensation during year ended 31 December 2023 and 31 December 2022 is as follow:

	<i>31 December</i> <b>2023</b> <i>EGP</i>	<i>31 December</i> <b>2022</b> <i>EGP</i>
Salaries and incentives	<b>40,969,675</b>	34,352,243
Share options for employees, managers, and executive board members	<b>17,768,011</b>	17,847,920
	<u><b>58,737,686</b></u>	<u><b>52,200,163</b></u>

#### 33- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Board of Directors on their activities. The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

##### a) Credit risk

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

##### Trade and notes receivables

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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

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

### 33- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

#### Other financial assets and balances with banks

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

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

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

#### Due from related parties

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

#### b) Market risk

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

#### Exposure to interest rate risk

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

Interest on financial instruments having floating rates is re-priced at intervals of less than one year.

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

	31 December 2023		31 December 2022	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial assets	+8%	6,741	+1%	14,267
	-1%	(3,488)	-1%	(14,267)
Financial liabilities	+8%	(23,120,235)	+1%	(1,158,432)
	-1%	2,890,029	-1%	1,158,432

The sensitivity of profit or loss and equity to changes in interest rates on the EGP has increased in 2023 compared to 2022 due to the increase in market interest rates during the period from January 2024 to the authorization date of these consolidated financial statements by 800 basis points. Refer to Note (36) "Subsequent and Significant Events".

Interest rates on credit facilities from financial institutions are shown as stated in Note (19) to the consolidated financial statements.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

#### 33- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT)

##### Exposure to foreign currency risk

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

	31 December 2023		31 December 2022	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
USD	+60%	79,619,759	+10%	10,796,311
	-10%	(13,269,960)	-10%	(10,796,311)
	+60%	(5,302,649)	+10%	(472,385)
EUR	-10%	883,775	-10%	472,385

The sensitivity of profit or loss and equity to changes in the exchange rate between the USD and the functional currency has increased, because the Central Bank has taken some financial measures during 2023 and 2022 to reduce the impact of global and local economic conditions and the geopolitical risks facing the Egyptian economy. Among these measures is reducing the EGP, increasing the interest rate on overnight deposits and lending, and setting maximum limits on cash withdrawals and deposits from and to banks, which resulted in a decrease in foreign currency exchange rates and their availability through official channels. This caused a delay in the payment of some financial liabilities in foreign currencies, as well as an increase in the costs of managing and paying foreign currencies.

##### c) Liquidity risk

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

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

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

Financial liabilities	Less than 3 Months EGP	3 to 12 months EGP	1 to 5 years EGP	Over 5 years EGP	Total EGP
As at 31 December 2023					
Credit facilities	589,930,550	494,689,835	-	-	1,084,620,385
Trade, notes and other payables	200,723,381	31,461,310	-	-	232,184,691
<b>Total undiscounted financial liabilities</b>	<b>790,653,931</b>	<b>526,151,145</b>	<b>-</b>	<b>-</b>	<b>1,316,805,076</b>

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

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

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

For the Year Ended 31 December 2023

#### **34- CAPITAL MANAGEMENT**

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

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

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

#### **35- FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

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

#### **36- MAJOR EVENT**

- Standard Poor's (credit rating) and Fitch Ratings lowered Egypt's sovereign rating in foreign and local currencies from B to B-, with a stable expectation. Moody's (credit rating) also lowered Egypt's sovereign rating from B3 to Caa1, with a negative future outlook. The Company reviewed the potential effects resulting from downgrading Egypt's sovereign rating and its impact on the Company's consolidated financial statements. The Company's management believes that there is no material impact on the Company's consolidated financial statements as of 31 December 2023, and the Company will assess the potential impact on the Company's consolidated financial statements in the subsequent periods.
- During the subsequent period, Moody's (credit rating) announced that it has altered its future outlook on Egypt's rating to "positive." Moody's (credit rating) also kept Egypt's credit rating at Caa1, with a stable future outlook, and the Company reviewed the potential effects resulting from downgrading Egypt's sovereign rating and its impact on the Company's consolidated financial statements. The Company's management believes that there is no material impact on the Company's consolidated financial statements as at 31 December 2023, and the Company will assess the potential impact on the Company's consolidated financial statements in subsequent periods.
- The impact of the current uncertain economic environment is discretionary, and management will continue to regularly assess the current situation and its related impact. It should be taken into consideration that the assumptions used about economic forecasts are subject to a high degree of inherent uncertainty and therefore the actual result may differ significantly from the forecast information.
- The Company considered the potential effects of current economic fluctuations in determining the amounts reported for the Company's financial and non-financial assets, and they represent the best assessment of management based on available information. However, markets remain volatile and recorded amounts remain sensitive to market fluctuations.
- On 1 February 2024, the Central Bank of Egypt has resolved to increase its overnight deposit and lending rates, along with the price of main operation by 200 basis points to be 21.25%, 22.25% and 21.75%, respectively. The credit and debit rates have been also raised by 200 basis points to be 21.75%. The Company is considering the impact on the subsequent financial statements.



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

For the Year Ended 31 December 2023

**36- MAJOR EVENT (CONTINUED)**

- On 6 March 2024, and proceeding in the policy of monetary compliance adopted by the Central Bank, the Monetary Policy Committee has resolved in its extraordinary meeting to increase its overnight deposit and lending rates along with the price of the main operation of the Central Bank by 600 basis points, to be 27.25%, 28.25%, and 27.75%, respectively. The credit and debit rates have been also raised by 600 basis points, to be 27.75%. The Company is considering the impact on the subsequent financial statements. In order to explain the impact of interest rate risks and the impact on the Company as at 31 December 2023, please refer to Note (33b).
- On 6 March 2024, the Central Bank agreed to continue its hedging efforts towards a flexible inflation-targeting framework by amending the interest rates on deposit, borrowing, and discount, as well as allowing the exchange rate to be determined according to the market mechanisms, including the consequent significant future financial impacts on the Company's financial position, future business results, and equity. In order to explain the impact of exchange rate risks, please refer to Note (33b).
- Note (33b) on financial risks shows the sensitivity of profit or loss and other components of equity to changes in interest rates and foreign currency rates in light of the instruments held by the Company at the end of the financial year. These consolidated financial statements were not affected by the impacts of these subsequent events, as they are considered events that do not entail amendments in accordance with EAS (7) "Events After the Reporting Period."
- Minister of Finance's Resolution No. 34 of 2024 was issued on 27 January 2024, regarding the adoption of the change percentage in price differences resulting from the management of foreign currencies when determining the income tax base for 2023. The percentages approved in accordance with such Resolution were used when estimating the income tax that was recognized for 2023.

**37- NEW VERSIONS AND AMENDMENTS TO THE Egyptian Accounting Standards**

- On 3 March 2024, the Prime Minister's Resolution No. (636) of 2024 was issued amending certain provisions of accounting standards, where he agreed to replace the following standards: EAS (13) "Effects of Changes in Foreign Exchange Rates" with the revised EAS (13) "Effects of Changes in Foreign Exchange Rates", EAS (17) "Separate Financial Statements" with the revised EAS (17) "Separate Financial Statements," and EAS (34) "Real Estate Investment" with the revised EAS (34) "Real Estate Investment", of the aforementioned Egyptian accounting standards, enclosed with such Resolution. Further, the Egyptian Accounting Interpretation (2) "Carbon Emission Reduction Certificates" enclosed with such Resolution has been added.