MOPCO
Misr Fertilizers Production Company

# MISR FERTILIZERS PRODUCTION COMPANY (S.A.E)

# (MOPCO)

## THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED December 31, 2025

## And Auditor's Report

# Component

1- The Auditor's Report.

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3- The statement of profits or losses for the Year ended December 31, 2025.

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Crowe

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Translated - the original issued in Arabic

# AUDITOR'S REPORT

**To the Shareholders of Misr Fertilizers Production Company "MOPCO" (S.A.E)**

## Report on the Financial Statements

We have audited the accompanying financial statements of Misr Fertilizers Production Company "MOPCO" (S.A.E), represented in statement of Financial Position as of December 31, 2025, and the related statement of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements as at December 31, 2025.

Crowe

**Opinion**

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of Misr Fertilizers Production Company "MOPCO" (S.A.E) as of December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Report on Other Legal and Regulatory Requirements

The company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the company's records, The inventory *count was conducted by the Company's management in accordance with* the established and applicable procedures.

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The financial information included in the Board of Directors' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

**Auditor**

Khaled Hegazy

**Dr Khaled A. Hegazy**
*Independent Professional Practice, Member of Crowe Global*
*Fellow of the Egyptian Society for Accountants & Auditors*
*Accountants & Auditors Register "AAR" No. 10945*
*Financial Regulatory Authority Auditors Register "FRAAA" No. 72*

Giza: March 09, 2026

Crowe
Dr. Khaled A Hegazy
Dr. A. M. Hegazy & Co
Accountants & Consultants

**Misr Fertilizer Production Company (Mopco)**

**Egyptian joint stock company**

**statement of financial position as at December ٣١, ٢٠٢٥**

| In Egyptian pound | Notes NO. | ٣١/١٢/٢٠٢٥ | ٣١-١٢-٢٠٢٤ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Fixed assets & Projects under construction | (٣) | ٣٨ ١٩٢ ٤٨٨ ٠٨١ | ٣٤ ٦٣٢ ٠٠٦ ٩٩٧ |
| Other assets & Projects under construction | (٤) | ٧٩ ٦٣٨ ٥١٢ | ٦٨ ٢١٥ ٠٧٥ |
| Right of use assets | (٥) | ٧٢ ٠٣٤ ٣٣٦ | ٨٨ ٠٤١ ٩٦٧ |
| Investments in associate companies that are accounted for by the equity method | (٦) | ٢ ٤٢٤ ١٧٠ | ٢ ٤٠٧ ٦٥١ |
| Financial assets at amortized cost | (٧) | ١٠ ٦٥٩ ١٤١ ٩٢٧ | ٥ ٥٦٢ ٦٤٦ ١٥٦ |
| Other financial assets | (٩) | ١ ٠١٠ ١١٥ ٤٨٨ | ١ ١٣١ ٢١٢ ٧٩١ |
| **Total non-current assets** | | ٥٠ ٠١٥ ٨٤٢ ٥١٥ | ٤١ ٤٨٤ ٥٣٠ ٦٣٧ |
| **Current assets** | | | |
| Inventory | (١٠) | ١ ٩٢٧ ٣٩٦ ٧٠٤ | ١ ٧١٣ ٩٥١ ٣٨٥ |
| Accounts receivable | (١١) | ١ ٤٤٦ ٦٧٤ ١٠٤ | ٥٤١ ١٤٨ ٨١٨ |
| Financial assets at amortized cost | (٧) | ٧٣٤ ٠١٠ ٧٤٥ | ٣ ٨٢٧ ٢١٧ ١٨٦ |
| Financial assets at fair value through profit or loss | (٨) | ٢ ٥٧٣ ٧٦٢ ٣٠٨ | ٢ ٨٦٩ ٤٦٧ ١٠٤ |
| Debtors and other debit balances | (١٢) | ١ ٤٤٩ ٤٠٨ ٣٦٤ | ٨٤٥ ٨١٧ ٨٦٢ |
| Due from related parties | ١٣-C | - | ٤٢ ٨٧٣ |
| suppliers "Advance payments" | | ٧٥ ٠٧٢ ٠٤٧ | ٤٠ ٥٥٩ ٩٨٣ |
| Cash at banks and on hand | (١٤) | ٢ ٩٧١ ٦٦٤ ٨٤٦ | ٦ ٦٧٩ ٩١٣ ٨٩٢ |
| **Total current assets** | | ١١ ١٧٧ ٩٨٩ ١١٨ | ١٦ ٥١٨ ١١٩ ١٠٣ |
| **Total Assets** | | ٦١ ١٩٣ ٨٣١ ٦٣٣ | ٥٨ ٠٠٢ ٦٤٩ ٧٤٠ |
| **Equity** | | | |
| Issued and paid-up capital | ٢٠-B | ٢٨ ٦٨١ ٤٠٢ ٦٣٠ | ٢٠ ٧٩١ ٨٤٠ ١١٠ |
| Legal reserve | | ١ ٩٦٨ ٣٠٢ ٢٧٤ | ١ ٢١٢ ٣١٥ ٣٠٦ |
| General reserve | ٢٠- C | ٣٥٢ ٣٨٣ ٧٤٢ | ٣٥٢ ٣٨٣ ٧٤٢ |
| Result of the merging process | | - | ٧ ٨٨٩ ٥٦٢ ٥٠٩ |
| Retained earnings | | ١٦ ٨٠٤ ٤٨٠ ٢٩٤ | ١٥ ١٣٢ ٢٦١ ٥٣١ |
| **Total Equity** | | ٤٧ ٨٠٦ ٥٦٨ ٩٤٠ | ٤٥ ٣٧٨ ٣٦٣ ١٩٨ |
| **liabilities** | | | |
| **Non-current liabilities** | | | |
| Lease Liabilities | (١٦) | ١١٩ ٠٦٨ ٢٥٨ | ١٦٥ ١٥٠ ٥٥٦ |
| Deferred tax liabilities | (٢١) | ٧ ١٦٩ ٦٨٨ ٢٧٩ | ٧ ٧٦٧ ١٦٨ ٠٢٤ |
| Non-current employee benefits obligations | (٢٢) | ٦١٦ ١٢٦ ٤٣٣ | ٥٣١ ٣٧٦ ١٦٨ |
| **Total non-current liabilities** | | ٧ ٩٠٤ ٨٨٢ ٩٧٠ | ٨ ٤٦٣ ٦٩٤ ٧٤٨ |
| **Current liabilities** | | | |
| Current income tax | (١٥) | ٣ ٢٦٠ ٩٩٣ ٩٣٠ | ٢ ٩١٣ ٢٦٧ ٣٠٦ |
| Lease Liabilities | (١٦) | ٣٠ ٩٠١ ٧٩٤ | ٢٦ ٤٢٥ ٢٤٨ |
| Trade Payables | (١٧) | ٥٧١ ٠٦٠ ٣٥٠ | ٣٩٧ ٦٦١ ٩١٣ |
| Creditors and other credit balances | (١٨) | ١ ١٠٢ ٩٦٦ ١٢٤ | ٤٢٩ ٥١٦ ١٤٤ |
| Advanced payments from customers (contract liability) | | ٣٨٦ ١٥٤ ٦١٢ | ١٣٥ ٤٠١ ٢٩٦ |
| current employee benefits obligation | (٢٢) | ٧٥ ٩٥٨ ٢٠٨ | ٣ ٠٦٣ ٨٧٩ |
| Provisions | (١٩) | ٥٤ ٣٤٤ ٧٠٥ | ٢٥٥ ٢٥٦ ٠٠٨ |
| **Total current liabilities** | | ٥ ٤٨٢ ٣٧٩ ٧٢٣ | ٤ ١٦٠ ٥٩١ ٧٩٤ |
| **Total liabilities** | | ١٣ ٣٨٧ ٢٦٢ ٦٩٣ | ١٢ ٦٢٤ ٢٨٦ ٥٤٢ |
| **Total equity & liabilities** | | ٦١ ١٩٣ ٨٣١ ٦٣٣ | ٥٨ ٠٠٢ ٦٤٩ ٧٤٠ |

The accompanying notes from (١) to (٤١) are an integral part of the periodical financial statements and to be read therewith.

**The company's vice president for financial & economic affairs**

**Accountant / Mohamed Al-Shayeb**

**Chairman of Board of Directors & Managing Director**

**Engineer / Ahmed Mahmoud El-Sayed**

**Auditor's report 'attached'**

Misr Fertilizer Production Company (Mopco)

Egyptian joint stock company

Statement of profit or loss for the financial year ended at

MOPCO
Misr Fertilizers Production Company

In Egyptian pound

| | Notes | 31/12/2025 | 31/12/2024 |
|---|---|---|---|
| Net Sales | (23) | 26,844,075,576 | 19,650,320,858 |
| Cost of sales | (24) | (13,307,578,650) | (10,802,884,928) |
| **Gross profit** | | **13,536,496,926** | **8,847,435,930** |
| Other income | (25) | 273,707,416 | 173 469 168 |
| Selling and marketing expenses | (26) | (526,930,783) | ( 531 853 525) |
| General and administrative expenses | (27) | (648,542,515) | ( 591 253 894) |
| Capital gains | (28) | 13,156,038 | 3 619 907 |
| Other expenses | (29) | (44,594,149) | ( 233 949 210) |
| Impairment reverse | | - | 310 962 888 |
| reverse /(formed) expected credit losses | (32) | 357,037,587 | ( 390 502 424) |
| **operating profit** | | **12,960,330,520** | **7,587,928,840** |
| Finance income | (31) | 2,251,247,715 | 2,278,100,869 |
| Finance costs | (30) | (89,817,340) | (52,409,291) |
| Foreign currency translation (loss)/gain | | (1,093,616,444) | 9,244,689,987 |
| **Net finance activities** | | **1,067,813,931** | **11,470,381,565** |
| **Net profit for the year before tax** | | **14,028,144,451** | **19,058,310,405** |
| Income tax | (33) | (3,315,742,675) | (3,006,164,058) |
| Deferred Tax | (33) | 584,138,511 | (932,406,979) |
| **Total tax** | | **(2,731,604,164)** | **(3,938,571,037)** |
| **Net profit for the year after tax** | | **11,296,540,287** | **15,119,739,368** |
| Basic and diluted earnings per share | (34) | 3.94 | 5.27 |

The accompanying notes from (1) to (41) are an integral part of the periodical financial statements and to be read therewith.

Misr Fertilizer Production Company (Mopco)

Egyptian joint stock company

statement of other Comprehensive income for the financial year ended at

In Egyptian Pound

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| **Net profit for the year** | **11,296,540,287** | **15,119,739,368** |
| **Other comprehensive income items** | | |
| **Actuarial (losses) from employee benefit plans** | (59,294,377) | (79,334,195) |
| **Deferred tax related to actuarial gains or losses** | 13,341,234 | 17,850,194 |
| **Other comprehensive income** | **(45,953,144)** | **(61,484,001)** |
| **Transferred to Retained earnings** | (45,953,144) | (61,484,001) |
| **Total comprehensive income** | **11,250,587,144** | **15,058,255,367** |

The accompanying notes from (1) to (41) are an integral part of the periodical financial statements and to be read therewith.

Misr Fertilizer Production Company (Mopco)

Egyptian joint stock company

MOPCO

periodical Statement of change in equity for the year ended at December 31, 2025

| In Egyptian pound | Capital | Legal reserve | General reserves | Retained earnings | Result of merged company | Total |
|---|---|---|---|---|---|---|
| **Balance at January 1, 2024** | 20,791,840,110 | 734,200,772 | 352,383,742 | 13,484,740,108 | 7,889,562,509 | 43,252,727,241 |
| **Comprehensive income** | | | | | | - |
| Net profit of the year | - | - | - | 15,119,739,368 | - | 15,119,739,368 |
| Other comprehensive income (actuarial reserve) | | | | (61,484,001) | | (61,484,001) |
| **Total comprehensive income** | - | - | - | 15,058,255,367 | - | 15,058,255,367 |
| Transferred to legal reserve 2023 | - | 478,114,534 | - | (478,114,534) | - | - |
| Dividends to employees and board of directors | - | - | - | (977,311,347) | - | (977,311,347) |
| **Transactions with the owners of the company** | - | - | - | | | |
| Dividends to shareholders | - | - | - | (11,955,308,063) | - | (11,955,308,063) |
| **Total transactions with the owners** | - | - | - | (11,955,308,063) | - | (11,955,308,063) |
| **Balance at December 31, 2024** | 20,791,840,110 | 1,212,315,306 | 352,383,742 | 15,132,261,531 | 7,889,562,509 | 45,378,363,198 |
| **Balance at Jan 1, 2025** | 20,791,840,110 | 1,212,315,306 | 352,383,742 | 15,132,261,531 | 7,889,562,509 | 45,378,363,198 |
| **Comprehensive income** | | | | | | |
| Net profit of the year | - | - | - | 11,296,540,287 | - | 11,296,540,287 |
| Other comprehensive income (actuarial reserve) | - | - | - | (45,953,143) | - | (45,953,143) |
| **Total comprehensive income** | - | - | - | 11,250,587,144 | - | 11,250,587,144 |
| Transferred to legal reserve 2024 | - | 755,986,968 | - | (755,986,968) | - | - |
| Dividends to employees and board of directors | - | - | - | (1,545,237,364) | - | (1,545,237,364) |
| **Transactions with the owners of the company** | | | | | | |
| Capital Increase (Free Shares) | 7,889,562,520 | - | - | (11) | (7,889,562,509) | - |
| Dividends to shareholders | - | - | - | (7,277,144,038) | - | (7,277,144,038) |
| **Total transactions with the owners** | 7,889,562,520 | - | - | (7,277,144,049) | (7,889,562,509) | (7,277,144,038) |
| **Balance at December 31, 2025** | 28,681,402,630 | 1,968,302,274 | 352,383,742 | 16,804,480,294 | - | 47,806,568,940 |

.The accompanying notes from (1) to (41) are an integral part of the periodical financial statements and to be read therewith

Misr Fertilizer Production Company (Mopco)
Egyptian joint stock company
statement of cash flows For the financial year ended at

MOPCO
Misr Fertilizers Production Company

| In Egyptian pound | Notes | 31/12/2025 | 31/12/2024 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit for the yaear before tax | | 14,028,144,451 | 19,058,310,405 |
| **Adjustment as follows:** | | | |
| fixed assets depreciation | (3) | 2,283,209,560 | 2,219,254,113 |
| Amortization of other assets and right of use assets | (4,5) | 35,519,470 | 18,900,491 |
| Provisions no longer required | (5) | (160,216,876) | (19,299,728) |
| provisions formed | (19) | 668,304 | 194,831,582 |
| Employee benefit obligations | | 30,494,385 | 106,869,737 |
| Impairment reverse | (28) | - | (310,962,888) |
| Capital losses | (28) | 4,378,362 | 196,093 |
| Capital gains | | (17,534,400) | (3,816,000) |
| Adjustment on other Revenues | | (2,704,250) | (3,488,490) |
| (reversal)/formed of expected credit losses | (32) | (357,037,587) | 390,502,424 |
| Net finance income and cost | (30,32) | (2,161,430,375) | (2,225,691,578) |
| Loss/(gain) ofunrealized foreign currency translation changes | | 982,480,426 | (6,619,976,512) |
| | | 14,665,971,470 | 12,805,629,649 |
| **change in:** | | | |
| change in other financial assets | | 75,437,796 | (197,327,079) |
| Inventory | | (213,445,319) | (478,480,293) |
| Account receivable | | (899,820,862) | 173,958,084 |
| debtors and other debit balances | | 113,856,513 | (370,945,365) |
| Due from related parties | | 267,150 | 665,027 |
| Suppliers (advance payment) | | (34,512,064) | 36,464,343 |
| Trade payable | | 173,398,437 | 156,236,100 |
| Creditors and other credit balances | | 152,019,271 | 4,481,672 |
| advance payments from customers (lease liability) | (19) | 250,753,316 | (56,838,820) |
| Provisions used | | (41,362,731) | (201,878,213) |
| **Cash flows available from operating activities** | | 14 242 562 977 | 11 871 965 105 |
| Dividends paid to Employees and the board of directors | | (1,545,237,364) | (977,311,347) |
| Income taxes paid | | (2,997,048,224) | (2,735,903,582) |
| Paid for employee benefits | | (14,889,098) | (7,650,510) |
| **Net Cash flows available from operating activities** | | 9 685 388 291 | 8 151 099 666 |
| **cash flows from Investing activities** | | | |
| Received Interest | | 2,046,816,410 | 1,520,913,784 |
| Paid investment in Associate companies | | (16,519) | (841,326) |
| Proceeds/(payments) for the purchase of financial assets through profit or loss | | 635,719,918 | (1,804,007,195) |
| (payments) for /Proceeds from investment purchase at amortized cost | | (2,775,425,169) | 1,753,638,359 |
| Proceeds from the sale fixed asset | | 17,534,400 | 3,816,000 |
| payment for the purchase of fixed assets, works ,projects under construction and other assets | | (5,848,069,006) | (1,275,986,560) |
| **Net cash flows (used)/available from investing activities** | | (5 923 439 966) | 197 533 062 |
| **cash flows from Financing activities** | | | |
| Dividends paid to Shareholders | | (7,277,190,123) | (11,955,401,802) |
| Payment of lease liabilities | (16) | (37,991,816) | (33,209,307) |
| **Net cash flows (used) in financing activities** | | (7 315 181 939) | (11 988 611 109) |
| **Net changes in cash and cash equivalents** | | (3 553 233 614) | (3 639 978 381) |
| The effect of changes in exchange rates on cash and cash equivalents | | (165,397,694) | 2,505,134,901 |
| Formed of expected credit losses on cash | | 10,382,262 | - |
| Cash and cash equivalent at the beginning of the year | | 6,679,913,892 | 7,814,757,372 |
| **Cash and cash equivalent at the end of the year** | (14) | 2 971 664 846 | 6 679 913 892 |

The accompanying notes from (1) to (41) are an integral part of the periodical financial statements and to be read therewith.

*Translation of financial statements*
*originally issued in Arabic*

**MISR FERTILIZERS PRODUCTION COMPANY (MOPCO)**
**EGYPTIAN JOINT STOCK COMPANY**
**THE NOTES OF THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED December 31, 2025**

## 1- Company's background

### 1-1 Legal entity

- Misr Fertilizers Production Company "MOPCO" - S. A. E. (formerly Misr Oil Processing Company) – an Egyptian Private Free Zone – was established under the provisions of law no. 8 of 1997 for investments guarantees and incentives and its executive regulations and amendments and law no. 159 of 1981 and its executive regulations and amendments issued by law no. 4 of 1998 and Minister of Economy decision no. 25 of 1998 and Capital Stock Market law no. 95 of 1992 and its executive regulations.
- The Company was registered in Cairo Commercial Register under number 50112 at January 12, 2011.
- The company is registered in the official list of the stock exchange of the Arab Republic of Egypt.
- Chairman of the Board of Directors and Managing Director is Eng. / Ahmed Mahmoud Mohamed El-Sayed
- According to the text of Article 11 of Law No. 114 of 2008 dated May 5, 2008, all licenses for investment projects under the private free zone system in the field of fertilizer industry have been terminated. Accordingly, the Company is no longer operating under the private free zone.
- The extraordinary general assembly decided on November 4, 2023 the merge of the Egyptian Nitrogen Products Company (ENPC) a merged company with Misr Fertilizers Production Company (MOPCO) a merging company and that on book value basis in accordance to the financial statements on December 31, 2022 which is the date used as a base for merge in accordance to the report issued by the economic performance at the General Authority for Investment and Free Zones by the formed committee in accordance to the decision of the Minister of Investment and International Cooperation No. 95 of 2018. The committee's decision was approved by the Chief Executive Officer of General Authority for Investment and Free Zones on September 21, 2023 with the distribution of the capital of the merging company and the merged company on the basis of net equity of the merging company and the merged company according to the market value of the assets of the merging company and the merged company on the date used as a base for merge. This was noted in the commercial register on December 13, 2023.

### 1-2 The purpose of the Company:

- The purpose of the Company is the production of fertilizers, ammonia and nitrogen. The Company may also be in benefit from or get involved in any way in the incorporation or formation other companies engaging in activities similar or related to its activities, and which may help it to achieve its purposes inside and outside the Arab Republic of Egypt after the approval of General Authority for Investment and Free Zones (GAFI) and the Company must obtain all licenses necessary to carry out its activity.
- The extraordinary general assembly held on November 21, 2021, approved to add the below activities:
- Buying, selling and marketing all nitrogen fertilizer products and their derivatives.
- Developing, establishing, owning, financing, managing, maintaining and operating a project for the production of melamine and its derivatives.
- Marketing, distributing and selling the melamine product and its derivatives abroad and all over Egypt, except for the Sinai Peninsula region, where the approval of the Authority is required in advance.
- The extraordinary general assembly also authorized the Company to have an interest or to participate in any way in the incorporation or formation of other companies that engage in activities similar or related to its activities, and which may help it to achieve its purposes inside and outside the Arab Republic of Egypt after the approval of General Authority for Investment and Free Zones (GAFI) and the Company must obtain all licenses necessary to carry out its activity.
- The Extraordinary General Assembly, held on April 15, 2023, also approved adding the below activity:
- Production, distribution and sale of urea solution with different concentrations and used in different applications and uses, including car exhaust treatment.

- The assembly also agreed to extend the term of the company for another twenty-five years, starting from the end of the previous period, and each extension of the term of the company must be approved by the extraordinary general assembly of the company, and a decision issued by the General Authority for Investment and Free Zones (GAFI) for it.

**1-3 The Company's term:**

- The Company's term is 25 years starting from the date of the Company's registration in the commercial register.
- The term of the company was extended for another twenty-five years ended on 27/07/2048, and this was noted in the company's commercial register on 31/05/2023.

**1-4 The Company's Headquarters:**

- The company's administrative headquarters has been modified to become: Building 194, New Cairo, North 90th, Sector Two, City Center, Fifth Settlement, Cairo. The main center and location of industrial activity: the public free zone in the new city of Damietta, as shown in the commercial register issued on September 22, 2022.

## 2- Basics for preparation of financial statements

### 2-1 Compliance with accounting standards and laws

- The financial statements have been prepared in accordance with the Egyptian accounting standards and the related Egyptian law and regulations.
- The board of directors approved the issuance of the financial statements on 9 March 2026

### 2-2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the assets and liabilities which are stated at fair value through profit and loss.

### 2-3 Functional and presentation currency

The financial statements are presented in Egyptian Pound which is the Company's functional currency.

### 2-4 Use of estimates and personal judgments

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

These estimates and associated assumptions are based on management's historical experience and other various factors which could be reasonable in the light of current circumstances and events based on which the carrying amount of assets and liabilities are identified and actual results may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis and any differences in accounting estimates are recognized in the year in which those estimates were changed, and if these differences affect the year in which the change was made and future years, then these differences are included in the year in which the adjustment was made and the future years.

**A- Personal judgment**

Information about the judgments used in applying accounting policies that have a significant effect on the values presented in the financial statements are included below:

- Provisions for expected claims and contingent liabilities.
- Measurement of impairment in asset values.
- The useful lives of fixed assets.

**B- Uncertain assumptions and estimates**

Information about uncertain assumptions and estimates at the date of the financial statements, which may result in an effective adjustment in the book value of assets and liabilities in the next financial period, represented in:

- Recognition and measurement of provisions and liabilities: the underlying assumptions about the likelihood and magnitude of an outflow of resources.

- Measurement of expected credit losses for cash in banks, accounts and notes receivable, and other financial assets.

**C- Fair value measurement**

A number of the company's accounting policies and disclosures require the measurement of the fair values of financial and non-financial assets and liabilities.

The measurement of the fair value of assets and liabilities is mainly based on the available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The company recognizes transfers between levels of the fair value hierarchy at the end of the financial period during which the change occurs.

Further information on the assumptions applied when measuring the fair value of financial instruments is included.

3- Fixed assets (net)

| Description | Land | Building & constructions | Machinery and equipment | Vehicles | Tools | Furniture & Fixtures | Computers | Projects under construction | Total |
|---|---|---|---|---|---|---|---|---|---|
| In Egyptian pound | | | | | | | | | |
| Cost | | | | | | | | | |
| Cost at 1 January 2024 | 262,021,195 | 437,619,132 | 51,364,368,297 | 103,156,262 | 88,853,389 | 36,559,119 | 126,956,644 | 201,393,536 | 52,620,927,574 |
| Additions | - | - | 125,206,429 | 42,147,611 | 4,382,793 | 5,335,888 | 7,778,358 | 1,064,082,121 | 1,248,933,200 |
| Transferred from projects under construction | - | 62,927,639 | 95,724,433 | - | 3,083,610 | 6,491,614 | 717,595 | (168,944,891) | - |
| Disposal | - | (2,166,332) | - | (1,723,250) | - | (478,962) | - | (3,909,624) | (8,278,168) |
| Cost at 31 December 2024 | 262,021,195 | 498,380,439 | 51,585,299,159 | 143,580,623 | 96,319,792 | 47,907,659 | 135,452,597 | 1,092,621,142 | 53,861,582,606 |
| Additions | - | - | 86,011,097 | 23,495,480 | 13,672,549 | 12,300,024 | 30,171,155 | 5,682,418,700 | 5,848,069,006 |
| Transferred from projects under construction | - | 73,588,169 | 289,026,675 | - | 19,955,155 | 1,433,923 | 4,448,743 | (388,452,665) | 0 |
| Disposal | - | (1,356,168) | (19,545,314) | (1,373,378) | (1,106,025) | (175,092) | (1,214,605) | - | (24,770,582) |
| Cost at 31 December 2025 | 262,021,195 | 570,612,440 | 51,940,791,617 | 165,702,725 | 128,841,471 | 61,466,514 | 168,857,890 | 6,386,587,177 | 59,684,881,030 |
| Accumulated depreciation | | | | | | | | | |
| Accumulated depreciation 1 January 2024 | - | 106,565,409 | 16,684,045,557 | 68,615,627 | 43,677,736 | 19,405,648 | 92,183,971 | - | 17,014,493,948 |
| Depreciation of the year | - | 26,316,310 | 2,141,769,535 | 20,734,577 | 10,242,387 | 3,513,999 | 16,677,305 | - | 2,219,254,113 |
| Disposal | - | (1,970,239) | - | (1,723,250) | - | (478,962) | - | - | (4,172,451) |
| Accumulated depreciation as at 31 December 2024 | - | 130,911,480 | 18,825,815,092 | 87,626,954 | 53,920,123 | 22,440,685 | 108,861,276 | - | 19,229,575,610 |
| Depreciation of the year | - | 31,446,117 | 2,196,541,270 | 20,249,338 | 12,627,327 | 4,989,466 | 17,356,041 | - | 2,283,209,560 |
| Disposal | - | (1,356,168) | (15,840,276) | (700,054) | (1,106,025) | (175,092) | (1,214,606) | - | (20,392,221) |
| Accumulated depreciation as at 31 December 2025 | - | 161,001,429 | 21,006,516,086 | 107,176,238 | 65,441,425 | 27,255,059 | 125,002,711 | - | 21,492,392,948 |
| Net fixed assets at 1 January 2024 | 262,021,195 | 331,053,724 | 34,680,322,740 | 34,540,635 | 45,175,653 | 17,153,471 | 34,772,673 | 201,393,536 | 35,606,433,627 |
| Net fixed assets at 31 December 2024 | 262,021,195 | 367,468,960 | 32,759,484,067 | 55,953,669 | 42,399,669 | 25,466,974 | 26,591,321 | 1,092,621,142 | 34,632,006,997 |
| Net fixed assets at 31 December 2025 | 262,021,195 | 409,611,011 | 30,934,275,531 | 58,526,487 | 63,400,046 | 34,211,455 | 43,855,178 | 6,386,587,177 | 38,192,488,081 |
| Fully depreciated assets still working | | | | | | | | | 330,458,692 |

- **Projects under construction within fixed assets are represented as follows:**
**In Egyptian pound**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Building and roads | 9 520 228 | 5 271 579 |
| Machine and equipment | 2 238 890 468 | 257 162 891 |
| Computers | 9 855 422 | 3 020 815 |
| Furniture and furnishings | 9 565 920 | - |
| Advance payment | 3 836 012 774 | 587 657 335 |
| Feasibility studies | 8 313 793 | 8 313 793 |
| Letters of credit | 274 428 572 | 231 194 729 |
| **Total** | **6 386 587 177** | **1 092 621 142** |

**4- Other assets & projects under construction**

| In Egyptian Pound | The Company's contribution in assets not owned by it and serve its purposes | Gas pipeline | License and software | Projects under construction | Total |
|---|---|---|---|---|---|
| **COST** | | | | | |
| **Cost as at 1/1/2024** | **5 000 000** | **15 627 372** | **8 957 122** | **43 501 542** | **73 086 036** |
| Additions during the year | - | - | - | 27 053 362 | 27 053 362 |
| Disposals during the year | - | - | - | ( 1 197 000 ) | ( 1 197 000 ) |
| transfer from projects under construction | - | - | 58 500 486 | ( 58 500 486 ) | - |
| **Cost as at 31/12/2024** | **5 000 000** | **15 627 372** | **67 457 608** | **10 857 418** | **98 942 398** |
| Additions during the year | - | - | 3 940 455 | 26 994 821 | 30 935 276 |
| transfer from projects under construction | - | - | 24 739 238 | (24 739 238) | - |
| **Cost as at 31/12/2025** | **5 000 000** | **15 627 372** | **96 137 301** | **13 113 001** | **129 877 674** |
| **Accumulated amortization** | | | | | |
| Accumulated amortization as at 1/1/2024 | 5 000 000 | 13 877 341 | 8 957 122 | - | 27 834 463 |
| Amortization during the year | - | 1 072 037 | 1 820 823 | - | 2 892 860 |
| **Accumulated amortization as at 31/12/2024** | **5 000 000** | **14 949 378** | **10 777 945** | **-** | 30 727 323 |
| Amortization during the year | - | 677 994 | 18 833 845 | - | 19 511 839 |
| **Accumulated amortization as at 31/12/2025** | **5 000 000** | **15 627 372** | **29 611 790** | **-** | **50 129 162** |
| **Net book value** | | | | | |
| **Net book value as at 1/1/2024** | - | **1 750 031** | - | **43 501 542** | **45 251 573** |
| **Net book value as at 31/12/2024** | - | **677 994** | **56 679 663** | **10 857 418** | **68 215 075** |
| **Net book value as at 31/12/2025** | - | - | **66 525 511** | **13 113 001** | **79 638 512** |
| Amortized assets and still in use | | | | | 29 584 494 |

- **Projects under construction within other assets are represented as follows:**
  **In Egyptian pound**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Licenses and software | 13 113 001 | 10 857 418 |
| **Total** | **13 113 001** | **10 857 418** |

## 5- Right-of-use assets

The right of use assets is represented in the rental value for the remaining year of the leased land contract on which the factory is located in the public free zone in Damietta as follows:

**In Egyptian Pound**

| **Cost** | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Balance at 1/1/2025 | 152 072 489 | 152 072 489 |
| Additions during the year | - | - |
| **Cost as at 31/12/2025** | **152 072 489** | **152 072 489** |
| **Accumulated amortization** | | |
| Accumulated amortization as at 1/1/2025 | 64 030 522 | 48 022 891 |
| Amortization expense during the year | 16 007 631 | 16 007 631 |
| **Accumulated amortization as at 31/12/2025** | **80 038 153** | **64 030 522** |
| **Net book value as at 31/12/2025** | **72 034 336** | **88 041 967** |

## 6- Investment in associates using equity method:

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| **investments** | **2 424 170** | **2 407 651** |
| **Contribution percentage %** | **25** | **25** |

**Damietta for Green Ammonia Company:**

- The Company has contributed in the establishment of a new company to produce green ammonia inside the public free zone in Damietta (Damietta for Green Ammonia Company) a joint stock company by free zone regulation with capital amounting to 1 000 000 US dollars in which the Company contributes 25% in it together with the Egyptian Petrochemicals Holding Company and Scatec Norwegian company.
- The value of investments in the company on December 31, 2025 amounted to 2,424,170 EGP 25% of the issued capital.
- The company purpose is to produce green ammonia.
- The project is located in the public free zone in New Damietta.
- On June 29, 2024, a non-binding memorandum of understanding was signed regarding the principles of the agreement to purchase green ammonia between the Yara Norwegian company and the Damietta Green Ammonia Company in the city of Damietta, in which both the Egyptian Petrochemical Holding Company

"ECHEM", which owns 31.47% of the capital, MOPCO and the Misr Company, contributed. for the production of fertilizers "MOPCO" and the Norwegian company Scatec, in the presence of Mr. Engineer / Prime Minister, Mr. Engineer, Minister of Petroleum and Mineral Resources, Mr. Dr. / Minister of Electricity and Renewable Energy, Mrs. Dr. Minister of Planning and Economic Development, Mrs. Dr. / Minister of International Cooperation, and Mr. Engineer / Chairman of the Board of Directors of the Egyptian Petrochemical Company. "Echem" and Mr. Engineer/Chairman of the Board of Directors of the Misr Fertilizer Production Company "MOPCO" .

- This agreement reflects confidence in the project and the investment climate in Egypt, The initial investment cost of the project amounts 890 million US dollars with a production capacity up to 150 thousand tons of green ammonia annually through the generation of renewable energy with a total capacity up to 480 megawatts. The project aims to produce green ammonia using the production capacities available at the Misr Fertilizers Production Company (Mopco). Operation is expected to start in 2027. The project comes within the framework of implementing the country's policy of using renewable energy sources and reducing carbon emissions.

## 7- Investment at amortized cost

### 7-1 Financial assets at amortized cost (non-current portion):

| In Egyptian Pound | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Government Bonds at par value | 10 783 328 695 | 6 120 135 208 |
| Unearned returns (amortized cost) | (111 273 038) | ( 373 896 732 ) |
| | **10 672 055 657** | **5 746 238 476** |
| Expected credit losses (Note 32) | (12 913 730) | ( 183 592 320 ) |
| **Net book value** | **10 659 141 927** | **5 562 646 156** |

- Represented in securities and deposits with maturity dates exceeding 12 months from the date of the financial position, and includes investments held till maturity for the purpose of collecting cash flows from interest and the principal at maturity.

**non-current :**

| | 2025 | | 2024 | |
|---|---|---|---|---|
| **due date** | **Number of Documents** | **at par value** | **Number of Documents** | **at par value** |
| 2026 | - | - | 34 520 | 1 755 045 128 |
| 2027 | - | - | 15 607 | 793 481 730 |
| 2028 | 15 000 | 714 910 500 | 14 000 | 711 779 600 |
| 2029 | 74 700 | 3 560 254 290 | 41 250 | 2 097 207 750 |
| 2030 | 40 650 | 1 937 407 455 | 15 000 | 762 621 000 |
| 2032 | 15 000 | 714 910 500 | - | - |
| 2033 | 80 902 | 3 855 845 950 | - | - |
| | 226 252 | 10 783 328 695 | 120 377 | 6 120 135 208 |

**7-2 Financial assets at amortized cost (current portion):**

| In Egyptian pound | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Government bonds at par value | 742 553 706 | 4 086 885 939 |
| Unearned returns (amortized cost) | (7 653 695) | (133 353 388) |
| | **734 900 011** | **3 953 532 551** |
| Expected credit losses (32) | (889 266) | (126 315 365) |
| **Net book value** | **734 010 745** | **3 827 217 186** |

- Represented in securities and deposits with maturity dates exceeding 91 days from the date of the financial position, and includes investments held till maturity for the purpose of collecting cash flows from interest and the principal at maturity.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| **due date** | **Number of Documents** | **at par value** | **Number of Documents** | **at par value** |
| 2025 | - | - | 80 385 | 4 086 885 939 |
| 2026 | 15 580 | 742 553 706 | - | - |
| | **15 580** | **742 553 706** | **80 385** | **4 086 885 939** |

**8- Financial assets at fair value through profit or loss:**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Cost as at Beginning balance | 2 869 467 104 | 620 378 810 |
| Additions | 10 065 694 152 | 9 343 252 804 |
| Discounts | (11 096 492 155) | (7 539 245 609) |
| **Balance before evaluation** | **1 838 669 101** | **2 424 386 005** |
| **Fair value at the date of the financial position** | 2 573 762 308 | 2 869 467 104 |
| **Change in fair value up to the financial statements date** | **735 093 207** | **445 081 099** |

These are investments for the purpose of trading in the short term and achieving quick profits. The fair value is determined through an active market, and changes in the fair value associated with these assets are monitored regularly to reduce the impact of the market, liquidity and credit. The goal is to achieve higher returns while maintaining investments with high liquidity sufficient to meet cash requirements and needs as well as diversification in investments.

## 9- Other financial assets

| In Egyptian pound | Note no. | 31/12/2025 | 31/12/2024 |
|---|---|---|---|
| Letters of guarantee * | | 20 000 | 75 457 796 |
| Pledged Deposits ** | | 1 024 705 050 | 1 093 090 100 |
| | | **1 024 725 050** | **1 168 547 896** |
| Expected credit losses | (32) | (14 609 562) | ( 37 335 105 ) |
| | | **1 010 115 488** | **1 131 212 791** |

* Letter of guarantee cover against the authority's facilities insurance for the construction of additional floors at the firefighting building at MOPCO (Misr Fertilizers Production Company) (against securing the factory land rent with an amount of 20,000 Egyptian pounds).

** Pledged deposit of 21,500,000.00 US dollars against documentary credits and letters of guarantee.

## 10- Inventory

| In Egyptian pound | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Spare parts | 1 165 871 912 | 865 646 809 |
| Finished goods at cost | 363 601 453 | 378 850 454 |
| Work in process at cost | 93 358 831 | 99 983 724 |
| Miscellaneous Materials and Supplies | 122 843 624 | 114 576 493 |
| Letter of credit | 40 993 826 | 189 615 917 |
| Raw material | 122 470 143 | 55 050 644 |
| Oils and fuels | 18 256 915 | 10 213 344 |
| Stock held by others* | - | 14 000 |
| Net Book Value | **1 927 396 704** | **1 713 951 385** |

- The amount includes the value of 632 tons is held by Abu Qir Fertilizers Company.

## 11- Accounts receivable

| In Egyptian pound | Note no. | 31/12/2025 | 31/12/2024 |
|---|---|---|---|
| Accounts receivable | | 1 454 123 446 | 554 302 584 |
| Expected credit losses | (32) | (7 449 342) | ( 13 153 766 ) |
| | | **1 446 674 104** | **541 148 818** |

## 12- Debtors and other debit balances

| In Egyptian pound | Note no. | 31/12/2025 | 31/12/2024 |
|---|---|---|---|
| Accrued credit interest | | 334 099 282 | 162 729 702 |
| Employees' advances and Installments | | 77 580 770 | 217 431 987 |
| Deposits with others | | 20 187 691 | 15 343 905 |
| Other debtors | | 23 117 822 | 11 266 990 |
| Prepaid expenses | | 24 197 976 | 31 365 510 |
| Tax Authority "sales" | | 270 980 549 | 287 402 877 |
| Advance payments to the tax authority | | 46 172 520 | 13 282 571 |
| debit balances to employees * | | 653 624 141 | 129 443 100 |
| | | **1 449 960 751** | **868 266 642** |
| Expected credit losses | (32) | (552 387) | ( 22 448 780 ) |
| | | **1 449 408 364** | **845 817 862** |

* This amount is invested for the benefit of the employees in the form of a deposit in a local bank, in implementation of the Board of Directors' decision and Article (55) of the company's Articles of Association. This amount is matched by a similar amount as a liability of the company. The amount was transferred to the employees' special schemes in accordance with Board of Directors decision No. (2304) at its meeting No. (430) held on October 19, 2025.

## 13- Transactions with related party

### A- Related parties represent:

| | |
|---|---|
| – Egyptian Petrochemicals Holding Company "ECHEM" | Major shareholder by 31.47 % |
| – Egyptian Natural Gas Holding CO." EGAS" | Major shareholder by 9.89 % |
| – Egyptian Natural Gas CO." GASCO" | Major shareholder by 0.48 % |
| – Misr Insurance Company | Affiliate company by 1.15 % |
| – Suez Methanol Derivatives Company | A demerged company |

### B- Related parties' transactions

The following is a summary of transactions with related parties:

| Description | Nature of transactions In EGP | The financial year ended in 31/12/2025 | 31/12/2024 |
|---|---|---|---|
| Egyptian Petrochemicals Holding Co "ECHEM" | | - | 44 288 |
| Misr Insurance Company | Insurance services | 92 869 396 | 75 882 433 |
| Egyptian Natural Gas Holding CO." EGAS" | Gas Supplier | 5 653 246 567 | 4 489 012 876 |
| Egyptian Natural Gas CO." GASCO" | Gas Supplier | 3 084 677 820 | 2 045 592 925 |
| Suez Methanol Derivatives Company | Services rendered / Payments on behalf of the company. | 707 484 | 539 632 |

* Related parties are dealt with at market value at the time of the transaction

**C- The following balances resulted from the above transactions:**

**Due from related parties**

| **In Egyptian pound** | **Note no.** | **31/12/2025** | **31/12/2024** |
|---|---|---|---|
| Suez Methanol Derivatives Company | | 663 272 | 886 134 |
| Egyptian Petrochemicals Holding Co ." ECHEM" | | - | 44 288 |
| | | **663 272** | **930 422** |
| Expected credit losses | (32) | (663 272) | ( 887 549 ) |
| | | **-** | **42 873** |

## 14- Cash at banks and on hand

| **In Egyptian pound** | **Note no.** | **31/12/2025** | **31/12/2024** |
|---|---|---|---|
| Banks current accounts | | 67 945 615 | 360 332 555 |
| Time Deposits | | 2 907 302 700 | 6 333 547 068 |
| | | **2 975 248 315** | **6 693 879 623** |
| Expected credit losses | (32) | (3 583 469) | ( 13 965 731 ) |
| | | **2 971 664 846** | **6 679 913 892** |

## 15- Current income tax

| **In Egyptian pound** | **31/12/2025** | **31/12/2024** |
|---|---|---|
| Current income tax | 3 313 149 715 | 2 988 870 280 |
| Withdraw on account of tax | (52 155 785) | ( 75 602 974 ) |
| **Balance** | **3 260 993 930** | **2 913 267 306** |

## 16- Lease liabilities

The present value of the total obligations arising from the rights of use is as the following:

| **In Egyptian pound** | **Note No.** | **31/12/2025** | **31/12/2024** |
|---|---|---|---|
| beginning balance | | 191 575 804 | 148 476 868 |
| Disposal (land area reduction) | | - | ( 13 601 484 ) |
| Interest during the year | (30) | 7 072 409 | 7 271 719 |
| Foreign currency translation | | (10 686 345) | 82 638 010 |
| Payments during the year | | (37 991 816) | ( 33 209 309 ) |
| | | **149 970 052** | **191 575 804** |
| Non-Current lease liability | | 119 068 258 | 165 150 556 |
| current lease liability | | 30 901 794 | 26 425 248 |
| | | **149 970 052** | **191 575 804** |

## 17- Trade Payables

| In Egyptian pound | 31/12/2025 | 31/12/2024 |
|---|---|---|
| *Egyptian Natural Gas Holding CO." EGAS" | 242 117 821 | 162 229 559 |
| *Gas supplier (GASCO) | 98 802 881 | 54 944 918 |
| Other suppliers | 230 139 648 | 180 487 436 |
| | **571 060 350** | **397 661 913** |

- Egyptian Natural Gas Holding Co. "EGAS "shareholder of the company with share percentage of 9.89%.
- Egyptian Natural Gas Co. "GASCO" shareholder of the company with share percentage of 0.48%.

## 18- Creditors and other credit balances

| In Egyptian pound | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Deposits from others | 29 750 230 | 24 268 425 |
| General Authority for Health Insurance | 73 054 925 | 78 676 971 |
| Value added tax | 52 160 260 | 40 528 638 |
| Due to the minor shareholders from shares selling auction | 6 895 380 | 6 899 046 |
| Shareholder dividends payable | 861 940 | 3 612 275 |
| Due to the Petroleum Authority | 29 054 116 | - |
| Other credit balances | 93 896 151 | 9 018 160 |
| Credit balances to other companies | 52 277 636 | 46 994 027 |
| Payroll tax | 14 474 813 | 29 951 111 |
| Accrued social insurance | 4 722 983 | 4 071 363 |
| Accrued expenses | 87 859 370 | 52 578 704 |
| Withholding tax | 4 334 179 | 3 474 324 |
| Credit balances to employees * | 653 624 141 | 129 443 100 |
| | **1 102 966 124** | **429 516 144** |

*As explained in Explanation "12"

## 19- Provisions

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| beginning balance | 255 256 008 | 281 602 367 |
| Provisions formed during the year | 668 304 | 194 831 582 |
| Provisions used during the year | (41 362 731) | (201 878 213) |
| Provisions that have no purpose during the year | (160 216 876) | (19 299 728) |
| | **54 344 705** | **255 256 008** |

*Information related to provisions were not disclosed, which usually is disclosed according to Egyptian accounting standards No. 28; because the company's management believes that such disclosure will impact the negotiation results with other parties.

## 20- Share Capital

### A- Authorized capital

- The Company's authorized capital is amounting to EGP 2 040 million (two billion and forty million Egyptian Pound) until May 4, 2014.
- On May 4, 2014, according to the extraordinary assembly general meeting the Company decided to increase the authorized capital to be EGP 2 300 million (2 billion and 3 hundred million Egyptian Pound) and it was registered in the commercial register of the company which dated January 28, 2015.
- The extraordinary general assembly decided in its meeting held on November 4, 2023 to specify authorized capital to an amount of 50 billion EGP and this was noted in the commercial register on December 13, 2023.

### B- Issued and paid-up Capital

- The issued and paid-up capital on December 31, 2025 amounted to 28,681 million Egyptian pounds (28 billion, six hundred and eighty-one million Egyptian pounds), while the issued and paid-up capital on December 31, 2014 amounted to 1,992 million Egyptian pounds (one billion, nine hundred and ninety-two million Egyptian pounds), and the paid-up capital on December 31, 2010 amounted to 1,984 million Egyptian pounds (one billion, nine hundred and eighty-four million Egyptian pounds). The remaining overdue installments were completed during the year 2011 to complete the issued and paid-up capital, and the increase was registered in the commercial register on September 9, 2011. The increase in the company's capital was previously registered in the commercial register on January 26, 2009, as a result of the acquisition of the Egyptian Nitrogen Products Company (ENPC), an Egyptian joint stock company. The acquisition was completed by exchanging shares for the shareholders of the Egyptian Nitrogen Products Company. ENPC based on the evaluation prepared for this purpose, which resulted in a fair value for both companies of 1,266 million US dollars. Accordingly, the Extraordinary General Assembly of Misr Fertilizers Production Company (MOPCO) decided on November 8, 2008 to increase the company's capital by 100% for the benefit of the shareholders of the Egyptian Nitrogen Products Company (ENPC), acquire the Egyptian Nitrogen Products Company (ENPC), and record the investment value at the nominal value of the share at 10 Egyptian pounds per share.
- On May 4, 2014, the ordinary general assembly decided to increase the capital of the company with amount of EGP 298 484 560 through the distribution of free shares through the dividend's payments for the profit of the financial year ended December 31, 2013, accordingly the issued capital becomes EGP 2 291 172 320 distributed among 229 117 232 shares with a share value of EGP 10 recorded in the commercial register of the company dated January 28, 2015.
- On November 4, 2023 the extraordinary general assembly decided to specify the company's issued capital to an amount of 20 791 840 110 EGP (twenty billion seven hundred ninety-one million eight hundred and forty thousand one hundred and ten Egyptian pound) which was distributed on 2 079 184 011 shares at par value 10 EGP and this was noted in the commercial register on December 13, 2023.
- The Extraordinary General Assembly, in its session held on April 12, 2025, decided to set the company's issued capital at EGP 28,681,402,630 (twenty-eight billion, six hundred and eighty-one million, four hundred and two thousand, six hundred and twenty Egyptian pounds), which was distributed over 2,868,140,263 shares at a nominal value of EGP 10 per share. This was financing from the result of merging process shown in the financial statements for the fiscal year ending December 31, 2024, amounting to EGP 7,889,562,509, and EGP 11 from retained earnings, bringing the total to EGP 7,889,562,520 in the form of bonus shares. This was registered in the company's commercial register on June 29, 2025.

– **The structure of the shareholders of the Company is as follows:**

| Shareholder | % | No. Of shares | Amount EGP |
|---|---|---|---|
| Egyptian Petrochemicals Holding Co. "ECHEM" | 31.47% | 902 688 489 | 9 026 884 890 |
| The Saudi Egyptian Investment Company | 24.04% | 689 402 596 | 6 894 025 960 |
| Abu Dhabi Investment Holding Company (Alfa Oryx Limited) | 20.00% | 573 628 046 | 5 736 280 460 |
| Egyptian Natural Gas Holding Co. "EGAS" | 9.89% | 283 695 208 | 2 836 952 080 |
| IPO | 14.60% | 418 725 924 | 4 187 259 240 |
| | **100%** | **2 868 140 263** | **28 681 402 630** |

C- **General reserve**

This amount EGP 352 383 742 represents the amount transferred to the general reserve from the total shareholders' equity according to the decision of the head of The General Authority for Investment and Free Zones no. 65 S for year 2013, which authorized the establishment of the demerged company in Suez as a result of the split of Misr Fertilizers Production Company ''MOPCO''.

## 21- Deferred Tax liabilities

| In Egyptian pound | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Fixed assets and other | 6 278 317 339 | 6 516 430 997 |
| Foreign currency exchange differences | 1 059 059 257 | 1 499 577 289 |
| Employee benefits provision | (155 719 044) | ( 120 249 010 ) |
| Other Provisions | (2 820 544) | ( 39 109 064 ) |
| Provision for Expected credit losses | (9 148 729) | ( 89 482 188 ) |
| | **7 169 688 279** | **7 767 168 024** |

## 22- Employee benefits obligation:

### 22-1 Plan description:

The company applies a defined benefits plan that is not funded at present value, and the amounts paid upon the end of employees' services are calculated in accordance with the plan on the basis of what the company actually bears in terms of treatment for retirements employees.

| EGP | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Benefits of treatment for retired workers and their families | | |
| Balance at the beginning balance | 472 141 015 | 310 749 053 |
| Current service cost | 25 474 774 | 41 795 311 |
| Interest expense | 68 724 846 | 45 137 572 |
| Actuarial Gain Or Loss | 20 599 199 | 79 334 195 |
| Payments | (7 916 735) | ( 4 875 116 ) |
| | **579 023 099** | **472 141 015** |
| End of Service Bonus Benefits | | |
| Balance at the beginning balance | 62 299 032 | - |
| Current service cost | 5 019 611 | 65 074 426 |
| Interest expense | 14 020 085 | - |
| Actuarial Gain Or Loss | 38 695 178 | |
| Payments | (6 972 363) | (2 775 394) |
| | **113 061 543** | **62 299 032** |
| | **692 084 641** | **534 440 047** |
| **Employee benefits obligation (current)** | 75 958 208 | 3 063 879 |
| **Employee benefits obligation (non-current)** | 616 126 433 | 531 376 168 |
| | **692 084 461** | **534 440 047** |

**22-2 Amounts recognized in profit or loss statement:**

| EGP | note NO. | 31/12/2025 | 31/12/2024 |
|---|---|---|---|
| Current service cost, treatment benefits | | 25 474 774 | 41 795 311 |
| Current service cost, end-of-service bonus | | 5 019 611 | 65 074 426 |
| Interest expense | (30) | 82 744 931 | 45 137 572 |
| | | **113 239 316** | **152 007 309** |

**-Actuarial assumptions:**

| EGP | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Discount rate | 20.56% | 14.56% |
| Inflation rate | 11.60% | 15.70% |
| Benefits increase rate | 17.25% | 13% |

**-The expected benefits through the next years**:

| | |
|---|---|
| The first year | 9 152 489 |
| The second year | 13 341 181 |
| The third year | 18 592 416 |
| The fourth year | 26 369 377 |
| The fifth year | 37 979 001 |
| The next five years | 431 340 101 |

**-Sensitivity analysis of actuarial assumptions:**

| | Change in assumptions | | Change in Liabilities | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate | %.0.5 | %0.5 | (533 598 555) | 629 998 761 |
| Discount rate | %0.5 | %0.5 | 628 111 192 | (535 272 836) |

**Actuarial Assumptions End of Service Benefit Plan:**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Discount rate | 19.48% | 22.98% |
| Inflation rate | 12.30% | 25.10% |
| Benefits increase rate | 12% | 20% |

**-The expected benefits through the next five years**:

| | |
|---|---|
| The first year | 10 768 428 |
| The second year | 8 614 509 |
| The third year | 14 717 139 |
| The fourth year | 17 554 517 |
| The fifth year | 21 102 850 |
| The next five years | 123 320 875 |

**Sensitivity analysis of actuarial assumptions:**

| | Change in assumptions | | Change in Liabilities | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate | %0.05 | %0.05 | (108 533 296) | 117 939 011 |
| Discount rate | %0.05 | %0.05 | 113 061 543 | (113 061 543) |

## 23- Net Sales

**In Egyptian pound**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Export Sales | 21 466 612 052 | 15 069 860 384 |
| Domestic Sales | 5 377 463 524 | 4 580 460 474 |
| | **26 844 075 576** | **19 650 320 858** |

**Segment reports:**

The chief operating decision maker has been identified as the Company's Board of Directors. The Board of Directors reviews the Group's internal reports in order to assess its performance and allocate resources, mainly from a geographical perspective.

The following information is provided on a regular basis to the chief operating decision maker and is measured consistently with the financial statements.

| | 31/12/2025 In Egyptian pound | | | 31/12/2024 In Egyptian pound | | |
|---|---|---|---|---|---|---|
| | Export | Domestic | Total | Export | Domestic | Total |
| **Urea** | 20 069 830 298 | 3 600 332 114 | **23 670 162 412** | 13 859 909 120 | 3 407 353 630 | **17 267 262 750** |
| **Ammonia** | 1 396 781 754 | 1 776 815 820 | **3 173 597 574** | 1 209 590 347 | 1 172 939 262 | **2 382 529 609** |
| **other** | - | 315 590 | **315 590** | 360 917 | 167 582 | **528 499** |
| | **21 466 612 052** | **5 377 463 524** | **26 844 075 576** | **15 069 860 384** | **4 580 460 474** | **19 650 320 858** |

## 24- Cost of Sales

**In Egyptian pound**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Gas | 8 737 924 386 | 6 534 605 802 |
| Other materials | 824 316 596 | 714 997 253 |
| Salaries and wages | 858 088 584 | 706 969 218 |
| Depreciation and amortization | 2 198 452 669 | 2 141 317 223 |
| cost of pension obligations | 20 679 628 | 70 454 845 |
| Other industrial expenses | 646 242 893 | 499 127 289 |
| Change in Finished Goods and Work In Process inventory | 21 873 894 | 135 413 298 |
| | **13 307 578 650** | **10 802 884 928** |

## 25- Other income

**In Egyptian pound**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Supplier and customer Gratuities | 107 882 044 | 70 596 887 |
| Scrap metal sales | 2 225 215 | 80 084 063 |
| Other revenue | 3 383 281 | 3 488 490 |
| Provision no longer required | 160 216 876 | 19 299 728 |
| | **273 707 416** | **173 469 168** |

## 26- Selling and marketing expenses

**In Egyptian pound**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Packaging materials | 224 928 965 | 280 953 999 |
| Salaries and wages | 92 501 449 | 72 699 953 |
| Depreciation | 61 983 267 | 56 482 511 |
| Products shipping and transportation expenses | 112 367 340 | 91 732 901 |
| cost of pension obligations | 2 406 146 | 7 297 991 |
| Other Selling and marketing expenses | 32 743 616 | 22 686 170 |
| | **526 930 783** | **531 853 525** |

## 27- General and administrative expenses

**In Egyptian pound**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Administrative salaries and wages | 336 652 823 | 291 186 783 |
| Contribution to comprehensive health insurance | 73 054 925 | 78 327 743 |
| Administrative depreciation | 58 293 098 | 40 354 871 |
| Attendance allowances for BOD | 3 321 000 | 2 293 500 |
| cost of pension obligations | 7 408 611 | 29 116 901 |
| Other General and administrative expenses | 169 812 058 | 149 974 096 |
| | **648 542 515** | **591 253 894** |

## 28- Capital gains/losses

**In Egyptian pound**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Gain on sale of fixed assets | 17 534 400 | 3 816 000 |
| Loss on disposal of fixed assets | (4 378 362) | (196 093) |
| | **13 156 038** | **3 619 907** |

## 29- Other Expenses

**In Egyptian pound**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Donation | 43 925 845 | 39 117 628 |
| Provisions | 668 304 | 194 831 582 |
| | **44 594 149** | **233 949 210** |

## 30- Finance cost:

**In Egyptian pound**

| | note NO. | 31/12/2025 | 31/12/2024 |
|---|---|---|---|
| Lease liability interest | (16) | 7 072 409 | 7 271 719 |
| Employee benefits obligation interest | (22-2) | 82 744 931 | 45 137 572 |
| | | **89 817 340** | **52 409 291** |

## 31- Finance income:

| In Egyptian pound | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Revenue from financial assets at amortized cost "Treasury bills" | 12 964 800 | 86 142 438 |
| Revenue from financial assets at amortized cost "Government bonds" | 1 214 628 555 | 1 214 083 261 |
| Revenue from financial assets at Fair value through profit or loss "investment funds" | 735 093 207 | 445 081 100 |
| Other credit interest | 288 561 153 | 532 794 070 |
| | **2 251 247 715** | **2 278 100 869** |

## 32- Expected credit losses

| In Egyptian pound | Note no. | 01/01/2025 | Formed | Reversed | 31/12/2025 |
|---|---|---|---|---|---|
| Cash and cash equivalent | (14) | 13 965 731 | - | (10 382 262) | 3 583 469 |
| Financial investments at amortized cost | (7) | 309 907 685 | - | (296 104 688) | 13 802 997 |
| Accounts receivable | (11) | 13 153 766 | - | (5 704 424) | 7 449 342 |
| Related parties | (13) | 887 549 | - | (224 277) | 663 272 |
| Debtors and other debit balances | (12) | 22 448 780 | - | (21 896 393) | 552 387 |
| Other financial assets | (9) | 37 335 105 | - | (22 725 543) | 14 609 562 |
| | | **397 698 616** | **-** | **(357 037 587)** | **40 661 029** |

- The expected credit losses of financial assets on December 31, 2025 were studied by the company according to the following:
- The simplified approach was used to measure the credit risk of customer facilities by dividing customers into categories with similar characteristics and determining the historical year used to calculate the loss rate and determining the loss rate according to historical data, taking into account the expected changes in macroeconomic indicators (growth rate, inflation rate, unemployment rate) and then calculating the expected credit losses by multiplying (loss rate x balance exposed to loss x probability of default).
- The general approach was used to calculate expected credit losses related to the company's investments in financial assets at amortized cost, current balances in banks, deposits and other financial assets using external classifications from institutions included in the Central Bank's instructions for credit risk management. Future data was also used to determine whether there was a significant increase in credit

risks for financial assets using some macroeconomic indicators (GDP growth rate, annual inflation rate, unemployment rate) under the assumption of three scenarios (basic, best, worst) in line with the requirements of Egyptian Accounting Standard No. (47).
- The loss rate for government debt instruments and deposits for a period of one month or less in Egyptian pounds was considered zero according to the Prime Minister's decision in this regard.
- The Egyptian classification was used with a loss rate at exposure to failure of 45% when measuring expected credit losses.

## 33- Income tax

| In Egyptian pound | 31/12/2025 | 31/12/2024 |
|---|---|---|
| **Current income tax** | | |
| Current income tax. | 3 313 149 715 | 2 988 870 290 |
| Independent tax base | 2 592 960 | 17 228 488 |
| Tax Return Differences | - | 65 280 |
| **Current income tax** | **3 315 742 675** | **3 006 164 058** |
| **Deferred income tax** | | |
| Fixed and other assets | (238 113 658) | (182 282 268) |
| Foreign currency exchange differences | (440 518 032) | 1 200 870 409 |
| Provision for employee benefits liability | (35 470 034) | (50 330 473) |
| Impairment of inventory | - | 69 966 649 |
| Deferred tax on comprehensive income | 13 341 235 | 17 850 194 |
| Other Provisions | 36 288 520 | (35 409 039) |
| Provision for Expected credit losses | 80 333 458 | (89 482 188) |
| Lease liability | - | 1 223 695 |
| **Deferred income tax** | **(584 138 511)** | **932 406 979** |
| **Income tax** | **2 731 604 164** | **3 938 571 037** |

**Adjustments to calculate income tax effective tax rate:**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Profit before income tax | 14 028 144 451 | 19 058 310 405 |
| Income tax as per tax law "22.5%" | **3 156 332 501** | **4 288 119 841** |
| Non-deductible expenses | 16 876 140 | 43 145 226 |
| Revenue exempted from tax | (441 604 477) | (392 694 030) |
| **income tax** | **2 731 604 164** | **3 938 571 037** |
| **Effective tax rate** | **19.47%** | **20.67%** |

## 34- Basic and diluted earnings Per Share

**In Egyptian pound**

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| **Net profit for the year** | **11 296 540 287** | **15 119 739 368** |
| **Shareholders' dividends** | - | **( 7 277 144 039 )** |
| **Employees' distribution** | - | **( 1 511 973 937 )** |
| **Board of Directors' remuneration** | - | **( 33 263 427 )** |
| | **11 296 540 287** | **6 927 357 966** |
| **Weighted average no. of shares** | 2 868 140 263 | 2 868 140 263 |
| | **3.94** | **5.27** |

The net profit will not be affected by the value of the 2025 distributions until the General Assembly approves the distributions.

## 35- Fair value of financial instruments and management of its related risk:

Financial instruments are represented in financial assets (balances of cash and cash equivalent, subsidiary loan, due from related parties, advance payment suppliers and monetary items included in the debtors and other debit balances) in addition to financial liabilities (due to related parties, and monetary items included in creditors and other credit balances). According to the basis of evaluation applied to the Company's assets & liabilities, the carrying amounts for these financial instruments provide a reasonable estimate of their fair values.

- Interest risk
- Foreign exchange risk
- Credit risk
- Liquidity risk

### A. Interest rate risk

This risk is represented in the effect of changes in interest rates adversely on the value of the company's assets and liabilities. The company's management invests its cash investments in channels with fixed interest rates and for short-term periods in order to avoid the adverse effect of interest rate changes on the value of its assets and the return on them. The company follows up and analyses the interest rate risks regularly and calculates the impact of movements in market interest rates on the statement of profit or loss. The following table shows the balances of financial assets at the date of the financial position with fixed and variable interest rates:

**Fixed interest rate**

| **In Egyptian pound** | **31/12/2025** | **31/12/2024** |
|---|---|---|
| Time deposits | 2 907 302 700 | 6 333 547 068 |
| Financial assets at amortized cost (non-current) | 10 659 141 927 | 5 562 646 156 |
| Financial assets at amortized cost (current) | 734 010 745 | 3 827 217 186 |
| Financial assets at fair value through profit or loss | 2 573 762 308 | 2 869 467 104 |
| | **16 874 217 680** | **18 592 877 514** |

### B. Foreign exchange risk

The company carries out some of its operational activities in foreign currencies, and therefore the company is exposed to the risk of fluctuations in foreign currencies with regard to payment schedules or collection of obligations or rights in currencies different from its own recording currency.

These obligations and rights are usually related to operational spending that is made with suppliers in currencies other than the Egyptian pound and revenues arising from some services rendered to clients abroad

in addition to the loan balance granted to the subsidiary in US dollars. The company monitors the risk of fluctuations in foreign currencies arising from operational activities.

At the end of the financial position, the net assets / (liabilities) of the main foreign currencies adjusted in Egyptian pounds, are as follows:

| Financial assets | Foreign currencies | Equivalent in Egyptian pound |
|---|---|---|
| USD | 327 252 390 | 15 597 077 984 |
| EURO | 205 935 | 10 836 794 |

| Financial liability | Foreign currencies | Equivalent in Egyptian pound |
|---|---|---|
| USD | 7 195 592 | 342 946 952 |
| EURO | 65 900 | 3 691 382 |
| GBP | 24 028 | 1 543 145 |

**Below are the major foreign exchange rates**

| | Closing rate | | Average rate | |
|---|---|---|---|---|
| **In Egyptian pound** | **31/12/2025** | **31/12/2024** | **31/12/2025** | **31/12/2024** |
| USD | 47.6607 | 50.8414 | 49.3637 | 43.9401 |
| EURO | 56.0149 | 52.6224 | 55.2037 | 47.6512 |
| Sterling pound | 64.2228 | 63.6433 | 64.7402 | 56.2739 |

**Response analysis** :

The decline in the value of the Egyptian pound against other currencies on foreign currency balances on December 31, 2025 may lead to a decrease in shareholders' equity and profit and loss according to the value shown below_

This analysis is based on exchange rate changes, which the company believes are considered a possibility that can be achieved. It is assumed in this analysis that all other variables, especially interest rates, remain constant and the impact of expected revenues and Expected costs.

The contribution to the 10% change from the closing price was as follows:

| the currency | at December 31, 2025 |
|---|---|
| **Dollar** | 1 525 413 103 |
| **Euro** | 714 541 |
| **Sterling pound** | 154 315 |

## 36- Important and subsequent events

Amid a turbulent global and domestic economic environment, the Central Bank of Egypt has taken several precautionary measures from 2022 until early 2024, including gradually adjusting the exchange rate and then liberalizing it in March 2024, and raising interest rates by 600 basis points to reach about 27.25% on deposits and 28.25% on loans, along with increasing the credit and discount rates. These policies were accompanied by the imposition of restrictions on cash withdrawals and deposits to reduce pressures on the foreign currency system.

The direct implications on the financial statements ending December 31, 2025, may not yet be clear, but the potential risks remain significant, particularly regarding foreign currency obligations, financing costs, and exchange rate fluctuations.
Updated figures until October 2025:
The Central Bank of Egypt announced the overnight deposit rate at 24% and the overnight lending rate at 25% in the meeting on July 10, 2025.
On October 2, 2025, the Central Bank cut interest rates by 100 basis points, bringing the deposit rate to 21% and the lending rate to 22%.
Regarding inflation, it has declined to about 11.8% in December 2025 in urban areas compared to 12% in August.

The exchange rate of the dollar against the Egyptian pound is currently estimated at around 47.66 pounds per dollar (as of January 1, 2025).

**C. Credit risk**

- The credit risk for the company is related to the failure of the contracting parties to fulfill contractual obligations, especially with regard to balances due from customers, financial instruments, bank balances and the like.

All customers' balances have been collected during the subsequent period from the date of issuance of the financial statements

It is possible to analyze the credit risks to which the company is exposed at the level of each sector as follows:

**Local customers:**

The credit risk of local customers is limited, as local customers are granted a credit period of up to 15 days from the date of issuing the invoice, as credit customers are inquired before agreeing to grant them the said period to ensure the creditworthiness of those companies.

**Foreign customers:**

The credit risk of external customers is limited because most of the company's external customers are reputable customers and sales are made to them in exchange of letters of credits or advance payment policy.

**Cash balances at banks:**

The credit risk associated with cash balances and cash equivalents is a very limited risk, as the group deals with banks with a good reputation in the market.

| In Egyptian pound | Note no. | 31/12/2025 | 31/12/2024 |
|---|---|---|---|
| Financial assets at amortized cost | (7) | 11 393 152 672 | 9 389 863 342 |
| Financial assets at fair value through profit or loss | (8) | 2 573 762 308 | 2 869 467 104 |
| Other financial assets | (9) | 1 010 115 488 | 1 131 212 791 |
| Accounts receivable | (11) | 1 446 674 104 | 541 148 818 |
| debtors and other debit balances | (12) | 1 449 408 364 | 845 817 862 |
| Cash at banks and on hand | (14) | 2 971 664 846 | 6 679 913 892 |
| | | **20 844 777 782** | **21 457 423 809** |

**D. Liquidity risk**

Liquidity risk is represented in the factors that may affect the company's ability to pay all its obligations. The management monitors each of the liquidity risk resulting from the uncertainty associated with the cash inflows and outflows by maintaining an adequate level of cash balances.

**37- Contingent liabilities**

The value of letters of guarantee and letters of credit issued by banks for the Company and for the benefit of third parties on December 31, 2025 amounted to 21 million US dollars, amounted to 2 million EURO and the value of the cash cover withheld on account of those letters of guarantee

and credit amounted to 100% of their value, which is included in other financial assets and the goods in transit.

**38- Capital Commitments**

Capital commitments are represented in the value of contracts that the company signed to gain or construct a fixed assets and still not yet completed as at December 31, 2025. The following table shows these significant contracts:

| in Million | Total contract value as at 31/12/2025 | Completed contracts as at 31/12/2025 | Incomplete contracts as at 31/12/2025 |
|---|---|---|---|
| Contracts in Egyptian pound | 2 038 | 1 099 | 939 |
| Contracts in USD | 5 | 1 | 4 |
| Contracts in EURO | 189 | 88 | 101 |

**39- Tax Position**

**First: Corporate Tax**

- Misr Fertilizers Production Company- MOPCO, an Egyptian joint stock company, was established under the provisions of law no. 8 of 1997. The Company was registered in the commercial register under the no. 33300 Suez on the date July 26, 1998, with Tax registration number 205/022/790 and accounted for through the center of key taxpayers.

**Years from 1999 to the year ending December 31, 2021**: -

The Company has been inspected and the tax differences were settled, and paid.

**Year 2022 till year 2024**

The annual declaration was prepared and submitted within the legal deadline, and payment was made through the General Petroleum Authority.

**Second: Payroll tax**

**Years from the beginning of the activity till year ended December 31, 2022**

The Company has been inspected and the tax was paid.

**Years from 1/1/2023 till 31/12/2025:**

The company is deducting and paying taxes on a regular basis within the due dates. The company is also implementing the provisions of Law No. 91 of 2005 and its executive regulations, as well as Law No. 206 of 2020.

**Third: Stamp tax**

**Years from the beginning of the activity till year ended December 31, 2022**

- The Company has been inspected, and the tax was paid.

**Years from 1/1/2023 to 31/12/2025**

- The company is paying the tax.

**Fourth :Sales tax and Value added tax**

**Years from the beginning of the activity till year ended December 31, 2023**

- The Company has been inspected and the tax was paid together with the due additional tax differences.

**Years from 1/1/2024 till 31/12/2025:**

- The company applies Law No. 67 of 2016 and Law No. 206 of 2020, and submits monthly value added tax returns on the due dates.

**Fifth: Property tax**

The company is subject to property tax starting from July 1, 2013.

- The company was notified by the Kafr Al-Batikh Property tax office request to conduct an observation inspection for the Company's industrial buildings.
- The property tax committee attended, and the observation inspection was conducted with a full explanation and description of the facilities.
- The Company pays the property tax in regular basis.
- The Prime Minister's Decision No. 61 of 2022 that charging the Ministry of Finance with the full value of the due property tax on the buildings used in industrial activities mentioned exclusively in the decision - which includes the company's activity, starting from 1/1/2022 for a period of three years, The decision has been renewed till 1/1/2027.

**Tax position of the merged company:**

**A- Corporate tax**

- The Egyptian Company for Nitrogen Products (ENPC) was established as an Egyptian joint stock company in accordance with the provisions of Law No. 8 of 1997 issuing the Investment Guarantees and Incentives Law, the company was registered in the commercial register under No. 17968 dated 5/3/2006 and its tax registration number 036/456/237 and it is charged at the tax center of major financiers.
- In accordance with the provisions of Law No. 114 of 2008 dated May 5, 2008, all licenses for investment projects in the system of private free zones in the field of fertilizer industry have been terminated, and accordingly, from this date, the company does not enjoy the provisions of special free zones.
- The company was marked with delisting from the commercial register on 13 December 2023

**Years from beginning of activity till 2023**

The company was inspected and the tax was paid.

**B- Payroll tax**

**Years from beginning of activity to 2022**

The company were inspected and the tax were paid.

**From 1/1/2023 to 13/12/2023 (Merger Date)**

The company is regular in payment until the date of the merger and the company has not been notified of the examination form until this date

**C- Sales and value added tax:**

**Years from beginning of activity to 31/12/2023 (Merger Date)**

The company was inspected and the tax was paid.

**D- Stamp tax**

**From beginning of activity to 13/12/2023 (Merger Date)**

The company was inspected and the tax was paid.

**40- Disputes**

**40-1**The New Urban Communities Authority and the New Damietta Development and Reconstruction Authority filed Case No. 1486 of 2012, Kafr Saad against each of the Egyptian Petrochemical Holding Company (ECHEM) as a first defendant and the Company as a second defendant, in which the plaintiffs demanded that the second defendant (the company) be required to pay a value for the right of use of a land area of 608,324 square meters east of the navigational canal, which belongs to the subsidiary company "The Egyptian Company for Nitrogen Products ENPC" at an amount of 157 million pounds, in addition to interest and compensation. , which is contrary to the applicable law (6 pounds / meter / year). The company's management believes that the Urban Communities Authority is not entitled to claim these values.

On 1/2/2015, the company signed a memorandum of understanding with the Ministry of Defense according to which the following was agreed upon:

- The company agrees to end the existing dispute with the New Urban Communities Authority with the authority receiving the plot of land and paying the subsidiary the rent due on it.

- The Ministry of Transport / Damietta Port Authority provides an alternative site for the dock land with a guarantee from the competent authorities to renew all necessary approvals and licenses from the concerned authorities for the new site and renew the license of the Prime Minister No. (555) for the year 2007 for the

new site as well as providing a suitable space behind the dock for storage and to provide a service corridor between the dock and the factory.

- Compensating the subsidiary for a piece of land it owns by giving it an alternative piece of land.

- Compensating the subsidiary for the losses and costs it incurred because of evacuating the sites.

A ruling was issued obligating the company to pay the amount of thirty-eight million and seven thousand pounds, and the ruling was appealed.

MOPCO and the Egyptian Company for Nitrogen Products appealed the ruling before the Court of Appeal, which decided to reject the two appeals and uphold the appealed ruling without prejudice to the company's right to appeal within the legal period against the ruling before the Court of Cassation within the legal deadlines.

In January 2022, the company settled and appealed in cassation, which does not stop the execution of the ruling and did not set a session to consider the appeal to date.

**40-2** The company received a claim from Petrotrade in the amount of 4 million pounds represented in the interests of delay in the payment of gas bills. The company and its legal advisor consider that Petrotrade has no right to claim the delay benefits according to the gas supply contract.

**40-3** On 16/12/2019, the company filed suit No. 53592 for the year 75 against both - the Minister of Investment - the head of the General Authority for Investment and Free Zones - the head of the central management of the public free zone in Damietta before the Administrative Court, in order to cancel the decision of the Board of Directors of the General Authority for Investment to increase In exchange for the right of use of the factory land in the free zone in Damietta from $1.75/m2 annually to $5/m2 annually, and the requirement to fix the right of use consideration throughout the project license period (25 years) starting from 2005 and ending in 2030 according to the contract concluded between the two parties.

The court decided to accept the lawsuit in form and in the matter, acquitting the company of the amount claimed by the General Authority for Investment and Free Zones and obligating the defendant to pay the expenses.

The General Investment Authority has appealed the ruling, and a hearing has not yet been set for the ruling.

- The Council of Ministers issued a decision on 10/12/2023 obliging the General Authority for Investment and Free Zones to fix the annual rental value of the price per square meter at $ 1.75.

**40-4** Pursuant to a sale and assignment contract dated March 26, 2007, the Egyptian Nitrogen Products Company, owned by Mopco, a subsidiary of the petroleum sector, purchased a plot of land with an area of 150 thousand square meters located in the Al-Rehab Industrial Zone in New Damietta City from the Al-Rehab Saudi Egyptian Company for Investment and Real Estate Development to be used in establishing storage facilities for the company's fertilizer complex products that were planned to be established at that time. Al-Rehab Company was notified by letter from the Commercial and Real Estate Affairs Sector No. 1191 dated February 18, 2007 of the approval of the competent authority in the New Urban Communities Authority for the company's request to sell the land area for a total amount of 4,500,000 US dollars (four million five hundred thousand US dollars) 3,750,000 Egyptian pounds (three million seven hundred and fifty thousand Egyptian pounds). The company paid the full price.

*- Al-Rehab Saudi Company, based on the letter of the Chairman of the New Damietta City Development and Reconstruction Authority dated No. 1380 on 2/27/2007, paid an amount of 3,450,000 Egyptian pounds to complete the transfer procedures in favor of the Urban Communities Authority (transfer fees), and the amount was paid in full.

- * The New Damietta City Development Authority approved the procedures for relinquishing the land in accordance with the rules in force at the New Urban Communities Authority in favor of the Egyptian Company for Nitrogen Products, and the Egyptian Company for Nitrogen Products proceeded with the procedures for establishing storage facilities for its fertilizer complex on the above-mentioned land.

- Whereas the company had begun to exploit that plot to implement environmentally friendly projects and establish strategic projects, it was surprised by the New Urban Communities Authority's dispute over that

area on August 10, 2023, with the presence of a committee from the New Damietta City Development Authority objecting to establishing any projects on the grounds that the land is owned by the New Damietta City Development Authority.

- Whereas a request was submitted to present the dispute to the Ministerial Committee for Investment Dispute Resolution on December 3, 2024, including confirmation of Mopco's right to own the aforementioned land, which supported the company's request in a letter from Mr. Counselor/ Head of the Cabinet Advisory Board, addressed to Mr. Dr./ Minister of Housing, Utilities and Urban Communities, which concluded that upon presenting the matter to Mr. Dr. Prime Minister, His Excellency kindly approved the legal opinion and directed the concerned parties to write to take the necessary steps to implement it.

- Obligating both the New Urban Communities Authority and the New Damietta City Development Authority to implement what was stated in the opinion approved by His Excellency the Prime Minister, which was communicated to Mr. Dr. / Minister of Housing, Utilities and New Urban Communities, and granting Mopco Company an appropriate period to implement environmentally friendly projects on the plot of land in a way that provides hard currency for the country and benefits the national economy. No session has been set before the committee to consider the request to date.

- In light of the objection and grievance of the New Damietta City Development Authority against the previous decision, Mr. Counselor / Chairman of the Council of Ministers' Advisory Board stated the need to present the matter to the Ministerial Committee for Settling Investment Disputes. The company submitted a request to the committee and the company's request for ownership of the land will be considered, noting that the company addressed the Ministry of Petroleum and Mineral Resources regarding environmentally friendly industrial projects related to the company's activity that benefit Mopco.

- On December 19, 2024, a memo was received from the legal committee of the company stating that the subject of the dispute is to be presented to the ministerial committee for resolving investment disputes, which has been postponed for consideration and is still being deliberated in sessions until the final decision is issued upon the conclusion of the sessions.

- The decision of the ministerial committee for the resolution of investment disputes was issued regarding the dispute raised by Mopco Company against the New Urban Communities Authority and the Agency for the Development and Reconstruction of New Damietta City concerning the Al-Rehab land, obligating the New Urban Communities Authority to cancel the decision issued to revoke the allocation of plot of land in question No. (1/A) located in the East of the navigation canal in New Damietta City with an area of (150,000) m2, which was previously allocated to the Egyptian Company for Fertilizer Production (Mopco). This previous decision was approved by the Council of Ministers in its meeting held on June 4, 2025.

## 41- Significant Accounting policies applied

### 421-1 Foreign currency translation

The company's accounts are maintained (in Egyptian pounds), and transactions in foreign currencies are recorded in the books on the basis of the exchange rates in effect for foreign currencies at the time of recording the transactions. On the date of the financial position, the balances of monetary assets and liabilities in foreign currencies are translated into the currency of dealing using the exchange rates in effect on that date. Non-monetary balances that are measured on a historical cost basis in foreign currencies are translated using the exchange rate at the date of the transaction. Currency differences in profit or loss resulting from transactions during the year and from revaluation at the date of the financial position are included in the profit or loss statement.

### 41-2 Fixed Assets and their depreciation

**Recognition and measurement**

- Fixed assets that are used in production, providing goods & services or for administrative purposes are stated at historical cost less accumulated depreciation and cumulative impairment losses resulted from impairment in the values of fixed assets. Cost includes expenditures that are directly attributable to the acquisition of the asset and necessary to have the asset ready for use in the purpose for which the management decided asset to be acquired for.
- When parts of an item of fixed assets have different useful lives, they are accounted for as items (major components) of fixed assets.

- Assets are stated in the construction phase for production or for rent or for administrative purposes at cost less cumulative impairment losses. Cost includes professional fees and all direct costs related to the asset. Depreciation of these assets starts when they are completed and prepared for use in a specific purpose.
- The cost of internal constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use.

**Subsequent costs to acquisition**

The cost of replacing a component of an asset is recognized in the cost of the asset after dispose the cost of that component when the company incurs the replacement cost and if it is probable that future economic benefits will flow to the company as a result of replacing this component, on condition of the possibility of measuring its cost with a high degree of accuracy. Other costs are recognized in the income statement as an expense when incurred.

**Depreciation**

- Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of each type of asset or the useful life of major components of an item of fixed assets which are accounted for individually. (Land is not subject to depreciation). The estimated useful lives of the fixed assets for depreciation calculation are as following: -

| Description | Depreciation rate |
|---|---|
| - Buildings and construction | 25% - 2.56% |
| - Vehicles and transportation | 20% |
| - Machines, production lines* | 4% - 20% |
| - Tools and equipment | 14.29% - 15% |
| - Aid factors | 10% - 50% |
| - Furniture and movables | 10% - 20% |
| - Central | 15% |
| - Computers | 33.33% - 25% |

- Fixed Assets are depreciated when it ready for use in the intended purpose.

* The Board of Directors No. 231, that held on October 2, 2013, approved by decision No.1094 to modify the useful lives of machines and equipment from 25 to be 20 years starting from January 1, 2013, in addition, agreed to modify the useful life of Gas Cooler from 20 to be 8 years by decision No. 1128 starting from January 1, 2014, and for three years.

**Profit and loss from disposal of fixed assets:**

Profit and losses from disposal of fixed assets are identified by comparing the disposal return with the net book value of the asset, and the resulting profits or losses are recorded in the statement of profit or loss.

**41-3 Projects under construction**

Projects under construction is recorded at cost less accumulated impairment in value, if any, and the cost includes all costs directly related to the asset and necessary to prepare the asset to the state in which it is operated and for the purpose for which it was acquired. Projects under construction are transferred to the item of fixed assets when they are completed and available for the purpose for which they were acquired, and then their depreciation begins using the same bases used in the depreciation of similar items of fixed assets.

**41-4 Other assets**

**A. Recognition**

Identifiable non-monetary assets acquired for business purposes and from which future benefits are expected to flow are treated as other assets. Other assets consist of the Company's contribution in assets not owned to it and serve its purposes, as gas pipeline.

**B. Measurement**

Other assets are measured at cost, being the cash price at recognition date.

If payment is deferred beyond the normal credit terms the difference between the cash price equivalent and the total payment is recognized as interest over the period of credit. Other assets are presented net of accumulated amortization and accumulated impairment losses

**C. Subsequent expenditures**

Subsequent expenditure on the acquisition of other assets is capitalized only when such expenditure increases the future economic benefits of the asset to which it relates. All other expenses are charged to the statement of profit or loss when incurred.

**D. Amortization**

Amortization is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of other assets. Other assets with indefinite useful live are systematically tested for impairment at each statement of financial position date. Other assets are amortized from the date they are available for use as following:

| Description | Amortization |
|---|---|
| - The Company's contribution in assets not owned to it and serve its purposes. | 20% |
| - Gas pipeline | 4% |
| - Licenses and software | 25% |

**41-5 Impairment in the value of tangible and intangible assets**

The company, on an annual basis - or whenever necessary - reviews the book values of its tangible assets to determine whether there are indications or indications of a possible impairment in their value. If such indications are available, the group estimates the recoverable value of each asset separately in order to determine impairment loss in its value. If it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In the event that logical and fixed bases are used to distribute assets to cash-generating units, the general assets of the group are also distributed to those units. If this cannot be achieved, the general assets of the group are distributed to the smallest group of cash-generating units that the group can identify using logical and fixed basis.

With regard to intangible assets that do not have a specified default life or are not yet available for use, an annual test is conducted for impairment in their value, or as soon as there is any indication of the exposure of these assets to impairment.

The recoverable amount of the asset or the cash-generating unit is represented in the "fair value less costs to sell" or "value in use", whichever is greater.

The estimated future cash flows from the use of the asset or the cash-generating unit are discounted using a pre-tax discount rate to get the present value of those flows, which express their use value. This rate reflects current market estimates of the time value of money and the risks associated with that asset, which were not taken into account when estimating the future cash flows generated from it. If the estimated recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of that asset (or cash-generating unit) is reduced to reflect its recoverable amount.

Impairment losses are recognized immediately in the income statement. And when the impairment loss recognized in previous periods is canceled out in a subsequent period, the book value of the asset (or cash-generating unit) is increased in line with the new estimated recoverable amount, provided that the revised book value after the increase does not exceed the original book value that could have been the asset would reach it if the loss resulting from impairment was not recognized in its value in previous years. Such reverse adjustment of impairment losses is recognized immediately in the profit or loss statement.

**41-6 Revenue from contracts with customers**

•The company has implemented Egyptian Accounting Standard No. 48 as of January 1, 2021.

•Egyptian Accounting Standard No. 48 replaces Egyptian Accounting Standard No. 11 "Revenue" and Egyptian Accounting Standard No. 8 "Construction Contracts" and related interpretations. EAS 48 deals with the recognition of revenue from contracts with customers as well as the treatment of additional costs incurred in obtaining a contract with a customer, which will be explained in more detail below.

• Egyptian Accounting Standard No. 48 states that revenue recognition depends on the following five steps:

Step 1: Define the contract with the customer

Step 2: Identify performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Revenue is recognized when (or whenever) the entity fulfills the performance obligation.

In addition, Egyptian Accounting Standard No. 48 includes disclosure of financial statements, with respect to the nature, amount, timing and uncertainty of revenue and related cash flows.

**- Revenue recognition**

The management evaluated the impact of applying the new standard on the company's financial statements, by applying the five-step model, and concluded that the current basis for revenue recognition is still appropriate because the only performance obligation is to deliver the sold quantities to its customers, whether local or foreign, as it is according to the contracts concluded with customers. The company transfers control over the quantities sold to customers according to the following:

**A. Domestic sales**

The date on which the goods were authorized to leave the company's gates.

**B. Export sales**

According to the shipping terms, which is usually the date of shipment at the port.

Therefore, management considers that the initial recognition of Egyptian Accounting Standard No. 48 has no significant change or impact on the company's accounting policies applied to its financial statements.

- The value of the revenue is measured at the fair value of the consideration received or due to the entity when there is sufficient expectation that there will be future economic benefits that will flow to the entity, and that the value of this revenue can be measured accurately, and no revenue is recognized in the event of uncertainty about the recovery of this revenue or associated costs.

**41-7 Financial Instruments**

**Financial Assets:**

**Recognition and Initial Measurement:**

On initial recognition, financial assets are classified according to the business model in which those financial assets are managed and their contractual cash flows, according to one of the following categories:

(1) Debt instruments at amortized cost.

(2) Debt instruments at fair value through other comprehensive income, "with profits or losses being reclassified to the statement of profit or loss upon disposal."

(3) Equity instruments at fair value through other comprehensive income, "without reclassifying profits or losses to the statement of profit or loss upon disposal."

(4) Financial assets at fair value through profit or loss, including equity instruments and derivatives.

**Debt Instruments at Amortized Cost:**

A financial asset is measured at amortized cost if it meets the following two conditions, and is not measured at fair value through profit or loss:

The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and

The contractual terms of the financial assets give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount repayable.

**Debt instruments at fair value through other comprehensive income:**

Debt instruments are measured at fair value through other comprehensive income (with profits or losses being reclassified to the statement of profit or loss upon disposal) only if the following two conditions are met and were not measured at fair value through profit or loss:

The asset is held within a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets, and

The contractual terms of the financial assets give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount repayable.

**Debt instruments at fair value through other comprehensive income:**

Upon initial recognition of an investment in shares that are not held for trading, the company may choose "irreversibly" to measure subsequent changes in fair value within the items of other comprehensive income "without reclassifying profits or losses to the statement of profit or loss upon disposal." This selection is made on an investment-by-investment basis.

**Financial assets at fair value through profit or loss:**

All other financial assets are classified as at fair value through profit or loss.

In addition, upon initial recognition, the company may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost or at fair value through other comprehensive income, as at FVTPL, if doing so It will eliminate or significantly reduce an accounting mismatch that might otherwise arise.

**Subsequent measurement:**
**Debt Instruments at Amortized Cost:**
After initial measurement, debt instruments are measured at amortized cost using the effective interest rate method, less provision for impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Expected credit losses are recognized in the statement of profit or loss when the value of the investments is impaired.

**Debt instruments at fair value through other comprehensive income:**
Debt instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. Interest income and foreign exchange gains and losses are recognized in the statement of profit or loss in the same way for financial assets measured at amortized cost.
The method for calculating the expected credit losses for debt instruments at fair value through other comprehensive income. When a company has more than one investment in the same security, it is considered to have been disposed of on a first-in, first-out basis. On derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to the statement of profit or loss.

**Financial assets at fair value through profit or loss:**
Financial assets at fair value through profit or loss are recognized in the statement of financial position at fair value. Changes in fair value are recognized in the statement of profit or loss. The interest earned on assets that are obligatory to be measured at fair value is also recognized in the statement of profit or loss using the contractual interest rate, as explained in Note (3-25-1-4). Dividend income from equity instruments measured at fair value through profit or loss is recorded in the statement of profit or loss as other operating income when the right to payment is established.
**Reclassification of Financial Assets:**
The company does not reclassify its financial assets after initial recognition.
**Disposal of the financial asset:**
**Derecognition from the books other than a material modification:**
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

§ The right to receive cash flows from the asset has expired, or

§ The Company has transferred its right to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; In addition to:

a) The company has transferred substantially all the risks and rewards associated with the asset; or

b) The Company has neither transferred nor retained substantially all the risks and rewards associated with the asset but has transferred control of the asset.

The Company considers control to be transferred if, and only if, the transferee has the practical ability to sell the entire asset to an unrelated third party and can exercise that ability unilaterally and without additional restrictions on the transfer.
When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Company's continuing involvement, in which case the Company also recognizes an associated liability. The transferred assets and its associated liabilities are measured on a basis that reflects the rights and obligations that the Company has retained.
Continuing participation that takes the form of a guarantee over the transferred asset is measured at the lower of the original book value of the asset and the maximum amount the company could be required to pay.

**Derecognition from the books because of a material modification of the terms and conditions:**
The Company derecognizes the financial asset when the terms and conditions are renegotiated to the extent that the financial asset becomes, to a large extent, a new instrument, with the difference being recognized as a gain or loss because of derecognition of the asset. In the case of amortized cost debt instruments, newly recognized loans are classified as stage 1 for the purposes of measuring ECL.

In assessing whether to derecognize a financial instrument, among other things, the Company considers the following factors:

- Change in the currency of the debt instrument.
- Introducing the equity instrument functionality.
- Change to the other side.
- If the adjustment is such that the instrument no longer meets the criterion of cash flows that are only principal and interest payments on the principal amount repayable.

If the adjustment does not result in substantially different cash flows, the adjustment does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate, the company records an adjustment gain or loss.

**Impairment of Financial Assets:**

The Company recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. The expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at the appropriate effective interest rate.

To assess the extent of impairment in the value of financial assets, financial assets are classified at the date of the financial statements into three stages:

The first stage: financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for them for a period of 12 months.

The second stage: the financial assets that have witnessed a significant increase in credit risk since the initial recognition, and the expected credit loss is calculated for them over the life of the asset.

The third stage: the financial assets that have experienced impairment in their value, which requires calculating the expected credit losses for them over the life of the asset based on the difference between the book value of the instrument and the present value of the expected future cash flows.

The Company's investments in debt instruments consist only of treasury bills, government treasury bonds, and bonds rated in the top investment category (Very Good and Good) by international independent credit agencies and, therefore, are considered investments with low credit risk. It is the Company's policy to measure the expected credit losses on these instruments on a 12-month basis. When the credit risk of any bond deteriorates, the company sells the bonds and buys bonds that meet the required investment grade.

The Company considers a financial asset to be impaired (credit impaired) when contractual payments are past due 90 days or more. However, in some cases, the Company may also consider a financial asset to have defaulted on when internal or external information indicates that it is unlikely that the Company will receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Measurement of Expected Credit Loss for Investments in Debt Instruments:**

The company calculates ECL based on scenarios for measuring the expected cash shortfall, discounted at the appropriate effective interest rate. The cash shortage is the difference between the cash flows owed to the company in **accordance** with the contract and the cash flows the business expects to receive.

When estimating ECL, the company considers three scenarios (base case, upside, and downside).

The following are the main mechanisms and elements for measuring ECL:

a) Probability of default: It is an estimate of the probability of default within a certain period. Failure is assessed only if the financial asset's balance has not been previously derecognized and is still recognized in the financial statements. The probability-to-failure model consists of a macroeconomic outlook and a segmentation of the portfolio of financial assets.

b) Loss in the event of failure: It is an estimate of the loss arising in the event of failure. It is based on the difference between the contractual cash flows due and those the lender expects to receive, including cash flows from the sale of retained security or other credit enhancements.

c) Balance at risk: An estimate of the balance at risk of failure at the future date of failure at the borrower's level, considering expected changes in the balance at risk after the end of the financial period, including interest accrued from missed payments.

The company classifies its financial assets subject to ECL calculations into one of the following categories, which are defined as follows:

**(a) Stage one: 12-month expected credit loss**

The financial instrument is classified as low risk upon initial recognition in the first stage and the credit risk is monitored on an ongoing basis by the company's management. The 12-month ECL is calculated as the portion of the long-term ECL that is the expected credit loss from default events on the financial instrument that is possible within 12 months after the reporting date. The Company calculates the 12-month ECL based on an expectation of default occurring in the 12 months after the reporting date. The 12-month forecasted odds of default are applied to the defaulted balance multiplied by the default loss and discounted at the appropriate effective interest rate. This calculation is made for each of the three scenarios, as described above. Interest income is computed on the total carrying amount of the financial asset (without deducting the provision for expected credit losses).

**(B) The second stage: the expected credit loss over the life - with no impairment of credit value**

The second stage includes financial assets that have had a significant increase in credit risk since initial recognition, but there is no objective evidence of impairment. Expected credit losses are recognized over the life of those assets, but interest income continues to be calculated on the total carrying amount of the assets. Lifetime ECL is the expected credit loss resulting from all possible defaults over the expected life of the financial instrument, according to mechanisms like those described above, including the use of multiple scenarios, but the PD and PLN valuesare estimated on the life of the financial asset. Expected losses are discounted at the appropriate effective interest rate.

At the end of each reporting period, the Company assesses whether there has been a significant increase in the credit risk of financial assets since the first recognition. The Company uses both quantitative and qualitative information to determine whether there has been a significant increase in credit risk based on the characteristics of the financial asset. Quantitative information can be a downgrade in the credit rating below the investment grade. Qualitative information is obtained by monitoring current or expected adverse changes in business, financial or economic conditions that are expected to cause a material (negative) change in the debtor's ability to meet its obligations to the company. In general, the Company will consider a default on payment for a period of more than 30 days after the due date as an automatic indicator of a significant increase in credit risk.

If a significant increase in material risk is identified, this results in the transfer of all instruments in the range held with that party from Stage 1 to Stage 2.

**(C) 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, lifetime expected credit losses are recognized. Interest income is recognized on an amortized cost basis discounted by the expected credit losses from impairment. For debt instruments considered credit-impaired, the Company recognizes lifetime ECLs for such instruments, according to mechanisms like those described above, with the probability of default set at 100%.

The company identifies financial assets for which there is objective evidence of impairment under Egyptian Accounting Standard No. (47) by applying the definition of default used for credit risk management purposes. The company defines default as: any counterparty is unable to meet its obligations (regardless of the amount involved or the number of days due), or when the counterparties have more than 90 days of arrears.

When applying this definition, the following information may serve as evidence that a financial asset is credit-impaired:

§ a breach of contract such as failure or late payment.

§ it is probable that the borrower will enter bankruptcy or other financial reorganization; or

§ The borrower is facing great financial difficulty due to the disappearance of an active market.

**Change between stages (first, second, third):**

**(a) Change from the second stage to the first stage:**
The financial asset is not transferred from the second stage to the first stage until after all the quantitative and qualitative elements of the first stage are met and the full arrears of the financial asset and the returns are paid.

**(B) Change from the third stage to the second stage:**
The financial asset may not be transferred from the third stage to the second stage until all the following conditions are met:

- Completion of all quantitative and qualitative elements of the second stage.

- Paying 20%of the outstanding balances of the financial asset, including the accrued interest set aside/marginalized.

- Regular payment for at least 12 months.

**Measuring Expected Credit Loss:**

The company has four types of financial assets that are subject to the ECL model:

1) Return receipts resulting from sales contracts with customers.

2) Interests for delaying the payment of the returned receipts.

3) The company's investments in debt instruments are measured according to the amortized cost method.

4) The company's investments in debt instruments are measured at fair value through other comprehensive income.

While cash and cash equivalents are also subject to impairment requirements for financial assets in accordance with Egyptian Accounting Standard No. (47) Financial Instruments, the measured impairment losses were not significant.

**Equity tools**
The Company subsequently measures all investments in equity instruments at fair value. And when the company's management chooses to present fair value gains and losses on investments in equity instruments in the statement of other comprehensive income, it is not subsequently reclassified to the statement of profit or loss after disposing of the investment. Dividends from these investments continue to be recognized in the profit or loss statement as other income when the company's right to receive such distributions is established.
Changes in the fair value of financial assets at fair value through profit or loss are recognized in the other income / (expenses) item in the statement of profit or loss, as the case may be. Impairment losses (and the reversal of impairment losses) on investments in equity instruments that are measured at fair value through other comprehensive income are recognized separately from other changes in fair value.

**Impairment**
At the date of the financial statements, the Company assesses whether there is credit impairment of financial assets that are measured at amortized cost and securities that are measured at fair value through other comprehensive income. Credit impairment of a financial asset occurs when there is an event or detrimental events to the expected cash flows of the financial asset.
Evidence of credit impairment includes the following observable data:
- Breach of contract by defaulting on repaying the loan on the due date

- Restructuring the loan or advance payment from the company on terms that are not in the company's favor.
- It is probable that the borrower will go bankrupt or any other financial event, or the disappearance of an active market for the asset due to financial difficulties.

Provisions for financial assets at amortized cost are deducted from the total value of the asset.

**Financial liabilities:**
Financial liabilities are classified as either "at fair value through profit or loss" financial liabilities or other financial liabilities.

**Other financial liabilities:**
Other financial liabilities include loan balances, if any, accounts payable, balances due to related parties and other credit balances. The first financial liabilities are recognized at fair value (the value received) after deducting the cost of the transaction, provided that they are subsequently measured at amortized cost using the effective interest rate and the distribution of interest expense on related periods on the basis of the effective return.
The effective interest rate method is a method of calculating the amortized cost of financial liabilities and of charging interest expense over the relevant periods.
The effective interest rate is the rate that exactly discounts future cash payments through the estimated life of the financial liability, or a shorter appropriate period.

**Derecognition of financial instruments from the books**
A financial asset is derecognized when the company transfers substantially all the risks and benefits of ownership of the asset to a party outside the company. If the Company continues to control the transferred financial asset, then it recognizes the interest it retains in the asset and a corresponding liability representing the amounts it may have to pay.
But if the transaction results in the company retaining substantially all the risks and benefits of ownership of the transferred financial asset, then the company continues to recognize the financial asset, provided it also recognizes the amounts received as a loan against the guarantee of that asset.
Financial liabilities are derecognized when they are either settled, canceled or contractually expired.

**Effective interest rate method**
The effective interest rate method is used to calculate the amortized cost of financial assets that represent debt instruments and to distribute the return over the relevant periods. The effective interest rate is the rate on the basis of which future cash receipts are discounted (which includes all fees, payments or receipts between the parties to the contract, which are considered part of the effective interest rate as well as the transaction cost and any other premiums) over the estimated life of the financial assets or any appropriate shorter period.
The return on all debt instruments is recognized on the basis of the effective interest rate, except for those classified as financial assets at fair value through profit or loss, where the return on them is included in the net change in their fair value.

**41-8 Lease contracts**

In January 1, 2021, the management made a detailed assessment of the impact of applying Egyptian Accounting Standard No. (49) on the company's independent financial statements.
- Egyptian Accounting Standard No. 49 replaced the previous Egyptian Accounting Standard No. 20 "Accounting Rules and Standards Related to Financial Leasing Operations". Under the new leasing standard, the assets leased by the Company are recorded in the Company's statement of financial position with the corresponding liability recorded.
- During the year 2021, the company made a detailed assessment of the impact of Egyptian Accounting Standard No. 49, and the impact of applying Standard No. 49 was as follows:

• The company, as a lessee, recognized the right of use asset and the lease contract obligations at the commencement date of the lease.
• With initial recognition, right of use has been measured as the amount equal to the initial measurement of the lease liability, adjusted for past lease payments, initial direct cost, lease incentives, and the discounted present value of the estimated liability for disposal of the asset. Subsequently, the right-of-use

asset will be measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the right of use assets or the lease term, whichever is shorter.

• The lease liability was measured at initial recognition at the present value of the future lease and related fixed service payments over the lease term, discounted at the interest rate implicit in the lease or the company's incremental borrowing rate. Generally, the company uses the incremental borrowing rate as the discount rate. The subsequent lease liability is measured at amortized cost using the effective interest method.

• Right of use assets and lease contract liability are subsequently remeasured if one of the following events occurs:

-The change in the lease price due to the index or rate that became effective in the period of the financial statements.

- Amendments to the lease contract
- Re-evaluation of the lease term
- Leases that are short-term in nature (less than 12 months including extension options) and leases of low-value items will continue to be recognized as expenses in the profit or loss statement as incurred.

**Transitional rules:**

The company adopted the Egyptian Accounting Standard No. 49 calculated on the basis of the remaining period of the contract, and the comparison numbers were not modified, based on Paragraph C8 of the appendix to the standard regarding the rules regarding the effective date and the transitional rules.

**41-9 Investments in the subsidiary company**

- Investments in subsidiaries are accounted for at cost - and if some indications and indications of the possibility of impairment losses in the value of investment in subsidiaries appear on the date of the financial statements, the book value of those investments is reduced to their recoverable value and the resulting impairment losses are immediately included in the list of profits or losses.

**41-10 Inventories**

- Inventories are stated at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses. The cost of inventory is determined as follows: -
- Raw materials, supplies, fuel, oil and spare parts are valued at actual cost on the moving average basis.
- Catalysts are valued at the actual purchase.
- Finished goods and work in progress are valued at actual production cost which includes direct materials, direct labor and its share of manufacturing fixed and variable overheads.

**41-11 Cash and cash equivalent**

For the purpose of preparing the statement of cash flows, cash and cash equivalents comprise cash at banks and on hand, time deposits and treasury bills with maturity not exceeding three months and are represented net of banks - overdraft (if any) which is paid on demand and which is an integral part of the company's money management.

**41-12 Contingent liabilities and Provisions**

Provisions are recognized when there is an existing legal obligation or inferred from surrounding circumstances as a result of a past event and it is probable that an outflow of economic benefits will be used to settle that obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, then the value of the provisions is determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks related to the obligation, if appropriate.

The balance of provisions is reviewed on the date of the financial position and adjusted (if necessary) to reflect the current best estimate .

**41-13 Employee benefits**

**1-Employee benefits:**

**A-Short term Employee benefits:**

- Wages and salaries Liabilities, including leave and allowances, expected to be paid in full within the twelve months following the end of the period during which employees provide the relevant service are recognized under employee services until the end of the disclosed financial period.
- They are measured on the basis of the amounts expected to be paid when the liability is settled, and the liabilities appear as current employee bonus liabilities in the statement of financial position.

**B-Long term employee benefits:**

-- Long-term employee benefits obligations are measured by the present value of the expected future payments that will be paid for the services provided by employees until the end of the disclosed financial period using the expected unit credit method and are recorded as a non-current liability and take into account the expected future increase in salaries and previous rates of workforce reduction and periods of service. Future payments are discounted using market returns at the end of the disclosed financial period on high-quality corporate bonds and government bonds with terms and currencies that match as closely as possible the estimated future cash outflows.

- The re-measurement is recognized resulting from the actuarial assumptions in the statement of other comprehensive income.

Liabilities are presented as current liabilities in the statement of financial position unless the company has an unconditional right to postpone payment for a period of at least 12 months after the disclosed financial period, regardless of the date of actual payment.

**B-1 Health care after retirement (Defined Benefit Plan):**

- The company provides post-retirement health care benefits to eligible retirees and their dependents throughout their lives and accrues the expected costs of these benefits over the period of employment using a similar accounting method as that used in defined benefit programs.
- Remeasurement gains and losses resulting from adjustments and changes based on actuarial assumptions are charged to the statement of other comprehensive income in the period in which they arise, and the obligations are evaluated annually by an actuarial expert.

Accounting for these programs requires the Company to make certain assumptions regarding discount rates used to measure future liabilities and expenses, inflation rates, trend rates for health care costs and mortality, and other assumptions, and these assumptions are subject to change significantly.

Actuarial valuations, market conditions, and changes in contracted benefits. The testing of assumptions is based on past trends and future estimates based on economic and market conditions at the valuation date. However, actual results may differ materially from the estimates based on the significant assumptions used.

**B-2 End of service benefits upon retirement on a pension:**

-The actuarial evaluation process takes into account the provisions of the work system and company policy.

-The net liability recognized in the stated statement of financial position for the post-employment defined benefit program represents the present value of the expected defined benefit obligation less the fair value of the program assets (if any) at the date of the financial statements.

-Defined benefit obligations are remeasured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using interest rates for high-quality corporate bonds that are denominated in the currency in which the benefits are paid and that have maturity periods similar to the duration of the relevant obligations.

-In countries where there are no markets for such types of bonds, market rates for government bonds are used.

-The net interest cost is calculated by applying discount rates to the net balance of the defined benefit obligation and the fair value of the program assets, if any.

-Current service costs are calculated using the actuarially determined pension cost rate at the end of the previous year adjusted to account for significant market fluctuations and any significant non-recurring events such as plan modifications, curtailments and adjustments.

-In the absence of these significant market fluctuations and one-time events, the actuarial obligations are extended based on the assumptions at the beginning of the year.

-If there are material changes to the assumptions or arrangements during the initial period, consideration should be given to remeasuring those obligations and related costs.
-Remeasurement gains or losses arising from changes in actuarial assumptions in the period during which they occur are included in the statement of other comprehensive income.
-Changes in the present value of the defined benefit obligation resulting from program modifications or workforce reductions are recognized directly in the profit or loss statement as past service costs.
-When the benefits program is modified, the portion of benefits related to employees' prior service is recognized as an expense or revenue.
- Current and past service costs related to post-service benefits are immediately recognized in the income statement with the reversal of the liability according to the discount rates used and include transfer costs and any changes in the net liability that are directed to the actuarial evaluation process, and changes in assumptions are considered as remeasurements in other comprehensive income items.

**B-3 Employee retirement pension liabilities**

The company pays its contributions to the systems of the General Authority for Social Insurance on a mandatory basis in accordance with Social Insurance Law No. 79 of 1975 and its amendments, and the company does not have any other obligations once it pays its obligations. Regular contributions are recognized as a periodic cost in the year they are due and are included in the labor cost in the statement of profit or loss.

Expenses resulting from the specified subscription system are charged to the statement of profit or loss according to the accrual basis.

**41-14 Employees profit share:**

The Company pays 10% of its cash dividends as profit sharing to its employees provided that it will not exceed total employees' annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Company's shareholders. And the Company did not realize liability for profit sharing to its employees for non- distributed profits.

**41-15 Legal reserve**

According to the companies' law and the Company's status, at least 5% of the net profit is retained to form legal reserve till it reaches 50% of the issued capital, transferring to the legal reserve stops when it reaches 50% of the issued capital. When the legal reserve declines below 50%, the Company starts retaining at least 5% of its net profit till it reaches 50% of the issued capital again. This reserve is not subject to distribution but may be used to increase capital or mitigate losses. Legal reserve is recognized in the financial year where the ordinary general assembly meeting been approved to decide the increase of the reserve.

**41-16 Accounting for income tax**

**Income Taxes and deferred taxes**

A provision is formed to meet possible tax liabilities and disputes from the management point of view in light of the received tax claims and after conducting the necessary studies in this regard.

- The company's independent profit or loss statement is periodically charged with an estimated tax burden for each fiscal period, which includes both the current tax value and the deferred tax, provided that the actual tax burden is established at the end of each fiscal year.

- Deferred tax assets and liabilities represent the expected tax effects of the temporary differences resulting from the difference in the value of assets and liabilities according to tax rules and between the book values of those assets and liabilities according to the accounting principles used in preparing the financial statements.

- The current tax is calculated on the basis of the tax base determined according to the laws, regulations and instructions in force in this regard and using the tax rates in force at the date of preparing the financial statements, while the deferred tax value is determined using the tax rates expected to be applied in the periods during which the obligation will be settled or the asset will be used based on the tax rates and tax laws in force at the date of the financial statements.

- The deferred tax is recorded as an expense or revenue in the income statement, except for those related to items that are directly recorded within the equity, so the related deferred tax is also dealt directly within the equity.

- In general, all deferred tax liabilities (resulting from taxable temporary differences in the future) are recognized, while deferred tax assets (resulting from taxable temporary differences) are not recognized unless there is a strong probability or other convincing evidence of achieving sufficient tax profits in the future.

**41-17 Segment report**

Operating segments are disclosed in a manner consistent with the internal reporting information provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's Board of Directors.

**41-18 Earnings per share**

Basic and diluted earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

**41-19 Statement of Cash Flows**

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