

EGYPTIAN INTERNATIONAL
PHARMACEUTICALS INDUSTRIES COMPANY
(S.A.E)
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2024
WITH LIMITED REVIEW REPORT

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LIMITED REVIEW REPORT**To the chairman and member of the board of:****Egyptian International Pharmaceutical Industries Co. – EIPICO “S.A.E”****Report on the Financial Statements**

We have audited the accompanying financial statements of **Egyptian International Pharmaceutical Industries Co. – EIPICO “S.A.E”** as of March 31, 2024, and the related statements of income, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standard No. (30). Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly in all material respects the financial position of the company as at March 31, 2024, and of its financial performance and its cash flows for the three months then ended in accordance with Egyptian Accounting Standard No. (30) for independent periodic financial statements.

Attention direction paragraph.

While what is contained in this paragraph is not considered a reservation, and in accordance with Note No. (6), the company has used the special accounting treatment listed in Appendix (E) of Egyptian Accounting Standard No. (13) amended for the year 2024, issued on May 23, 2024.

Cairo: May 29, 2024

Auditor**Dr. Ahmed Shawki****MAZARS MOSTAFA SHAWKI**

*Translation of Financial Statements
Originally issued in Arabic*

**EGYPTIAN INTERNATIONAL
PHARMACEUTICALS INDUSTRIES COMPANY "S.A.E"
STATEMENT FINANCIAL POSITION AS OF MARCH 31, 2024**

	<u>Notes</u>	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>No.</u>	<u>L.E</u>	<u>L.E</u>
<u>Non-Current Assets</u>			
Fixed Assets (net)	(4)	988,169,923	932,705,422
Right Of Use Assets (net)	(5)	1,378,771	2,022,754
Projects Under Construction	(6)	4,439,166,799	3,054,287,145
Intangible Assets (net)	(7)	33,489,313	2,301,715
Investments in subsidiaries companies	(8/1)	69,040,000	69,040,000
Investments in associated companies	(8/3)	413,835,845	410,835,845
Total Non-Current Assets		<u>5,945,080,651</u>	<u>4,471,192,881</u>
<u>Current Assets</u>			
Inventory (net)	(9)	2,748,289,001	2,160,335,193
Accounts and Notes Receivables (net)	(10)	2,825,012,766	2,391,823,362
Non-current assets held for sale	(8/2)	12,330,000	12,330,000
Debtors and other debit balances	(11)	288,852,961	188,468,745
Cash and cash equivalents	(12)	1,258,361,271	615,620,434
Total Current Assets		<u>7,132,845,999</u>	<u>5,368,577,734</u>
Total Assets		<u>13,077,926,650</u>	<u>9,839,770,615</u>
<u>Equity</u>			
Capital	(13)	1,487,557,500	1,487,557,500
Reserves	(14)	2,075,858,607	1,739,354,443
Retained earnings	(15)	88,024,386	69,640,994
Net profit for the year	(16)	626,144,137	730,083,279
Total Equity		<u>4,277,584,630</u>	<u>4,026,636,216</u>
<u>Non-Current Liabilities</u>			
Long term loans	(17)	4,289,417,559	2,832,316,822
The non-current portion of the lease liability	(18)	--	134,716
Deferred Tax		48,237,701	54,792,968
Total Non-Current Liabilities		<u>4,337,655,260</u>	<u>2,887,244,506</u>
<u>Current Liabilities</u>			
Provisions	(20)	271,935,609	187,110,270
Credit Banks (Facilities)	(21)	2,936,356,946	2,036,190,844
Suppliers and notes payables	(22)	361,213,512	222,389,205
Dividend creditors		367,129,056	--
The current portion of the lease liability	(18)	1,714,195	2,190,480
Creditors and other credit balances	(23)	249,024,129	213,561,080
Credit accounts of subsidiaries and associates	(24)	91,630,471	79,468,724
Accrued income tax	(25)	183,682,842	184,979,290
Total Current Liabilities		<u>4,462,686,760</u>	<u>2,925,889,893</u>
Total Liabilities		<u>8,800,342,020</u>	<u>5,813,134,399</u>
Total Liabilities and Equity		<u>13,077,926,650</u>	<u>9,839,770,615</u>

- Limited review report attached.

- The accompanying notes are an integral part of the financial statements.

Chief financial officer
Acc/ Mohamed Taha El-Swifi



Chairman and Managing Director
Dr/ Ahmed Saeed Mohamed Killani



Translation of Financial Statements

Originally issued in Arabic

EGYPTIAN INTERNATIONAL
PHARMACEUTICALS INDUSTRIES COMPANY "S.A.E"
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED MARCH 31, 2024

	<u>Not</u>	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>es.</u>	<u>L.E</u>	<u>L.E</u>
Net Revenues	(26)	1,441,667,255	933,446,248
Cost of sales	(27)	(812,380,742)	(487,914,982)
Total Revenue		629,286,513	445,531,266
Marketing Expenses	(28)	(194,570,506)	(151,569,641)
Research and development expenses	(29)	(20,874,359)	(10,841,741)
General and administrative expenses	(30)	(43,442,259)	(29,793,276)
Board of Directors allowances and deducted salaries		(290,000)	(640,000)
Finance expenses	(31)	(135,702,798)	(78,547,793)
Formed from expected credit losses		(24,999,999)	(8,000,000)
Formed from write down in inventory value		(24,999,999)	(5,000,000)
Formed from the provisions		(100,000,000)	(27,000,000)
Total Expenses		(544,879,920)	(311,392,451)
Profits of subsidiaries and associate companies	(33)	44,689,331	41,237,331
Credit interest		6,492,893	6,336,775
		51,182,224	47,574,106
Capital gain or losses		--	14,930
Foreign currency exchange gain or losses	(34)	553,135,562	28,675,489
Other Revenues		14,247,781	1,239,027
Net profit for the period before tax		702,972,160	211,642,367
Income Tax	(19)	(78,345,752)	(27,608,611)
Deferred Tax		6,555,267	1,046,311
Social contributions – Social insurance	(32)	(5,037,538)	(2,433,155)
Net profit for the period after tax		626,144,137	182,646,912
Earnings per share		5.15	1.84

- Limited review report attached.

- The accompanying notes are an integral part of the financial statements.

Chief financial officer
Acc/ Mohamed Taha El-Swifi



Chairman and Managing Director
Dr/ Ahmed Saeed Mohamed Killani



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EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
“S.A.E”
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2024

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>L.E</u>	<u>L.E</u>
Net profit for the year	626,144,137	182,646,912
<u>Other Comprehensive Income for the year</u>		
Foreign Currency	--	--
Adjust for joint ventures shares	--	--
Total Other Comprehensive Income for the year	<u>--</u>	<u>--</u>
Total Comprehensive Income for the year	<u>626,144,137</u>	<u>182,646,912</u>

- The accompanying notes are an integral part of the financial statements.

Chief financial officer
Acc/ Mohamed Taha El-Swifi



Chairman and Managing Director
Dr/ Ahmed Saeed Mohamed Killani



EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY "S.A.E"
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2024

<u>Description</u>	<u>Paid-up</u>	<u>Legal</u>	<u>General</u>	<u>Capital</u>	<u>Expansions</u>	<u>Retained</u>	<u>Total</u>
	<u>Capital</u> <u>L.E.</u>	<u>Reserve</u> <u>L.E.</u>	<u>Reserve</u> <u>L.E.</u>	<u>Reserve</u> <u>L.E.</u>	<u>Reserve</u> <u>L.E.</u>	<u>Earning</u> <u>L.E.</u>	<u>L.E.</u>
Balance as of January 1, 2023	991,705,000	349,741,238	98,336,248	20,160,435	941,659,000	661,705,821	3,063,307,742
Change in equity during the year	495,852,500	--	--	--	--	--	495,852,500
Transferred to legal reserves	--	29,457,522	--	--	300,000,000	(329,457,522)	--
Dividends	--	--	--	--	--	(262,607,305)	(262,607,305)
Net profit of the year	--	--	--	--	--	730,083,279	730,083,279
Balance as of December 31, 2023	1,487,557,500	379,198,760	98,336,248	20,160,435	1,241,659,000	799,724,274	4,026,636,216
Balance as of January 1, 2024	1,487,557,500	379,198,760	98,336,248	20,160,435	1,241,659,000	799,724,274	4,026,636,216
Transferred to legal reserves	--	36,504,164	--	--	300,000,000	(336,504,164)	--
Dividends	--	--	--	--	--	(375,195,723)	(375,195,723)
Net profit of the year	--	--	--	--	--	626,144,136	626,144,136
Balance as of March 31, 2024	1,487,557,500	415,702,924	98,336,248	20,160,435	1,541,659,000	714,168,523	4,277,584,630

- The accompanying notes are an integral part of the financial statements.

Chief financial officer
Acc/ Mohamed Taha El-Swifi



Chairman and Managing Director
Dr/ Ahmed Saeed Mohamed Killani



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**EGYPTIAN INTERNATIONAL
PHARMACEUTICALS INDUSTRIES COMPANY "S.A.E."
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2024**

	<u>31/3/2024</u>	<u>31/3/2023</u>
<u>Cash flows from operating activities</u>		
Net profit for the year before tax	702,972,160	211,642,367
Other Comprehensive income	--	--
Depreciation of assets	22,420,273	24,395,051
Amortization right of use assets	643,983	467,196
Formed from provisions	134,825,339	40,000,000
Used from provisions	--	(14,141,968)
Amortization of intangible assets	1,788,477	105,527
Credit interest	(6,492,893)	(6,336,775)
Dividends and revaluation investments	(44,689,331)	(41,237,331)
Debit interest	129,822,233	72,358,560
Gain / loss Sales of assets	--	(14,930)
Differences on foreign currency valuation	(553,135,562)	(28,675,489)
Payments on unusual items	(14,247,781)	(1,239,027)
Operating profit before changes in assets and liabilities	373,906,898	257,323,181
Change in Accounts Receivables	(558,314,262)	(183,775,222)
Change in inventory	(612,953,807)	(118,608,356)
Change in Suppliers and notes payable and creditors and other credit	101,510,005	33,297,683
Cash in (Cash out) unusual items	14,247,781	1,239,027
Lease liability contracts	(611,001)	(725,576)
Paid Interest	(129,822,233)	(72,358,560)
Net cash flows provided from operating activities	(812,036,619)	(83,607,823)
<u>Cash flows from investing activities</u>		
(Paid) for financial investments	(3,000,000)	--
(Paid) for purchase of fixed assets	(1,462,764,427)	(1,251,229)
(Paid) for purchase projects under construction	--	(480,995,308)
Proceeds from the sale of fixed assets	(32,976,075)	14,930
Dividends	44,689,331	41,237,331
Collection interest	6,492,893	6,336,775
Net cash flows (used in) investing activities	(1,447,558,278)	(434,657,501)
<u>Cash flows from financing activities</u>		
Dividends	(8,066,667)	--
Cash in Banks (Bank Facilities)	900,166,101	202,517,651
Cash in Banks (long term facilities)	--	(46,720,383)
Cash in Banks (long Term Loans)	1,457,100,737	560,818,466
Net cash flows provided from (used in) financing activities	2,349,200,171	716,615,734
Net change in cash and cash equivalents	89,605,274	198,350,410
Cash and cash equivalents at the beginning of the period	615,620,435	432,987,176
Differences on foreign currency on cash and cash equivalents	553,135,562	28,675,489
Cash and cash equivalents at the end of the period	1,258,361,271	660,013,075

The accompanying notes are an integral part of the financial statements.

Chief financial officer
Acc/ Mohamed Taha El-Swifi



Chairman and Managing Director
Dr/ Ahmed Saeed Mohamed Killani



EGYPTIAN INTERNATIONAL
PHARMACEUTICALS INDUSTRIES COMPANY "S.A.E."
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2024

1- BACKGROUND

1.1 Legal Entity and Governing Laws

The Egyptian International Company for Pharmaceutical Industries (EIPICO) is an Egyptian joint stock company December 18, 1980, under the Law of Investment of Arab and Foreign Money and Free Zones promulgated by Law No. 43 of 1974 amended by Law No. 32 of 1977, the company manufactures medicines, medical and veterinary preparations and distributes its production inside and outside the Arab Republic of Egypt.

1.2 Purpose of the Company

The company is engaged in the manufacture of medicines, medical preparations, cosmetics, chemicals, veterinary preparations, manufacture of feed additives, concentrates and pesticides, registration and manufacture of nutritional supplements, medicinal plants, special foods, manufacture of empty glass ampoules, manufacture of packaging and pharmaceutical supplies From plastic, distributing, trading and exporting the company's products, manufacturing to others and to third parties, and transporting hazardous wastes.

1.3 Duration of the company

The term of the company is 25 years from the date of registration in the commercial register, i.e., starting from December 3, 1980, to December 2, 2005, and on April 18, 2006, the company's term was renewed to become from December 18, 2005, to December 17, 2030.

1.4 The company's Location

First Industrial Zone B1, 10th of Ramadan City.

1.5 Egyptian Stock Exchange

The Securities Listing Committee of the Cairo and Alexandria Stock Exchanges approved the listing of the company's shares on September 27, 1995.

1.6 Financial Year

The Company's financial year starts on January 1 until December 31.

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

1.7 Approval of the Financial Statements

The company's financial statements for the year ended on December 31, 2023, were approved by the company's Board of Directors held on February 29, 2024.

2- BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- 2.1 The Financial Statement have been prepared in accordance with the Egyptian Accounting Standards amendments according to the decree issued by investment minister number 110 on 2015 outgoing on 9th July 2015 and amendment by investment minister decision number 69 for 2019 and outgoing on 7th April 2019 and relevant Egyptian laws and regulations that applied over the year except if mentioned unlike that and preparation the financial statement is responsibility of Management of the company.
- 2.2 The financial statements are prepared using the historical cost basis and in accordance to Going concern assumption, except for the following assets and liabilities which are measured using their fair value.
- The financial assets and liabilities are recorded using their fair value through profit and loss.
 - The financial assets and liabilities are recorded using their fair value through Other comprehensive income.
 - Derivative financial instruments.
 - The fair value of financial assets and liabilities are determined traded in an active market is determined on the basis of the financial statements, In absence of an active market to determine the fair value of the assets and liabilities is estimated using various valuation techniques taking into consideration the prices of the transactions occurred recently fair value or similar tools – discounted cash flow method or any other evolution to get resulting values that can rely on.
- 2.3 The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates, and assumptions that may affect the reported amounts of assets and liabilities and disclosure of assets, liabilities, income, and expenses. Although these estimates are made based on management's experience and best knowledge of current events and actions, actual results ultimately may differ from those estimates.

3- SIGNIFICANT ACCOUNTING POLICIES

3.1 A summary of the significant accounting policies are as follows:

3.1.1 Currency Display and Measurement

The financial statements are presented in Egyptian pounds, which is the company's measurement currency.

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

3.1.2 Accounting Estimates

The preparation of the financial statements according to the Egyptian Accounting Standards requires, in some cases, reliance on assumptions and estimates developed by the management as deemed appropriate, including the development and application of accounting policies to reflect the economic substance and the nature of the transactions related to the main activity of the company (revenue of activity, Impairment, Deferred Tax, Fair value of financial statement) Accordingly, these estimates and assumptions are assessed based on best data and information available to the management, which may directly affect the revenues and the costs associated with those estimates, the values of the assets and related obligations. However, such estimations and assumptions applied for the current period may differ compared to the facts in the following periods nevertheless this will not affect the true value of the financial statements and the cash flow for the current period.

3.1.3 Changes in Accounting policies

Changes in Accounting principles, basis, rules , and practices that the firm apply when it prepare the financial statement and that when transfer from acceptable accounting policy to another acceptable accounting policy , in frame of Egyptian Accounting Standards, the volunteer application for new policy has the positive effect over expression of results of applying this policy on the essence of transaction and operations of the company and consequence of effects of financial position and results of business and approve effects that changes in policies retrospective and approve these effects in retained earning including in equity.(if any)

3.2 Foreign Currency Transaction

3.2.1 Transactions and Reporting Currency

Transactions in the books are recorded in the currency of the economic environment in which the enterprise conducts its main activities, which is the Egyptian pound. Transactions in foreign currencies are also recorded in the books by translating these transactions into the Egyptian pound according to the exchange rates in effect on the date of recording those transactions.

3.2.2 Transactions and Balances

The balances of assets and liabilities of monetary nature in foreign currencies on the date of preparing the financial statements are evaluated according to the prevailing exchange rates in the free foreign exchange market on that date, provided that the result of re-measurement is included in the statement of profit or loss.

3.3 Fixed Assets & Depreciation

Items of fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized of profit or loss statement.

Subsequent expenses for acquisition

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of day-to-day servicing and maintenance of the fixed assets is recognized in profit or loss as incurred.

Depreciation

Depreciation of fixed assets are recognized in statement of profit or loss on a straight-line basis over the estimated useful life of each type of asset.

The estimated useful lives for each type of fixed assets for the purpose of calculating the depreciation for the current and comparative period are as follows:

<u>Assets item</u>	<u>Estimate useful life (Year)</u>
Administration Buildings, Constructions	50
Factory Buildings, Constructions	50
Production Machinery	15
Service Machinery & Facilities	15
Vehicles	5
Tools & Equipment	5
Furniture and office equipment	10

The depreciation method, useful lives and residual values of fixed assets are reviewed at the end of each financial period and adjusted if necessary.

The cost of replacing a component of a fixed asset is recognized within the cost of the asset after excluding the cost of that component when the company incurs that cost, if it is probable that future economic benefits will flow to the company because of such replacement, provided that its cost can be accurately measured. The future economic benefits of fixed assets, and all other expenses are recognized in the statement of profit or loss as an expense when incurred.

3.4 Intangible Assets

They are the assets which the company controls and expects the flow of future economic benefits from those assets. Those assets result from incurred costs to acquire intangible assets in case there is a high degree of certainty of the economic benefits.

The intangible asset cost includes the cost of acquisition or the direct and the indirect cost related to the preparation of the intangible asset for its use. The cost charged to the

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

intangible asset is ceased when the asset is in the condition required to operate. Intangible asset which has no identifiable useful life is tested for impairment by comparing the recoverable value of such asset to its book value annually and if there are any indications of impairment in the book value of such asset, when the recoverable value is less than the book value of the asset, that decline in the value is charged to the statement of profit or loss.

3.5 Projects under construction

Projects under construction include all expenditures directly attributable to acquire fixed assets to a working condition for its intended use. They are transferred to fixed assets when completed and ready for intended use.

3.6 Leasing contracts

Egyptian Accounting Standard (49) replaces Egyptian Accounting Standard No. (20) accounting rules and standards related to financial leasing operations.

Leasing liabilities

At the lease date, the Company recognizes lease liabilities that are measured at the present value of the lease payments to be paid over the lease term on that date using the interest rate implicit in the lease if that rate can be easily determined. To reflect the interest on the lease commitment and the carrying amount is reduced to reflect the lease payments.

Right of use assets

The company recognizes right of use assets at the start date of the lease contract with the initial measurement amount of the lease commitment in addition to the initial direct expenses, advance payments paid to the lessor, and the lease incentives received from the lessor (if any) are subtracted and the costs incurred by the company in dismantling and removing the assets and returning the site on which there is the assets return to the original condition or return the assets themselves to the required condition in accordance with the terms and conditions of the lease contract.

After the beginning of the lease date, the company measures the "right of use" asset at cost less any amortization depreciation and any accumulated impairment losses, adjusted for any re-measurement of the lease liability.

Right-of-use assets are amortized from the date of the start of the lease contract until the end of the useful life of the asset if the lease contract transfers the ownership of the underlying asset to the company at the end of the lease term, or if the company will exercise the purchase option. Otherwise, the company amortizes the right of use assets from the date of the start of the lease contract to the end of the useful life of the right of use asset or the end of the lease term, whichever is earlier.

The company has chosen not to apply the requirements of the short-term contracts and to lease contracts in which the underlying asset has a small value.

The company as a lessee:

Egyptian Accounting Standard No. (49) "Leasing Contracts" provides one accounting model for the lessee, where the lessee recognizes the right to use the leased asset within the company's assets and recognizes the obligation, which represents the present value of

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

the unpaid lease payments within the company's obligations, bearing in mind that contracts are classified as the lease for the lessee is an operating lease or a finance lease. There are optional exemptions for short-term lease contracts and lease contracts for low-value assets.

3.7 Inventory

Inventory is stated at cost or net realizable value, whichever is lower. The net realizable value is the estimated selling price in the normal business, minus the estimated cost of completing the item in addition to the selling expenses required by the sale process.

The cost of inventory is the cost of purchase in addition to the costs associated with bringing the inventory to its location and in the condition in which it is usable. The cost of inventory is determined according to the following:

- Raw materials, spare parts, materials, and miscellaneous supplies at cost on a first-in-first-out basis (FIFO) method.
- Production in progress at the actual cost until the operating stage, which the production reached during the inventory counting, or the net realizable value, whichever is lower.
- Complete production at industrial cost, and indirect industrial expenses are charged based on the actual operating hour.

3.8 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the liability can be reliably estimated.

Provision for post-retirement is calculated based on two months for each working year of service based on the last salary of the employee.

3.9 Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are classified as available-for-sale on acquisition and are not classified as loans and receivables, held to maturity investments or at fair value through profit or loss.

The initial recognition of these investments is carried out at cost (the cost of acquisition or purchase), provided that the investments available for sale are re-measured at fair value with the recognition of unrealized gains or losses directly in equity, until the financial asset is removed from the books, at which point the accumulated profits or (losses) are recognized recorded in equity in the statement of profit and loss, or determined to carry out the process of impairment, in which case the cumulative losses recorded in equity are recognized in the statement of profit and loss.

If it is not possible to determine or measure the fair value of the investments available for sale in a reliable manner, then those investments are measured at cost in the absence of sufficient information to determine the fair value, and the cost is the best estimate of the fair value in this case.

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

3.10 Investment in subsidiaries companies

Investments in subsidiaries companies are included in the company which owns a significant percentage of the capital shares of those companies, which enables it to achieve control or control through financial and administrative influence or according to the shareholding ratio criterion, and the right to vote are included within the investments in subsidiaries, where these investments are proven at cost - cost Acquisition - on the date of issuing the purchase order, and the cost of these investments is reduced by the value of the non-temporary decrease - if any - as a charge to the statement of profit or loss for each investment separately.

3.11 Investment in associate companies

Related companies are the companies which exercise significant influence. A significant influence is the company's ability to participate in the financial and operating decisions of the investee, but it is not control or joint control over these policies.

Investments in related companies are recorded at cost, and in the event of a permanent decrease in the value of these investments, the book value of this decrease is adjusted and charged to the profit or loss statement for each investment separately.

Non-Current Assets held for Sale

Assets held for sale are those assets whose book value is expected to be recovered principally from a sale transaction and not from continued use, provided that the possibility of selling the asset is high through a plan to sell and market the asset. Non-current assets held for sale are measured on the basis of the book value of those assets and the charge to the profit or loss statement of losses resulting from the impairment of the value of those assets - if any.

3.12 Investment At Fair Value Through Profit or Loss

Investments at fair value through profit or loss are financial assets classified as assets held for trading, acquired primarily for the purpose of sale within a short period of time or financial assets classified upon initial recognition at fair value through profit or loss.

Those investments are initially recognized at fair value including direct cost to acquire.

Investments at fair value through profit or loss are re-measured at fair value, valuation differences arising from changes in fair value are recognized in the statement of income - standalone.

3.13 Revenue Recognition

Revenue is measured at the fair value of the consideration received or owed to the company, minus the value of returns, trade discounts, and quantity discounts. The benefits and risks of ownership of the sold goods to the buyer upon receipt of the sold goods.

In the case of export sales, the transfer of risks and benefits to the goods is determined in accordance with the conditions of shipment.

Egyptian Accounting Standard No. 48 "Revenue from contracts with customers"

Egyptian Accounting Standard No. (48) replaces Egyptian Accounting Standard No. (8) "Construction Contracts" and Egyptian Accounting Standard No. (11) "Revenue." The

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standard shall be applied on or after January 1, 2021, and the new revenue standard introduced a five-step model based on accounting principles regarding the recognition of revenue when control of the goods is transferred to, or services are provided to the customer. These five steps are as follows:

Step 1: Determining the contracts concluded with clients, whether verbally or in writing, or in accordance with normal business practices.

Step 2: Specify the performance obligations in the contract, whether for the goods or services to be transferred.

Step 3: Determining the transaction price and payment terms for the goods or services to be transferred.

Step 4: Allocating the transaction price to the performance obligations.

Step 5: Revenue is recognized when the entity fulfills its performance obligations.

The standard requires entities to exercise an accounting estimate considering all relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the method of accounting for the incremental costs of obtaining a contract and costs directly related to fulfilling a contract.

The company has applied the new accounting policy set out in note (2-2), and there is no significant impact from the application of Egyptian Accounting Standard No. (48) "Revenue from contracts with customers" on the retained earnings on January 1, 2021 and on the method of proving the company's revenues.

3.14 Financial Instruments

The application of the Egyptian Accounting Standard No. 47 Financial Instruments with effect from January 1, 2021, led to changes in accounting policies and resulted in adjustments to the amounts recognized in the financial statements as on December 31, 2020.

Egyptian Accounting Standard No. 47 Financial Instruments sets out requirements for the recognition and measurement of financial assets, financial liabilities and some contracts for the purchase or sale of non-financial items, except for rights and obligations under lease contracts to which Egyptian Accounting Standard No. 49 "Lease Contracts" applies. However, lease receivables recognized by the lessor are subject to derecognition and impairment requirements under this standard, which replaces IAS 29 Financial Instruments - Recognition and Measurement.

Initial recognition

The Company initially recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the financial instruments.

Classification and measurement of financial assets and financial liabilities.

The Egyptian Accounting Standard No. 47 Financial Instruments contains three main classification categories for financial assets measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets under Egyptian Accounting Standard No. 47 "Financial Instruments" generally depends on the business model in which the financial asset is managed and its contractual cash flow characteristics.

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Egyptian Accounting Standard No. 47 "Financial Instruments" eliminates the previous Egyptian Accounting Standard No. 29 "Financial Instruments - Recognition and Measurement" fragments held to maturity and available-for-sale loans and receivables. However, Egyptian Accounting Standard No. 47 "Financial Instruments" largely retains the existing requirements in Egyptian Accounting Standard No. 29 "Financial Instruments - Recognition and Measurement" for the classification and measurement of financial liabilities.

They are classified as follows:

Financial assets at amortized cost

The financial asset is held within a business model of financial assets held to collect contractual cash flows. The objective of the business model is to hold financial assets to collect the contractual cash flows represented in the principal amount of the investment and the returns. The sale is an exceptional accidental event in relation to the objective of this model and to the conditions contained in the criterion represented in the presence of a deterioration in the credit capacity of the financial management source.

Fewer sales in terms of periodicity and value. There should be a clear and approved documentation process for the justifications for each sale and its compliance with the requirements of the standard.

Financial assets at fair value through other comprehensive income

The financial asset is held within the business model for the financial assets held to collect contractual cash flows and the sale, both the collection of contractual cash flows and the sale are complementary to achieve the objective of the model. High sales in terms of periodicity and value compared to a business model held to hold contractual cash flows

Financial assets at fair value through profit and loss

Financial assets are held within other business models that include trading, managing financial assets on a fair value basis, maximizing cash flows by selling. The objective of the business model is not to hold the financial asset to collect contractual cash flows, or it is held to collect contractual cash flows and to sell, collection of contractual cash flows is a contingent event relative to the objective of the model.

Business Model Evaluation

The Company assesses the business model in which the asset is held at a portfolio level because this best reflects the way the business is run, and information is presented to management. The information considered includes:

The announced policies and objectives of the portfolio and the mechanism of action of those policies in practice, and to find out whether the management strategy is based on earning contractual interest income or a competition for his financial assets, the duration of the financial obligations that finance those assets or the realization of cash flows through the sale of assets.

How to evaluate the performance of the portfolio and submit a report in this regard to the company's management.

The risks that affect the performance of the business model and the financial assets held in that business model and how these risks are managed.

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The number of deals, the volume and timing of sales in previous periods, the reasons for these sales and their expectations regarding future sales activity. However, information about sales activity is not considered separately but rather as part of a comprehensive assessment of how the company's stated objective of managing financial assets is being achieved and how cash flows are achieved.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis are measured at FVTPL because they are not held to collect contractual cash flows only and are not held to collect contractual cash flows with the sale of financial assets.

Impairment of assets

Egyptian Accounting Standard 47 Financial Instruments replaces the incurred loss model in Egyptian Accounting Standard 29 Financial Instruments - Recognition and Measurement with the "Expected Credit Loss (ECL)" model. The new impairment model applies to financial assets measured at amortized cost and customers.

For impaired customer receivables, expected credit losses are estimated as the difference between all contractual cash flows due to the company in accordance with the contract and all cash flows that the company expects to receive, discounted at the original effective interest rate in accordance with the contract entered into.

Expected credit losses in a weighted estimate of credit losses. It is made taking into account the cash flows expected to be received, the probability of default and the loss rate at default (i.e., the size of the loss if there is a default) taken into account and the relevant assessment is based on historical delay data adjusted by specific customer factors and forward-looking information that includes macroeconomic factors.

The Company determines the ECL based on the number of days of delay, which is determined to be predictive of the risk of loss in accordance with Egyptian Accounting Standard No. 47 Financial Instruments.

The determinants of expected developmental losses result in three scenarios (Probability of Default - Vulnerability to ECL - Loss at Default).

Weighted ECL is calculated at three levels basic - best - worst for all three stages (12 months and lifetime ECL).

Customer indebtedness is written off (either partially or in full) when there is no reasonable expectation of recovery of all or part of the financial asset. This is generally the case when the company determines that the lessee does not have assets or sources of income that could generate sufficient cash flow to pay the amounts subject to the write-off.

This assessment is carried out on an individual level for each client. Recoveries of amounts that were previously written off are included in the "impairment losses of financial instruments" in the statement of profit or loss and other comprehensive income.

The financial assets that have been written off may remain subject to legal procedures in application of the company's procedures to recover the amounts due.

A three-stage approach is applied to measure the expected credit losses from financial assets recorded at amortized cost and debt instruments at fair value through other comprehensive income. The assets move between the following three stages based on the change in credit quality since its first recognition as follows:

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Stage one: 12-month expected credit loss.

The first stage includes financial assets on initial recognition that do not have a significant increase in credit risk since initial recognition or that have relatively low credit risk. For these assets, 12-month expected credit losses are recognized and interest is calculated on the total carrying amount of the assets (without deducting the provision for credit). ECL is the expected credit loss that may result from potential failures within 12 months after the date of the financial statements.

Stage Two: Lifetime Expected Credit Loss - With no credit impairment.

The second stage includes financial assets that have a significant increase in credit risk from initial recognition, but there is no objective evidence of impairment. Expected credit losses are recognized over the life of the assets, but interest continues to be calculated on the total book value of the assets. Lifetime expected credit loss The expected credit loss arising from all possible failures over the expected life of the financial instrument.

Stage Three: Lifetime Expected Credit Loss - Credit Impairment

The third stage includes financial assets for which there is objective evidence of impairment at the date of the financial statements. For these assets, expected impairment losses are recognized over the life.

Non-financial assets

The carrying amounts of the company's non-financial assets other than deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment.

An impairment loss is recognized if the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generate cash inflows that are independent of cash inflows from other assets or groups of assets. Impairment losses are recognized in the profit or loss statement. The recoverable amount of an asset or a cash-generating unit is its value in use or its fair value less costs to sell, whichever is greater.

Impairment losses recognized in prior periods for other assets are reviewed at the balance sheet date. If there are indications of low or no loss. The effect of impairment losses is reversed to the extent that the carrying amount of the asset does not exceed its value that would have been determined (after deducting depreciation) had the impairment loss not been recognized.

In calculating the impairment, the company relies on a detailed budget and forecast calculations, which are prepared separately for each cash-generating unit of the company where the individual asset is allocated. The forecast budget usually covers a period of one to five years. The long-term growth rate is calculated and applied to the cash flows. Future cash for the project after the fifth year.

Impairment losses are recognized in the separate statement of comprehensive income within the expense lines consistent with the impairment function of the asset.

Derecognition of financial assets

The company derecognizes a financial asset only when:

The contractual rights to the cash flows from the financial asset have expired.

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Transfer of the contractual rights to receive cash flows from the financial asset and transfer all the risks and rewards of ownership of the higher asset or maintaining the contractual rights to receive cash flows from the financial asset while assuming a contractual obligation to pay the cash flows to one or more Muslims and transferring nearly all the risks and rewards of ownership of the financial asset.

Transfer of the contractual rights to receive cash flows from the financial asset without transferring or keeping nearly all of the risks and rewards of ownership of the financial asset if it has not retained control of the financial asset or maintaining the contractual rights to receive cash flows from the financial asset, while assuming a contractual obligation to pay the cash flows to one or more recipients without transferring and not retaining nearly all of the risks and rewards of ownership of the financial asset if you did not retain control of the financial asset.

When derecognizing a financial asset in its entirety, the difference between the book value (measured at the date of derecognition)

The consideration received (including any new asset acquired less any new liability incurred) is recognized in the profit or loss statement.

Financial liabilities

Financial liabilities are classified upon initial recognition at fair value through profit or loss and direct transaction costs are recognized in the statement of profit or loss and other comprehensive income when incurred. Financial liabilities are measured at fair value through profit or loss at fair value and changes, including any interest expense, and are recognized in profit or loss and other comprehensive income.

Non-derivative financial liabilities are initially measured at fair value less any direct transaction costs after initial recognition. These liabilities are measured at amortized cost using the effective interest rate.

Classification and subsequent measurement

The company classifies all financial liabilities as measured later in the following manner, except for financial liabilities at fair value through the statement of profit or loss and other comprehensive income - financial liabilities that arise when transferring a financial asset that does not qualify for disposal or when applying the continuous participation method.

Financial Guarantee Contracts

All financial obligations of the company are subsequently conducted at the amortized cost using the effective interest rate. The amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the girl's money. The simple interest rate is included as a financing cost in the profit or loss.

Derecognition of financial liabilities

Financial liabilities are canceled when contractual obligations are paid, canceled or expired, and when an existing financial obligation is replaced by another from the same lender on completely different terms, or when the terms of an existing obligation are substantially modified, such replacement or modification is treated as derecognition of the original financial obligation. With the recognition of the new obligation, the difference between the related book value is recognized in the statement of profit or loss and other comprehensive income.

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Financial Instruments Clearing

Financial assets and liabilities and net worth are offset in the statement of financial position when there is a legal right.

Obligated to settle the recognized amounts and when there is an intention to settle the assets with the liabilities on a net basis to sell the assets and pay off the liabilities simultaneously.

Managing Risks related to Financial Instruments

The financial tools for balance sheet accounts are cash, debit and credit balances and balances with banks. The following are the most important risks related to these financial tools and the most important procedures that the company follows to reduce the impact of these risks:

A. Credit Risk

Credit risk is the inability of one client to a financial asset to meet its obligations, causing a financial loss to the other client. To reduce this risk, the company distributes the indebtedness to many clients with strong and stable financial positions. The company also obtains, whenever possible, appropriate guarantees to reduce the credit risk to a minimum. Also, bank balances are deposited with financial institutions of good credit standing.

B. Liquidity Risk

The liquidity risk represents factors that could affect the full or partial repayment of the company's commitments when due. The company's approach is to ensure a sufficient level of liquidity is available to meet its liabilities when due.

C. Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in exchange rates. To minimize the effects of such risk, the company considers balancing its foreign currencies positions.

D. Capital Management Risk

The company's policy regarding capital management is to maintain a strong capital base to maintain equity, creditors and market confidence as well as the continued development of the company's activity in the future and to maintain the best structure for total investment.

3.15 Revenues and financing costs

The company's finances and revenues include the following:

- Credit interest (using the effective interest rate).
- Debit Interest (using the effective interest rate).
- Gains or losses from currency differences related to the translation of financial assets and liabilities.

3.16 Expenses

All expenses, purchases, and sales, including general and administrative expenses, are recognized on an accrual basis.

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3.17 Income Tax

Income tax on profits or losses for the year includes both the tax for the year and the deferred tax, and it is recognized in the profit or loss statement, except for the income tax related to the items of equity, which is recognized directly in equity. The current tax is the expected tax on the taxable profit for the year using the rates The tax in effect at the date of the financial statements.

Current Income Taxes

Current taxes for the current period and previous periods that have not yet been paid are recognized as a liability, but if the taxes that have already been paid in the current and previous periods exceed the value due for these periods, this increase is recognized as an asset. The values of current tax liabilities (assets) for the current period and prior periods are measured at the value expected to be paid to (recovered from the tax administration, using tax rates or applicable tax laws or due to be issued at the end date of the financial period. Dividends are subject to tax as part of the current tax. No. The tax assets and liabilities are offset only when certain conditions are met.

Deferred Income Tax

Deferred tax is recognized for temporary differences between the accounting base of assets and liabilities and the tax base for those assets and liabilities. Deferred tax is recognized for all temporary differences that are expected to be taxable, except for the following:

Initial recognition of an asset or liability A transaction that affects neither the net accounting profit nor the taxable profit (tax loss: temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures to the extent that the timing of reversal of those temporary differences can be controlled and is likely to be such) These differences will not be reversed in the foreseeable future.

The tax asset arising from the carry forward of tax losses and the right to unused tax credits and deductible temporary differences is recognized when there is a strong possibility that it will be possible to achieve future taxable profits from which the asset can be used. The future tax profit is determined by the company's future business plan. The location of unrecognized deferred tax assets is reassessed at the end of each financial period, and deferred tax assets that were not previously recognized are recognized to the extent that it is likely that there will be tax profit in the future that allows absorbing the value of the deferred tax asset. Deferred tax is measured using the tax rates expected to be applied when temporary differences are realized, using the tax rates that are in force or that are about to be issued.

Tax assets and liabilities are not offset only when certain conditions are met.

Deferred tax assets are recognized for the facility when there is a strong possibility of achieving taxable profits in the future through which this asset can be used.

3.18 Customers and Debtors and Other Debit Balances

Customers are recognized for billing that is issued to them and less the value of amounts expected to be un-collectable when it is impossible to collect the whole amount. Customers, debtors, and other debit are deducted by the estimated irrecoverable amounts.

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3.19 Reserves

3.19.1 Legal Reserves

According to the company's articles of association, 5% of the net profit is set aside to form a legal reserve. This percentage is stopped to be set aside if this reserve reaches 100% of the paid-up capital, and when the reserve is short, it is necessary to return to the deduction.

3.19.2 Investment Projects Financing Reserves

Formed according to what was stated in the company's articles of association Article (52) Clause (5) and carried forward on the proposal of the Board of Directors to the next year or allocated to the creation of reserve money or money for extraordinary consumption.

3.19.3 General Reserves

Accordance with Article (52) Clause (5) of the Articles of Association and this reserve is general to provide the company's self-financing to be invested in its various aspects of its activities, which leads to an increase in the company's working capital and the strengthening of the financial position.

3.19.4 Capital Reserves

It represents the capital reserve and is formed by the value of the profits resulting from the sale of any fixed asset or compensation for it for more than its book value.

3.19.5 Other Reserves

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

3.20 Suppliers, Creditors and Other Credit Balances

Creditors and other credit balances are recorded at nominal value while liabilities (accruals) are recognized with the amounts paid in the future against goods or services delivered.

3.21 Cost of Borrowing

Borrowing and credit facilities

The loans and credit facilities obtained by the company are initially recognized at fair value, minus the transaction cost. These loans and facilities are subsequently measured at amortized cost, provided that the profit or loss statement is recognized as the difference between cash receipts from loans (minus the transaction cost) and the value required to be repaid on the due date. Over the life of the loan or facility using the effective interest method.

Borrowing Cost

The cost of borrowing is recorded as an expense for the year in which the company incurred this cost, and the borrowing costs incurred to finance fixed assets during the construction period are capitalized until the asset is ready for economic use.

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3.21.1 Start Capitalization

Capitalization of the borrowing cost as part of the cost of the qualifying asset begins when:

- The expenditure is based on the original.
- The origin incurred the cost of borrowing.
- The activities necessary to prepare the asset for use in the purposes specified for it or as a sale to third parties are currently being implemented.

3.21.2 Capitalization Suspension

Capitalization of borrowing costs should be discontinued during periods when the effective construction of the asset is disrupted.

3.21.3 Stop Capitalization

- The capitalization of the borrowing cost must be completed when all the substantial activities necessary to prepare the qualifying asset to bear the borrowing cost have been completed for its intended use or sale to a third party.
- When the construction of parts of an asset that qualifies to bear the cost of the borrowing has been completed and each part of these parts can be used while the construction of the remaining parts continues, capitalization of the borrowing cost on the completed parts shall be discontinued as long as all substantial activities necessary to prepare these parts have been completed for use for the specified purposes or for sale to others.

3.22 Impairment Of Assets

Financial Assets

- The book value of the assets owned by the company - other than inventory and deferred tax assets - is reviewed on the balance sheet date to determine if there are any indications of a decline in their value and if such indicators exist, studies are prepared to determine the expected recoverable value.
- If the recoverable value of the asset is less than its book value, the impairment losses in the asset value are recorded as an expense in the profit or loss statement, after deducting any revaluation surplus previously created for the same asset. After deducting the losses for the decrease in the same asset charged as an expense, which was previously included in the profit or loss statement.

Non-Financial Assets

- The impairment loss for an asset should only be recognized as income in the profit or loss statement unless the related assets are recorded at a revalued value of those related assets, in which case this cancellation is treated as an increase in the result of the revaluation value of those related assets.

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3.23 Related Parties Transactions

Related parties' transactions comprise of direct and indirect relation between the company and its affiliates or subsidiaries that have common interest, in addition to the relation between the company and the main members of top management or employees who have strong influence on decision making. The related parties' transactions comprise of all transactions, operations, services, and current accounts maintained with the related parties. These transactions are conducted on the same basis as applied with other parties.

3.24 Employee benefits

3.24.1 Contribution in the social insurance

The company has one type of pension system, which is the defined contributions system, in which the company pays its contribution to the systems of the General Organization for Social Insurance on a mandatory basis. The company does not have any other obligations once it has paid its obligations. Ordinary contributions are recognized as a periodic cost in the year of their entitlement and included in the labor cost.

3.24.2 Employees' share of profits

According to the company's articles of association, a percentage of the net profits of the year is allocated for distribution to the company's employees and workers in accordance with the rules proposed by the company's board of directors and approved by the general assembly. No obligations are recorded for the employees' share of profits before the approval of the general assembly.

3.24.3 End of Service Benefits

The employee's end-of-service gratuity is due upon reaching the age of referral for the legal pension, and it is disbursed in accordance with the end-of-service gratuity regulation approved by the Board of Directors.

3.25 Revised Egyptian Accounting Standards

Minister of Investment Decision No. (110) of 2015 was issued on July 9, 2015, regarding the issuance of the Egyptian Accounting Standards, to be implemented as of January 1, 2016.

3.26 Other Comprehensive Income

Includes items of income and expense (including reclassification adjustments that are not recognized in profit or loss in the "income statement" as required or permitted by other Egyptian accounting standards.

3.27 Total Comprehensive Income

It is the change in equity during the year resulting from transactions and other events except for changes resulting from transactions with owners in their capacity. Total comprehensive income includes all items of "profit or loss" and "other comprehensive income".

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3.28 Statement of Cash Flows

The statement of cash flows is prepared in an indirect way, classified on each of the operating, investing, and financing activities. The tabulation by activity provides information that allows users of the financial statements to estimate the impact of those activities on the financial position of the facility and its cash balances and the like. This information can also be used to evaluate the relationships between those activities.

3.29 Capital

Common Stock

Transaction costs directly related to the issue of ordinary shares are accounted for by deducting from equity, income tax associated with transaction costs related to equity is accounted for in accordance with Egyptian Accounting Standard No. (24) "Income Taxes".

3.30 Cash and Cash Equivalents

Cash and cash equivalent includes all cash on hand and at banks, as well as short-term investments which can be converted into cash in less than three months.

3.31 Dividends

The profits of the company that are decided to be distributed are recorded as liabilities in the financial period in which the distribution decision was announced after it was approved by the company's ordinary general assembly.

3.32 Earnings (losses) per share

The basic share of profits (losses) is calculated by dividing the net profit or (losses) for the year / period by the weighted average number of shares outstanding during the year / period. The list is as if this event had taken place at the beginning of the first financial period to be presented in the submitted financial statements. The employees' share of profits and the share of the board of directors shall be deducted from the net profit of the year. It is sufficient to show the clarification of the share's share of profits in the consolidated financial statements only, in application of paragraph No. (4) According to the Egyptian Accounting Standard No. (22).

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4- FIXED ASSETS (NET)

Description	Lands		Buildings		Machines and equipment		Transportation		Tools and equipment		Furniture and office equipment		Total	
	L.E.		L.E.		L.E.		L.E.		L.E.		L.E.		L.E.	
Cost as of January 1, 2024	81,059,818	--	506,834,409	--	1,522,826,206	--	105,279,224	--	106,480,543	--	154,279,925	--	2,476,760,125	
Additions	--	--	--	--	52,502,249	--	--	--	20,540,188	--	4,842,337	--	77,884,774	
Disposal	--	--	--	--	--	--	--	--	--	--	--	--	--	
Cost as of March 31, 2024	81,059,818	--	506,834,409	--	1,575,328,455	--	105,279,224	--	127,020,731	--	159,122,262	--	2,554,644,899	
Accumulated depreciation as of January 1, 2024	--	--	248,195,921	--	1,012,477,391	--	92,269,083	--	81,596,119	--	109,516,189	--	1,544,054,703	
Depreciation for the period	--	--	2,262,112	--	10,040,273	--	862,367	--	3,416,564	--	5,838,957	--	22,420,273	
Accumulated depreciation as of March 31, 2024	--	--	250,458,033	--	1,022,517,664	--	93,131,450	--	85,012,683	--	115,355,146	--	1,566,474,976	
Net cost as of March 31, 2024	81,059,818	--	256,376,376	--	552,810,791	--	12,147,774	--	42,008,048	--	43,767,116	--	988,169,923	
Cost as of January 1, 2023	81,059,818	--	507,819,533	--	1,455,588,277	--	104,490,456	--	96,527,867	--	145,147,029	--	2,390,632,980	
Additions	--	--	--	--	69,340,958	--	3,065,361	--	10,966,559	--	9,432,617	--	92,805,495	
Disposal	--	--	(985,124)	--	(2,103,029)	--	(2,276,593)	--	(1,013,883)	--	(299,721)	--	(6,678,350)	
Cost as of December 31, 2023	81,059,818	--	506,834,409	--	1,522,826,206	--	105,279,224	--	106,480,543	--	154,279,925	--	2,476,760,125	
Accumulated depreciation as of January 1, 2023	--	--	241,885,962	--	946,757,965	--	92,111,068	--	74,197,298	--	97,676,354	--	1,452,628,647	
Depreciation for the year	--	--	7,295,083	--	67,372,434	--	2,434,608	--	8,359,812	--	12,131,973	--	97,593,910	
Accumulated depreciation of Disposal	--	--	(985,124)	--	(1,653,008)	--	(2,276,593)	--	(960,991)	--	(292,138)	--	(6,167,854)	
Accumulated depreciation as of December 31, 2023	--	--	248,195,921	--	1,012,477,391	--	92,269,083	--	81,596,119	--	109,516,189	--	1,544,054,703	
Net cost as of December 31, 2023	81,059,818	--	258,638,488	--	510,348,815	--	13,010,141	--	24,884,424	--	44,763,736	--	932,705,422	

* The year's depreciation burden was distributed among the various expenditure items according to the relationship between the fixed assets items and the various departments of the company, as follows:

	Disclosure No	31/3/2024
Transferred from PUC to fixed assets	(6)	--
Purchased Assets during the year	--	--
Total Additions during the year		--

The book value of the depreciated assets amounted to L.E 804,332,066 and represented:

Lands	Buildings	Machine and equipment	Transportation	Tools and equipment	Furniture and office equipment	Total
L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
--	67,734,585	489,724,685	89,139,169	70,586,762	87,146,865	804,332,066

• There is no commercial mortgage on fixed assets or loans secured by these assets and there are no fixed assets that are suspended from use.

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

5- RIGHT OF USE ASSETS (NET)

	<u>Building – right of use</u> <u>L.E.</u>
Cost at 1/1/2024	5,974,046
Additions	--
Cost at 31/3/2024	5,974,046
Amortization at 1/1/2024	(3,951,292)
Amortization during the year	(643,983)
Accumulated Amortization at 31/3/2024	(4,595,275)
Net cost at 31/3/2024	1,378,771

6- PROJECTS UNDER CONSTRUCTION

Projects under construction represent what has been spent on them until they are completed and transferred to fixed assets, and their value is on March 31, 2024, L. E 4,439,166,799, as per the following detail:

	<u>Cost at 1/1/2024</u> <u>L.E</u>	<u>Transactions during 2024</u> <u>Addition</u> <u>L.E</u>	<u>Transferred to</u> <u>fixed assets</u> <u>L.E</u>	<u>Cost at 31/3/2024</u> <u>L.E</u>
Equipment and machines*	48,746,932	70,629,036	46,616,268	72,759,700
Tools and equipment	25,848,735	8,874,390	16,793,529	17,929,596
Installation	7,673,547	4,960,256	--	12,633,803
Software programs	48,685,886	1,703,722	32,976,075	17,413,533
EIPICO factory (3) *	2,923,332,045	1,395,098,122	--	4,318,430,167
Total	3,054,287,145	1,481,265,526	96,385,872	4,439,166,799

- The capitalized interest on Project under Construction amounted to L.E 69,625,496.
- The company capitalized the currency differences related to the foreign currency obligations associated with the purchase and construction of Eipico Factory (3) in an amount of 1,208,844,273 Egyptian pounds on March 31, 2024.

7- INTANGIBLE ASSETS (NET)

	<u>31/3/2024</u> <u>L.E</u>	<u>31/12/2023</u> <u>L.E</u>
Cost at the beginning of the year	374,758,212	373,532,086
Additions during the year	32,976,075	1,226,126
Total	407,734,287	374,758,212
(Deduct):		
Accumulated Amortization at the beginning of the period	(372,456,497)	(371,965,046)
Amortization of the year	(1,788,477)	(491,451)
Total Amortization at the end of the year	(374,244,974)	(372,456,497)
Net	33,489,313	2,301,715

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

8- INVESTMENT IN SUBSIDRIES AND ASSOCIATES AND NON-CURRENT ASSETS HELD FOR SALE

8.1 Investment In Subsidiaries

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
The Egyptian International Company for Ampoules	69,040,000	69,040,000
	<u>69,040,000</u>	<u>69,040,000</u>

The Egyptian International Company for Ampoules:

EIACO Ampoules Company is an Egyptian shareholding company subject to Investment Law No. 8 of 1997 and aims to manufacture pharmaceutical ampoules. The Egyptian International Company for Pharmaceutical Industries EIPICO is the main shareholder in the capital of this company, where it contributes 98.63% and the rest is 1.37% with a share of others.

8.2 Non-current assets held for sale.

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
EIPICO Tech Pharmaceutical Company (under liquidation)	12,330,000	12,330,000
	<u>12,330,000</u>	<u>12,330,000</u>

EIPICO Tech Pharmaceutical Company (Under liquidation)

- EIPICO Tech Pharmaceutical Company is an Egyptian joint stock company subject to the provisions of Investment Law No. 8 of 1997 and aims to manufacture human, veterinary and chemical medicines, diagnostic preparations, serums, controlled foods, insecticides, cosmetics and detergents, and the manufacture of packing and packaging materials necessary for these products. The Egyptian International Company for Pharmaceutical Industries It is the main shareholder in the capital of this company, as it contributes 98.6%, and the remaining 1.4% is a contribution from some employees of EIPICO Pharmaceutical Company. These investments are limited in cost and amount to L.E 12,330,000. Pound, it represents 25% of the capital represented in lands for the establishment of the project, and cash in Egyptian pounds in the bank.
- The Extraordinary General Assembly of EIPICO Tech met and took its decision to liquidate the company. The liquidator and auditor were appointed for the liquidation, and measures are being taken by it to liquidate the company.
- EIPICO TECH has not practiced any activity since its establishment until now. The company's assets are represented entirely in current assets in the form of cash in banks (current / deposits), which covers the equity from the capital and accordingly no impairment provision has been formed.

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

8.3 Investment in Associate Companies

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
Al-Batterjee Factory for Pharmaceuticals and Medical Supplies	35,900,976	35,900,976
Medical union Pharmaceuticals (MUP)	374,934,869	374,934,869
Arab Company for Pharmaceutical Materials (API)	3,000,000	--
	<u>413,835,845</u>	<u>410,835,845</u>

Al-Batterjee Factory for Pharmaceuticals and Medical Supplies:

The contract was signed with the Saudi side, and the percentage of EIPICO's participation is 30% of the capital, equivalent to 35 900 976 Egyptian pounds, and it was paid in full it has a vote rate of 30%. The company started its activities as of 2012 in the Kingdom of Saudi Arabia.

Medical Union Pharmaceuticals (MUP):

were purchased 4,780,000 shares and representing 9.77% of the shares of the medical union Pharmaceuticals (MUP) Company until 31/12/2019, with a value of 211,167,305.

were purchased 112,331 shares from the shares of the medical union Pharmaceuticals (MUP) Company at a price of 4,942,564 pounds, bringing the total number of shares acquired to 4,892,331 shares, at a rate of 10% Of the company's shares, MUP with a total value of 216,109,869 pounds, until 31/3/2020.

were purchased 1,825,000 shares from the shares of the of the medical union Pharmaceuticals (MUP) Company at a price of 74,825,000 In subtracting an increase in capital to bring the total investment 290,934,869 pounds for EIPICO to retain 10% of the shares of the medical union Pharmaceuticals (MUP) Company, fully paid until 31/12/2020.

were purchased 2,000,000 shares from the shares of the of the medical union Pharmaceuticals (MUP) Company at a price of 84,000,000 In subtracting an increase in capital to bring the total investment 374,934,869 pounds for EIPICO to retain 10% of the shares of the medical union Pharmaceuticals (MUP) Company, fully paid until 30/9/2023.

Arab Company for Pharmaceutical Materials (Arab API):

On 18/1/2024, the Arab Company for Pharmaceutical Materials was established subject to the Law of Economic Zones of a Special Nature (83) of 2002. It aims to manufacture active and ineffective raw materials and intermediate materials, and the participation rate of the Egyptian International Pharmaceutical Industries Company (EPICO) is 30% of the capital.

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

9- INVENTORY (NET)

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
Materials	707,931,170	677,288,609
fuels and oils	438,864	353,220
Spare parts	159,910,491	135,156,432
Packaging	642,926,380	573,066,009
Work in process	324,513,701	271,612,082
Finished Goods	320,092,874	265,360,045
Letters of credits (purchase of goods)	680,105,153	300,128,429
Total	2,835,918,633	2,222,964,826
(Deduct):		
Write-down in inventory value	(87,629,632)	(62,629,633)
Net	2,748,289,001	2,160,335,193

10- ACCOUNTS AND NOTES RECEIVABLES (NET)

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
Distributors	347,205,546	303,486,745
Direct Sales	8,497,484	39,285,813
Supplies and tenders	158,894,653	119,361,581
Export Receivables	744,520,240	875,801,449
Notes Receivables	1,718,895,738	1,181,888,670
Total	2,978,013,661	2,519,824,258
Impairment of receivables balances (ECL)	(153,000,895)	(128,000,896)
Net	2,825,012,766	2,391,823,362

11- DEBTORS AND DEBIT BALANCES

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
Insurance with others	7,151,796	8,016,827
advance payments (Taxes – insurance)	135,404,683	117,640,496
Suppliers (advanced payments)	72,947,388	34,245,642
Compensation due from insurance companies	799,990	670,107
Gas value difference	5,555,291	6,589,259
Others debit balances	66,993,813	21,306,414
Total	288,852,961	188,468,745

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

12- CASH AND CASH EQUIVALENTS

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
Cash	42,575,405	8,041,920
Current Local Accounts	127,388,799	40,161,764
Current foreign Accounts	151,269,121	26,439,599
Deposits -local Currency	955,486	947,300
Deposits -foreign Currency	936,163,419	536,895,303
Bank Masr	9,041	3,134,548
Total	<u>1,258,361,271</u>	<u>615,620,434</u>

*** Deposits in banks include quarterly and monthly deposits, in addition to deposits on a day-by-day interest account.

13- CAPITAL

The authorized capital of the company is 850 million (Eight hundred and fifty million pounds) (The issued and subscribed capital amounts to an amount 793,364,000 pounds Paid in full, its value is 79,336,400 shares. The nominal value of the shares is 10 pounds.

In accordance with the decision of the company's general assembly held on 27/3/ 2010, it was approved to increase the capital from 721,240,000 to 793,364,000 With an increase of 72,124,000 pounds, financed from the profits distributed to shareholders by 10% From the issued and paid-up capital before the increase to finance the company's expansions and investments with the amendment of Articles 6 and 7 of the company's articles of association.

The capital increase was entered in the commercial register on 24/6/2010.

According to the decision of the Extraordinary General Assembly held on 30/4/2018, the authorized capital was increased from 850 million to 1500 million pounds. And approving the increase in the issued capital from 793,364,000 pounds to 991,705,000 pounds Where it was approved to increase the issued capital in the ordinary assembly on 30/4/2018, after the extraordinary general assembly enjoyed the distribution of a free share for every four original shares to be financed from the investment projects financing reserve, and the decision of the increase was approved on 1/2019.

According to the decision of the extraordinary general assembly of the company held on 1/4/2023, it was approved to increase the capital from 991,705,000 pounds to 1,487,557,500 pounds, with an increase of 495,852,500 pounds paid in cash by shareholders at the rate of 50% of the issued and paid up capital before the increase to finance the company's expansions and investments with the amendment of Articles 6 and 7 of the company's articles of association.

The capital increase was entered in the commercial register on 8/2023.

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

<u>Shareholders</u>	<u>No. of Shares</u>	<u>Share Percentage</u>
Arab Company for Drug Industries and Medical Appliances	74,387,504	50.01%
Medical Professions for Investing	6,332,158	4.26%
Federation of Medical Professions Syndicates	5,203,485	3.50%
Other Share holders	62,832,603	42.24%
Total	148,755,750	100%

14- RESERVES

	<u>1/1/2024</u>	<u>Transaction during the year</u>		<u>31/12/2024</u>
	<u>L.E</u>	<u>Formed</u>	<u>Used</u>	<u>L.E</u>
Legal Reserves	379,198,760	36,504,164	--	415,702,924
General Reserves	98,336,248	--	--	98,336,248
Capital Reserves	20,160,435	--	--	20,160,435
Reserve for financing investment projects and expansions	1,241,659,000	300,000,000	--	1,541,659,000
Total	1,739,354,443	336,504,164	--	2,075,858,607

15- RETAINED EARNINGS

	<u>31/3/2024</u>
	<u>L.E</u>
The balance at 31/3/2024	69,640,994
The Dividends of year 2023	18,383,392
The balance at 31/3/2024	88,024,386

16- THE NET PROFIT OF YEAR BEFORE DISTRIBUTION

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
The net profit of the Year after tax	626,144,137	730,083,279
Total	626,144,137	730,083,279

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

17- LONG TERM LOANS

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
QNB Al Ahli Bank – Dollar	3,164,048,601	2,002,447,740
National bank of Kuwait – Local currency	102,321,467	102,321,467
National bank of Kuwait – Euro	239,070,724	160,020,502
National bank of Kuwait – Dollar	32,542,824	21,302,885
Banque du Caire – Dollar	480,678,550	314,657,384
Abu Dhabi Islamic Bank – local currency	270,755,393	231,566,844
Total	<u>4,289,417,559</u>	<u>2,832,316,822</u>

- * Financing Loan for EIPICO 3 Factory 10th of Ramadan area
- *Conditions: for seven years (two years grace - five years repayment)
- *Warranties: No Warranty

18- LEASE LIABILITY

	<u>1/1/2024</u>	<u>Addition</u>	<u>Payment</u>	<u>Interest</u>	<u>31/3/2024</u>
		<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Long-term lease contracts	2,325,196	--	(611,001)	--	1,714,195
Total	<u>2,325,196</u>	<u>--</u>	<u>(611,001)</u>	<u>--</u>	<u>1,714,195</u>

Classified into:

The current portion of lease liability	1,714,195
The non- current portion of lease liability	--

19- INCOME TAX

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>L.E</u>	<u>L.E</u>
The net profit (before tax)	702,972,160	211,642,367
<u>Add:</u>		
Accounting depreciation, provisions other than depreciation, allowance for attendance of the board of directors, 10% of the profits of subsidiaries and associates companies for expenses not supported by documents.	182,447,038	72,591,150
Total	<u>885,419,198</u>	<u>284,233,517</u>
<u>(Deduct):</u>		
Tax depreciation and capital gains used from allowances, exempt credit interests, investment funds, and securities revenues after deducting the investment cost	(537,215,861)	(161,528,578)
Tax Base	<u>348,203,337</u>	<u>122,704,939</u>
Tax rate (%)	22.5 %	22.5 %
Income tax	<u>78,345,751</u>	<u>27,608,611</u>

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

20- PROVISIONS

Provisions are studied at the end of each financial year.

	<u>1/1/2024</u>	<u>Transaction</u>		<u>31/3/2024</u>
	<u>L.E</u>	<u>Add</u>	<u>Less</u>	<u>L.E</u>
Disputed general tax provision	132,676,979	65,000,000	--	197,676,979
Claims Provision	24,802,891	10,000,000	3,067,815	31,735,076
End of service Provision	29,630,400	25,000,000	12,106,846	42,523,554
Total	187,110,270	100,000,000	15,174,661	271,935,609

Provisions were formed on March 31, 2024

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E.</u>
Disputed general tax provision	65,000,000	75,000,000
Claims Provision	10,000,000	29,000,000
End of service Provision	25,000,000	35,000,000
Total	100,000,000	139,000,000

21- CREDIT BANKS (BANK FACILITIES)

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E.</u>
Banque du Caire. Al-Azhar	468,502,868	294,617,330
QNB Al Ahli	68,213,314	62,328,485
Emirates National Bank of Dubai	202,953,326	144,342,866
Ahli United Bank	753,754,926	606,680,996
National bank of Kuwait	269,583,292	186,777,138
Suez Canal Bank	277,975,457	186,088,222
Abu Dhabi Islamic Bank	214,299,334	132,834,660
Al Baraka Bank Egypt	296,617,126	118,292,849
QNB Al Ahli - US Dollar	223,792,696	151,648,252
Egyptian Gulf Bank	160,664,607	152,580,046
Total	2,936,356,946	2,036,190,844

22- SUPPLIERS AND NOTES PAYABLES

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
Local suppliers	260,763,606	172,203,641
Foreign suppliers	41,334,059	12,252,188
Notes Payables	59,115,847	37,933,376
Total	361,213,512	222,389,205

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

23- CREDITORS AND OTHER CREDIT BALANCES

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
Other creditors (insurance to others – social insurance)	34,688,842	29,449,088
Other creditors (tax authority)	92,679,146	8,987,649
Different Creditors	--	10,154,793
Employee funds	4,456,883	4,186,823
Accrual incentives	12,625,686	74,686,765
Other creditor balances	31,056,097	18,024,587
Accrual Expenses	55,195,234	54,786,672
Advanced payment receivables	33,896	33,896
Total	230,735,784	200,310,273
Takaful Contribution	18,288,345	13,250,807
	<u>249,024,129</u>	<u>213,561,080</u>

24- OTHER CREDIT BALANCES TO PARENT AND SUBSIDIARIES COMPANIES

		<u>31/3/2024</u>	<u>31/12/2023</u>
		<u>L.E</u>	<u>L.E</u>
Other credit balances to subsidiaries companies	(25.1)	91,630,471	79,468,724
Total		91,630,471	79,468,724

25.1 Transactions with Associate Companies

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
Beginning balance	79,468,724	61,664,411
Total purchasing of the year	78,632,847	364,882,497
Total payments of the year	(66,471,100)	(347,078,184)
The balance end of the year	91,630,471	79,468,724

25- ACCRUED INCOME TAX

	<u>31/3/2024</u>	<u>31/12/2023</u>
	<u>L.E</u>	<u>L.E</u>
Accrued Income Tax	183,682,842	184,979,290
Total	183,682,842	184,979,290

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
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26- NET SALES "REVENUES"

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>L.E</u>	<u>L.E</u>
Direct local sales	277,271,237	158,308,125
Local Sales "Distributors"	720,080,355	317,746,504
Allowances for local distributors	--	(2,100,000)
Local sales "Tenders"	93,330,590	87,965,242
Export	349,508,570	388,473,674
(-) Export distributors allowance	(1,144,379)	(17,900,000)
Total sales	<u>1,439,046,373</u>	<u>932,493,545</u>
Other operating revenues	2,620,882	952,703
Total	<u>1,441,667,255</u>	<u>933,446,248</u>

27- COST OF SALES

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>L.E</u>	<u>L.E</u>
Cash wages	99,885,115	66,743,367
Employees benefits "treatment & workers feeding expenses."	10,979,514	7,612,718
Social insurance	8,990,371	8,153,136
Commodity supplies "raw"	349,841,999	224,402,753
Commodity supplies "packing and packaging"	228,633,901	141,392,058
Commodity supplies "spare parts, and supplies"	17,892,334	9,178,313
Commodity supplies "fuel, oils, electricity, water and lighting"	26,755,761	20,783,668
Commodity supplies "stationery"	608,580	1,219,523
Service supplies "maintenance"	5,870,005	2,418,216
Service supplies "operating expenses for others"	2,101,543	42,280
Service supplies "experimental and research services"	1,244,765	806,875
Service supplies "transportation, transfers and travel allowance"	704,511	562,754
Service supplies "transportation rental"	272,600	438,975
Insurance Expenses	1,012,103	718,978
Daily labor	4,053,928	1,202,102
Service supplies "others"	17,687,238	1,914,510
Taxes and fees	22,895	16,473
Depreciation	20,722,115	20,902,806
Rentals	--	5,242
(-) Waste of sold production	--	(3,549,586)
Cost of sales	<u>797,279,278</u>	<u>504,965,161</u>
Add or deduct change in inventory "finished good and work in process"	15,101,464	(17,050,179)
Cost Of Goods Sold	<u>812,380,742</u>	<u>487,914,982</u>

EGYPTIAN INTERNATIONAL PHARMACEUTICALS INDUSTRIES COMPANY
Explanatory Notes to The Financial Statements for the Period ended March 31, 2024

28- MARKETING EXPENSES

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>L.E.</u>	<u>L.E.</u>
Cash wages	90,186,262	61,502,891
Employees benefits "treatment & workers feeding expenses."	4,365,153	3,364,902
Social insurance	8,159,564	7,703,651
Commodity supplies "Marketing requirements"	1,509,011	1,599,297
Commodity supplies "packing and packaging materials"	2,302,629	321,526
Commodity supplies "fuel, oils, electricity and water"	3,686,374	2,795,728
Commodity supplies "stationery"	123,599	429,952
Service supplies "maintenance"	1,787,719	820,303
Service supplies "seminars and conferences"	22,754,571	20,871,852
Service supplies "contribution to scientific offices"	2,301,824	1,762,500
Service supplies "transportation, transfers and travel allowance"	18,954,913	12,237,677
Service supplies "transportation rental"	30,483	72,919
Royalties	3,000,000	2,100,000
Shipping expenses	18,643,590	14,043,852
Insurance expenses "selling"	1,249,409	441,508
Insurance expenses "export"	--	1,834,990
Service supplies "other"	--	21,824
Free Sample	1,196,527	1,252,533
Other	6,570,550	10,850,160
Taxes and fees	5,337,500	4,499,937
Depreciation	2,214,569	2,942,876
Rentals	196,259	98,763
Total	<u>194,570,506</u>	<u>151,569,641</u>

29- RESEARCH AND DEVELOPMENT EXPENSES

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>L.E.</u>	<u>L.E.</u>
Cash wages	7,155,977	4,249,553
Employees benefits "treatment & workers feeding expenses."	383,807	269,683
Social insurance	528,052	382,270
Commodity supplies "used materials"	2,073,778	958,552
Service supplies "maintenance"	148,291	42,246
Service supplies "transportation, transfers and travel allowance"	63,422	69,286
Service supplies "transportation rental"	8,969	12,933
Service supplies "experiments and research"	6,445,210	3,690,993
Service supplies "other"	3,615,217	699,803
Taxes and fees	753	112
Depreciation	450,641	466,138
Actual Rents	242	172
Total	<u>20,874,359</u>	<u>10,841,741</u>

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30- GENERAL AND ADMINISTRATIVE EXPENSES

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>L.E.</u>	<u>L.E.</u>
Cash wages	27,406,636	19,309,453
Employees benefits "treatment & workers feeding expenses."	2,664,382	1,724,408
Social insurance	2,044,682	1,859,761
Commodity supplies "used materials"	1,642,134	658,167
Service supplies "maintenance"	3,467,706	168,869
Service supplies "transportation, transfers and travel allowance"	708,405	1,241,141
Service supplies "transportation rental"	63,134	95,897
Allowance for "technical - review - legal" committees	120,000	152,000
Service supplies "other"	2,615,958	2,521,589
Taxes and fees	5,902	783
Depreciation	1,465,408	655,955
Rentals	1,700	1,210
Donations	1,236,212	1,390,275
Property taxes	--	13,768
Total	<u>43,442,259</u>	<u>29,793,276</u>

31- FINANCE EXPENSES

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>L.E.</u>	<u>L.E.</u>
Debit interests "Short- and long-term credit facilities "	130,404,290	72,358,560
Commission and bank charges	5,298,508	4,406,589
Check cutting fees	--	1,782,644
Total	<u>135,702,798</u>	<u>78,547,793</u>

32- SOCIAL CONTRIBUTION

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>L.E.</u>	<u>L.E.</u>
Social Contribution	5,037,538	2,433,155
	<u>5,037,538</u>	<u>2,433,155</u>

33- PROFITS OF SUBSIDIARIES AND ASSOCIATE COMPANIES

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>L.E.</u>	<u>L.E.</u>
Profits of subsidiaries – EIACO Company	37,972,000	34,520,000
Profits of associate - Medical Union Pharmaceuticals	6,717,331	6,717,331
Total	<u>44,689,331</u>	<u>41,237,331</u>

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34- FOREIGN CURRENCY EXCHANGE DIFFERENCES

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>L.E.</u>	<u>L.E.</u>
Profits (losses) of currency exchange differences	553,135,562	28,675,489
	<u>553,135,562</u>	<u>28,675,489</u>

35- FINANCIAL INSTRUMENTS:

The company's financial instruments consist of advances with interest related to them. The primary purpose of these instruments is to increase financing for the company's activities. The company has various other financial instruments such as customers and suppliers arising directly from the company's activities. The company does not enter into derivatives operations for trading purposes or to cover risks related to fluctuations in currency exchange rates, foreign exchange and interest rates.

Related Risk Management

A. Credit risk

Credit risk is the failure of one party to a financial instrument to fulfill its liabilities and exposes the other party to financial losses. The company's financial assets consist of customers, represented by the amounts owed to them, and these financial assets do not represent a significant risk. The company controls this risk by dealing with a small number of distributors. They have a good reputation in the local market, in addition to the fact that part of the company's sales is directed to export, so the company estimates that this risk is relatively limited.

B. Foreign currency risk

Foreign currency risk represents the risk of fluctuation in the value of financial instruments because of a change in foreign exchange rates - the company is exposed to foreign currency risk when purchasing from foreign suppliers, USD and Euro are the base currencies that lead to this risk. The following is a statement of the balances of monetary items in foreign currencies on the date of the financial position:

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>USD</u>	<u>USD</u>
Banks	19,800,410	17,347,183
Accounts receivables	25,327,890	28,426,608
Facilities	(9,982,242)	(9,477,747)
	<u>35,146,058</u>	<u>36,296,044</u>

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The following are the average exchange rates used during the period:

	<u>The average exchange rate during the period</u>		<u>The closing price on the date of the financial statements</u>	
	<u>31/3/2024</u>	<u>31/3/2023</u>	<u>31/3/2024</u>	<u>31/12/2023</u>
USD	35,66	30,33	47,45	30,95
				<u>31/3/2024</u>
				<u>Profit & losses</u>
			<u>Increase</u>	<u>Decrease</u>
			<u>L.E</u>	<u>L.E</u>
Impact on dollar balances			736 493 860	(162 910 189)

C. Fair value of financial instruments

Measuring fair values

The fair value of financial instruments is determined based on the market value of the financial instrument or similar financial instruments at the date of the financial statement without deducting any estimated future selling costs. The values of financial assets are determined by the current purchase prices for those assets, while the value of financial liabilities is determined by the current prices at which those obligations can be settled.

D. Fair value of financial instruments

In case that there is no active market to determine the fair value of financial instruments, the fair value is estimated using valuation methods, taking into account the prices of transactions that have recently taken place, and being guided by the current fair value of other instruments that are substantially similar - the discounted cash flow method or any other evaluation method that results in Reliable values. When using the discounted cash flow method as a valuation method, future cash flows are estimated based on management's best estimates. The discount rate used is determined in light of the prevailing market price on the date of the financial statements for financial instruments similar in nature and terms.

Estimating fair values

Below is a summary of the main methods used to estimate the present value of financial instruments.

Interest-bearing loan facilities

Fair value is calculated based on discounting the cash flows of the principal and the expected future interest.

36- DEFERRED TAX (TAX BURDEN):

Deferred tax liability: This burden represents the value of the tax due on temporary differences calculated in accordance with Egyptian Accounting Standard No. (24) and in accordance with the provisions of Tax Law No. 91 of 2005 and whose payment is deferred for subsequent periods.

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37- TAX POSITION

The taxes owed by the company for the activity of the year are calculated in accordance with the applicable laws and instructions in this regard, and the necessary provision for tax obligations is formed after conducting the study considering the tax claims. The company pays the taxes due on it annually from the reality of tax returns.

a) First: - Corporate Tax

From the beginning of the activity until 2013

- The company was examined for those years and an internal committee was formed to settle the disputes and settle the tax differences.

The years from 2014 – 2015

- The company was examined for those years, and an objection was made to the examination, referral to the internal committee, settlement of disputes, and payment of tax differences in 2022.

From 1/1/2016 to 31/12/2019

- The company was inspected for this period, and 67 million L.E. were paid under the account of tax differences, and the rest will be paid during the next period.

From 1/1/2020 to 31/12/2023

- The company is obligated to submit tax returns to the Senior Taxpayers Center in accordance with the forms prepared by the Tax Authority in accordance with the provisions of the law. The company has not been examined for those years to date, bearing in mind that the last tax decision was submitted in April 2024 for the year 2023.

b) Second: - Salary Tax

From the beginning of the activity until 31/12/2012

- The company was examined, internal committees were made, and all due differences were paid according to the decision of the internal committee.

From 1/1/2013 to 31/12/2019

- The company was examined for this period and the due differences were paid.

The period from 1/1/2020 to 31/12/2023

- The company deducts the taxes due on all employees in accordance with the law and delivers them on time. The company has not been examined for this period to date till now.

c) Third: - Stamp tax

From the beginning of the activity until 31/12/2021

- The company was examined, internal committees were made, the differences were paid and the file was settled.

Years from 1/1/2022 to 31/12/2023

- The company has not been examined for this period.

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d) Fourth- VAT

Years till 31/12/2015

- The company was examined for those years and all due differences were paid.

Years from 1/1/2016 to 30/11/2020

- The company was examined for those years and all due differences were paid.

Years from 1/12/2020 till 31/12/2022

- The company pays the monthly returns on a regular basis, and the company has not been examined for that period to date, knowing that the company was registered according to the value-added law on legal dates.

Years from 1/1/2023 to 30/12/2023

- The company was examined for those years and all due differences were paid.

e) Fifth: -Withholding Tax

The company deducts the taxes due from all its dealers and pays them according to the tax card of each financier until December 31, 2022, to the Tax Authority of the Withholding Tax. The company was examined until the end of 2016 and all the due differences were settled and payments were made until December 31, 2023, the period between 2017-2018 was examined and the due tax differences were paid.

f) Sixth: -Real Estate Tax

The company was claimed with real estate tax, EIPCO 1 and EPICO 2, for the period from July 1, 2013, to December 31, 2020, and it was objected to, and the company paid the tax until the year 2021 until the dispute is completed with reservations, as the company is exempt from real estate tax because it is a subsidiary of ACDIMA.

38- CHANGE IN EGYPTIAN ACCOUNTING STANDARDS

- Prime Minister's Decision No. 636 of 2024 was issued on March 3, 2024 amending Egyptian accounting standards, thereby replacing the following standards: Figures (13) Effects of Changes in Foreign Currency Exchange Rates, (17) Independent Financial Statements, and (34) Real Estate Investment, from the Egyptian accounting standards referred to, in the standards attached to the Prime Minister's decision and the preliminary appendix of the 2024 amendments.

The following are the most important changes in Egyptian accounting standards, amendments to 2024.

• Amended Egyptian Accounting Standard 13: Effects of changes in foreign currency exchange rates

On March 3, 2024, the Prime Minister issued Resolution No. 636 of 2024 amending Egyptian Accounting Standard No. (13) - Effects of Changes in Foreign Currency Exchange Rates, Paragraph 57A, which is effective as of January 1, 2024.

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The company applied the amendment to Paragraph No. 15A of Egyptian Standard No. 13 and conducted an assessment to determine whether there is a difficulty in exchanging foreign currencies against the Egyptian pound. The following is a summary of the results of this assessment.

• **Evaluate the difficulty of exchanging currencies**

The company assessed that there is no difficulty in exchanging assets denominated in foreign currencies as of January 1, 2024, which is the date of application of Egyptian Accounting Standard No. 13 - Amended, and this assessment was conducted on the basis that assets denominated in foreign currencies can be exchanged at the bank at any time without any difficulty.

The Company also assessed that there is no difficulty in exchanging liabilities that have been evaluated in foreign currencies, to the extent that assets denominated in foreign currencies can be used to settle these liabilities. However, liabilities denominated in foreign currencies that do not exceed assets that have been evaluated in foreign currencies on January 1, 2024

– In order to estimate an appropriate exchange rate to be used due to the difficulty of exchanging the Egyptian pound against foreign currencies, the company determined that the first exchange rate available to the company (1 US dollar = 47.40 Egyptian pounds) to provide a source of foreign currencies later than the date of application of the amended standard, which will represent the best observed exchange rate. To be used in translating liabilities denominated in foreign currency that are difficult to exchange on January 1, 2024.

39- EFFECTS OF CENTRAL BANK DECISIONS

- On March 6, 2024, and in continuation of the policy of monetary restriction followed by the Central Bank, the Monetary Policy Committee decided in its extraordinary meeting to increase the overnight deposit and lending rates and the Central Bank's main operation rate by 27.75%, respectively. The credit rate was also raised by 28%. 25%, by 600 basis points, to reach 27.25%, and the discount, by 600 basis points, to reach 27.75%. The company is studying the impact on subsequent financial statements.
- On March 6, 2024, the Central Bank agreed to continue its hedging efforts towards a flexible framework for targeting inflation by adjusting interest rates for deposit, borrowing, and discount, as well as allowing the exchange rate to be determined according to market mechanisms, which has important future financial implications on the company's financial position, future business results, and property rights.

40- COMPARATIVE FIGURES

The comparative figures have been revised to be in line with the current presentation of the financial statements.