

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Interim Condensed Consolidated Financial Statements
and Review Report
for the three months ended March 31, 2025

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

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Report on review of interim condensed consolidated financial information

To Messrs. Shareholders
Middle East Pharmaceutical and Chemical Industries
and Medical Appliances Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Introduction

We have reviewed the interim condensed consolidated statement of financial position of Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company and it's Subsidiary (Public Shareholding Company), as at March 31, 2025, and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three months period then ended. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Financial Reporting Standard no. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion about this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement no. (2410) "Review of interim financial information performed by the independent auditor of the entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standard no. (34) "Interim Financial Reporting".





Report on review of interim condensed consolidated financial information for the three months ended March 31, 2025

Significant doubt to continue as a going concern

We would like to refer to note (5) of the consolidated financial statements where the accumulated losses for the company amounted to JD 7,484,914 as at the date of consolidated financial position representing 120 % of the company's capital, also note that the company's current liabilities exceeded its current assets by an amount of JD 4,283,580, in addition to the existence of accrued liabilities that were not paid to date. These matters cast significant doubt on the company ability to continue as a going concern, its continuation depends on providing sufficient funds to meet its obligations and the success of its operations in the future.

To address the accumulated losses, the management has restructured the export and local markets and signed agency agreements, which in turn will positively impact the company's results, sales, and profits in the coming period. These measures will also provide the company with cash flows that will help reduce the percentage of losses and ensure the continuity of its operations .

Emphasis of matter

We would like to refer to the existence of restrains on the company's land, building and means of transportation in addition to a restrain on the company as shown in the capital certificate issued by the Ministry of Industry and Trade – Company's Control Department.

Talal Abu-Ghazaleh & Co. International

Mohammad Al-Azraq
(License # 1000)

Amman April 24, 2025

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Interim condensed consolidated statement of financial position as at March 31, 2025
- (Reviewed and unaudited)

| | | March 31, 2025 | December 31, 2024 |
|--|-------|--------------------------|-------------------------|
| | Notes | (Reviewed and unaudited) | (Audited) |
| | | JD | JD |
| ASSETS | | | |
| Non-current Assets | | | |
| Property and equipment | 3 | 4,866,868 | 4,926,164 |
| Intangible assets | | 9,003 | 10,290 |
| Total Non-Current Assets | | <u>4,875,871</u> | <u>4,936,454</u> |
| Current Assets | | | |
| Inventory | | 2,122,083 | 2,095,900 |
| Due from related parties | | 49,805 | - |
| Other debit balances | | 462,805 | 469,098 |
| Trade receivables | 4 | 285,618 | 359,661 |
| Cash and cash equivalents | | 359 | 21,785 |
| Total Current Assets | | <u>2,920,670</u> | <u>2,946,444</u> |
| TOTAL ASSETS | | <u><u>7,796,541</u></u> | <u><u>7,882,898</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Capital - subscribed and paid | | 6,250,583 | 6,250,583 |
| Foreign currency translation differences | | 160,002 | 147,483 |
| Accumulated losses | 5 | (7,484,914) | (7,136,862) |
| Deficit in Equity | | <u>(1,074,329)</u> | <u>(738,796)</u> |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Shareholders' payable | | 725,349 | 724,677 |
| Deferred checks - non-current portion | | - | - |
| Loans - non-current portion | 6 | 941,271 | 1,234,592 |
| Total Non Current Liabilities | | <u>1,666,620</u> | <u>1,959,269</u> |
| Current Liabilities | | | |
| Other credit balances | | 4,226,428 | 4,144,963 |
| Trade payables | | 1,164,747 | 808,361 |
| Due to related parties | | 112,043 | 100,785 |
| Deferred checks - current portion | | 51,644 | 96,070 |
| Loans | 6 | 1,547,278 | 1,354,167 |
| Banks overdraft | | 102,110 | 158,079 |
| Total Current Liabilities | | <u>7,204,250</u> | <u>6,662,425</u> |
| Total Liabilities | | <u>8,870,870</u> | <u>8,621,694</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>7,796,541</u></u> | <u><u>7,882,898</u></u> |

The accompanying notes constitute an integral part of these financial statements

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Interim condensed consolidated statement of comprehensive income for the three months ended
March 31, 2025 - (Reviewed and unaudited)

| | March 31, 2025 | March 31, 2024 |
|--|---------------------------|--------------------------|
| | JD | JD |
| Sales | 147,486 | 939,659 |
| Cost of sales | <u>(232,290)</u> | <u>(626,485)</u> |
| Gross (loss) profit | (84,804) | 313,174 |
| Other revenues, net | 53,008 | 42 |
| Selling and marketing expenses | (83,997) | (188,494) |
| Administrative expenses | (142,644) | (151,854) |
| Finance cost | <u>(89,615)</u> | <u>(12,261)</u> |
| Loss | <u><u>(348,052)</u></u> | <u><u>(39,393)</u></u> |
| Other comprehensive income | | |
| Foreign currencies translation differences | <u>12,519</u> | <u>(1,215)</u> |
| Total comprehensive income | <u><u>(335,533)</u></u> | <u><u>(40,608)</u></u> |
| Weighted average number of shares | <u><u>6,250,583</u></u> | <u><u>1,250,583</u></u> |
| Loss per share | <u><u>JD (-/0056)</u></u> | <u><u>JD (-/031)</u></u> |

The accompanying notes constitute an integral part of these financial statements

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Interim condensed consolidated statement of changes in equity for the three months ended March 31, 2025 - (Reviewed and unaudited)

| | Capital | | Foreign currency translation differences | | Accumulated losses | | Deficit | |
|--|-----------|--|--|--|--------------------|--|-------------|--|
| | JD | | JD | | JD | | JD | |
| <u>For the three months ended March 31, 2025</u> | | | | | | | | |
| Balance as at January 1, 2025 | 6,250,583 | | 147,483 | | (7,136,862) | | (738,796) | |
| Comprehensive income | - | | 12,519 | | (348,052) | | (335,533) | |
| Balance as at March 31, 2025 | 6,250,583 | | 160,002 | | (7,484,914) | | (1,074,329) | |
| <u>For the three months ended March 31, 2024</u> | | | | | | | | |
| Balance as at January 1, 2024 | 1,250,583 | | 144,474 | | (5,629,075) | | (4,234,018) | |
| Comprehensive income | - | | (1,215) | | (39,393) | | (40,608) | |
| Balance as at March 31, 2024 | 1,250,583 | | 143,259 | | (5,668,468) | | (4,274,626) | |

The accompanying notes constitute an integral part of these financial statements

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Interim condensed consolidated statement of cash flows for the three months ended March 31, 2025
- (Reviewed and unaudited)

| | March 31, 2025 | March 31, 2024 |
|---|-------------------|-------------------|
| | JD | JD |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss | (348,052) | (39,393) |
| Adjustments for : | | |
| Depreciation and amortization | 93,175 | 116,706 |
| Gain on sale of property, plant and equipment | (53,000) | - |
| Change in operating assets and liabilities: | | |
| Inventory | (26,183) | 154,594 |
| Other debit balances | 6,293 | 100,661 |
| Trade receivables | 74,043 | 20,015 |
| Other credit balances | 81,465 | 42,131 |
| Trade payables | 356,386 | (117,695) |
| Net cash from operating activities | 184,127 | 277,019 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (32,592) | (7,175) |
| Proceeds from sale of property, plant and equipment | 53,000 | - |
| Net cash from investing activities | 20,408 | (7,175) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Due to related parties | (38,547) | (121,538) |
| Shareholders' payable | 672 | 109,999 |
| Deferred checks | (44,426) | (53,642) |
| Loans | (100,210) | (10,065) |
| Bank overdraft | (55,969) | (79,134) |
| Net cash from financing activities | (238,480) | (154,380) |
| Net change in cash and cash equivalents | (33,945) | 115,464 |
| Cash and cash equivalents - beginning of period | 21,785 | 80,351 |
| Foreign currency translation differences | 12,519 | (1,215) |
| Cash and cash equivalents - end of period | 359 | 194,600 |

The accompanying notes constitute an integral part of these financial statements

Middle East Pharmaceutical and Chemical Industries and Medical Appliances Company
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Notes to the interim consolidated financial statements

1. Legal status and activity

- Middle East Pharmaceutical and Chemical Industries and Medical Appliances Co. was established on October 25, 1993 and registered as a public shareholding company with the Ministry of Industry and Trade under the number (231).
- The main Company's activities are as follows:
 - Medical and laboratory testing equipment and solutions
 - Human medication liquid manufacturing
 - Human medication pills manufacturing
 - Human medication anal Suppositories manufacturing
 - Veterinarian antibiotics manufacturing
 - Veterinarian antibacterial manufacturing
 - Veterinarian vitamins manufacturing
 - Gelatin capsules manufacturing
 - Human medication tablets manufacturing
- The Middle East Pharmaceutical- Algeria was established as a limited liability company under the number 607/2008 on October 11, 2008.
- The financial statements were approved by the Company's board of directors in its session held on April 24, 2025.
- There is a restraint on the company's registration bond due to the existence of executive lawsuits held against the company.

2. Financial statements preparation framework and significant accounting policies

- The interim condensed consolidated financial information for the company were prepared according to the International Accounting Standard (34) "Interim Financial Reporting".
- Accounting policies used in preparing the interim condensed consolidated financial statement are consistent with those policies used in preparing the financial statements for the year ended December 31, 2024.

Notes to the interim condensed consolidated financial information for the three months ended March 31, 2025

3. Property and equipment

| March 31, 2025 | Land (*) | Building (*) | Machines and equipment | Transportation vehicles (*) | Factory equipment | Communication systems and programs | Electrical equipment | Furniture | Solar energy system | Artesian well | Total |
|-----------------------------|----------|--------------|------------------------|-----------------------------|-------------------|------------------------------------|----------------------|-----------|---------------------|---------------|------------|
| Cost | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Beginning of period balance | 200,606 | 6,958,171 | 5,925,101 | 529,020 | 316,752 | 3,556,670 | 425,147 | 393,747 | 409,086 | 50,785 | 18,765,085 |
| Additions | - | - | - | - | 32,592 | - | - | - | - | - | 32,592 |
| Disposals | - | - | - | - | - | - | - | - | (309,687) | - | (309,687) |
| End of period balance | 200,606 | 6,958,171 | 5,925,101 | 529,020 | 349,344 | 3,556,670 | 425,147 | 393,747 | 99,399 | 50,785 | 18,487,990 |
| Accumulated depreciation | | | | | | | | | | | |
| Beginning of period balance | - | 3,547,077 | 5,179,020 | 52,837 | 281,298 | 3,536,176 | 410,552 | 381,292 | 399,885 | 50,784 | 13,838,921 |
| Depreciation | - | 34,881 | 40,786 | 6,613 | 1,908 | 6,048 | 439 | 638 | 575 | - | 91,888 |
| Disposals | - | - | - | - | - | - | - | - | (309,687) | - | (309,687) |
| End of period balance | - | 3,581,958 | 5,219,806 | 59,450 | 283,206 | 3,542,224 | 410,991 | 381,930 | 90,773 | 50,784 | 13,621,122 |
| Net | 200,606 | 3,376,213 | 705,295 | 469,570 | 66,138 | 14,446 | 14,156 | 11,817 | 8,626 | 1 | 4,866,868 |
| December 31, 2024 | | | | | | | | | | | |
| Cost | | | | | | | | | | | |
| Beginning of year balance | 200,606 | 6,947,671 | 5,925,101 | 529,020 | 316,752 | 3,542,982 | 423,983 | 393,169 | 397,586 | 50,785 | 18,727,655 |
| Additions | - | 10,500 | - | - | - | 13,688 | 1,164 | 578 | 11,500 | - | 37,430 |
| End of year balance | 200,606 | 6,958,171 | 5,925,101 | 529,020 | 316,752 | 3,556,670 | 425,147 | 393,747 | 409,086 | 50,785 | 18,765,085 |
| Accumulated depreciation | | | | | | | | | | | |
| Beginning of year balance | - | 3,407,657 | 4,931,060 | 26,386 | 276,273 | 3,500,050 | 406,947 | 377,774 | 397,585 | 50,784 | 13,374,516 |
| Depreciation | - | 139,420 | 247,960 | 26,451 | 5,025 | 36,126 | 3,605 | 3,518 | 2,300 | - | 464,405 |
| End of year balance | - | 3,547,077 | 5,179,020 | 52,837 | 281,298 | 3,536,176 | 410,552 | 381,292 | 399,885 | 50,784 | 13,838,921 |
| Net | 200,606 | 3,411,094 | 746,081 | 476,183 | 35,454 | 20,494 | 14,595 | 12,455 | 9,201 | 1 | 4,926,164 |

(*) Land, building and transportation vehicles mentioned above are seized against judicial reservations. Note that the company did not license its vehicles from the years 2016 and 2017 until the date of the financial statements

4. Trade receivables

| | March 31, 2025 | December 31, 2024 |
|--|----------------|-------------------|
| | JD | JD |
| Trade receivables | 1,802,809 | 1,877,586 |
| Checks on hand | 212,157 | 211,423 |
| Deduct: Expected credit loss allowance | (1,729,348) | (1,729,348) |
| Net | 285,618 | 359,661 |

5. Accumulated Losses

The company's accumulated losses amounted to JD 7,484,914 as at the date of consolidated financial position representing 120% of the company's capital, also note that the company's current liabilities exceeded its current assets by an amount of JD 4,283,580 which might effects the company's ability to continue and requires it to comply with article no.(266) of the company's law.

To address the accumulated losses, the management has restructured the export and local markets and signed agency agreements, which in turn will positively impact the company's results, sales, and profits in the coming period. These measures will also provide the company with cash flows that will help reduce the percentage of losses and ensure the continuity of its operations .

6. Loans

| Bank | Loan purpose | Loan period | Garantees | March 31, 2025 | | December 31, 2024 | |
|------------------------|--|---|--|----------------|-------------------|-------------------|-------------|
| | | | | Current JD | Non-current JD | Total JD | Total JD |
| Jordan Commercial Bank | To finance working capital and settle obligations on the company. | The loan is repaid in 60 monthly installments, inclusive of interest. | - First-degree mortgage. - The company shall assign the insurance policy covering the company's assets to the bank for a minimum amount of JD 2,500,000, and the company commits to renew it upon its expiration and throughout the duration of the facilities. | 548,123 | 941,271 | 1,489,394 | 1,465,167 |
| Jordan Commercial Bank | This facility is exclusively used to finance 95% of the company's purchases (domestic / international) under invoices and/or transfers and/or shipping documents and/or letters of credit (sight and deferred 180 days). | Each financing transaction made through this loan is repaid within a maximum period of 9 months from the date of financing. | - First-degree mortgage. - The company pledges to assign the insurance policy covering its assets to the bank for a minimum amount of JD 2,500,000, and it commits to renewing it upon its expiration and throughout the term of the facilities. | 999,155 | - | 999,155 | 874,914 |
| Jordan Commercial Bank | Discounted bills | | - First-degree mortgage. - The company pledges to assign the insurance policy covering its assets to the bank for a minimum amount of JD 2,500,000, and it commits to renewing it upon its expiration and throughout the term of the facilities. | - | - | - | 228,718 |
| Total | | | | 1,547,278 | 941,271 | 2,488,549 | 2,588,799 |

7. Subsidiary

The interim condensed consolidated statements include the subsidiary's financial statements for the three months ended March 31, 2025 as follows:

| Company name | Legal status | Paid-in Capital | Ownership | Total Assets | Total liabilities | Accumulated losses |
|---|--------------|-----------------|-----------|--------------|-------------------|--------------------|
| | | JD | % | JD | JD | JD |
| Middle East Pharmaceutical & Chemical Industries Co-Algeria | LLC | 4,895 | 100 | 66,7% | 700,220 | (585,741) |

8. The potential effects of economic fluctuations

As a result of the current global conflict, where the entity has taken into account any possible impact of current economic fluctuations in the inputs of future macroeconomic factors when determining the severity and probability of economic scenarios to determine expected credit losses.