

**Ferchem Misr for Fertilizers & Chemicals Company
(An Egyptian Joint Stock Company)**

Financial Statements

For The Financial Period ended September 30, 2025

The Limited Review Report

Contents	Page
The Limited Review Report	1-2
Statement of financial position	3
Statement of income	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8-41

Degla view building -Ring road,
Katameya,Cairo, Egypt

C61, Plot# 11, 10th Sector,
Zahraa El Maadi, Cairo.

87 Ramsis Street, Cairo.
Egypt

T: +2 2725 10 04
T: +2 2725 10 08
T: +2 2725 10 09

T: +2 2310 10 31,32,33,34,35

T: +2 2574 48 10
T: +2 2577 07 85

info@bakertillyeg.com
www.bakertillyeg.com

*Translation of Auditor's Report
Originally Issued In Arabic*

Limited Review Report

To The Members of Boards of Directors Of Ferchem Misr for Fertilizers and Chemical Co. (S.A.E.)

Introductory

We have reviewed the accompanying financial position of Ferchem Misr for Fertilizers and Chemical Co. (S.A.E.) as at September 30, 2025 and the statement of income, statement of comprehensive income, statement of changes in equity and cash flow statement for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of limited review

We conducted our review in accordance with Egyptian Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view for the financial position of the Company as of September 30, 2025 and of its financial performance and its cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.

Emphasis of matter

Without qualifying our opinion:

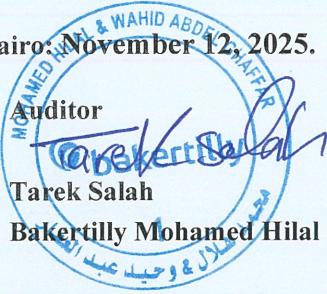
- As described in notes (1, 14) to the financial statements, the Extraordinary General Assembly of the Company approved the merger of Aswan Fertilizers and Chemical Industries Co. (S.A.E.) and Abu Zaabal Fertilizers and Chemical Industries Co. (S.A.E.) (the merged companies) into Ferchem Egypt for Fertilizers and Chemicals Co. (S.A.E.) (the merging company), based on the net book value of equity as of September 30, 2022, for the companies. On December 23, 2024, the General Authority for Investment and Free Zones issued its decision approving the merger. The commercial registers of the merged companies — Abu Zaabal Fertilizers and Chemical Industries Co. (S.A.E.) and Aswan Fertilizers and Chemical Industries Co. (S.A.E.) — were canceled and written off on March 20, 2025, and March 23, 2025, respectively. The merger was registered in the commercial register of Ferchem Egypt for Fertilizers and Chemicals Co. (S.A.E.) on March 23, 2025.
- The comparative figures of the statement of financial position as of December 31, 2024, as well as the statements of income, comprehensive income, changes in equity, and cash flows for the financial period ended September 30, 2024, represent Ferchem Egypt for Fertilizers and Chemicals Co. (S.A.E.) as a standalone entity prior to the merger, which took place on March 23, 2025 – Note (34).

Cairo: November 12, 2025.

Auditor

Tarek Salah

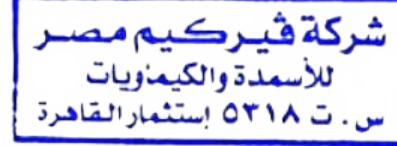
Bakertilly Mohamed Hilal & Wahid Abdel Ghaffar



Ferchem Misr for Fertilizers & Chemicals Company "S . A . E "**Statement of financial position as of September 30, 2025****(All amounts are in Egyptian Pound)**

	<u>Note No.</u>	<u>30/9/2025</u>	<u>31/12/2024</u>
Non current assets			
Fixed assets	(4)	1 337 110 730	38 472 066
Right of use of assets	(5)	25 963 422	--
Projects in progress	(6)	2 520 951 607	8 907 568
Investment in associate	(7)	11 662 644	--
Total non current assets		3 895 688 403	47 379 634
Current assets			
Inventory	(8)	3 102 853 130	98 483 546
Trades and notes receivable	(9)	1 011 363 914	22 281 716
Due from related parties	(10)	6 749 165	8 598 933
Debtors and other debit balances	(11)	898 446 443	25 601 816
Cash and cash equivalents	(12)	3 311 136 518	66 528 545
Total current assets		8 330 549 170	221 494 556
Total assets		12 226 237 573	268 874 190
Equity			
Issued and paid up capital	(14)	800 000 000	35 100 000
Reserves	(15)	685 845 505	12 281 228
Retained earnings		166 156 381	46 674 942
Net profit for the period / year		2 009 173 177	51 545 663
Total equity		3 661 175 063	145 601 833
Non current liabilities			
Long-term loans	(16)	676 279 368	--
End of service indemnity	(17)	2 778 581	--
Deferred tax liability	(18)	216 937 573	2 821 997
Lease contracts liability	(19)	30 698 811	--
Total non current liabilities		926 694 333	2 821 997
Current liabilities			
Provisions	(20)	204 092 200	5 318 464
Lease contract liability - current portions	(19)	8 133 702	--
Bank facilities	(21)	2 296 380 931	20 085 170
Due to related parties	(22)	--	69 267 528
Long term loans - current portions	(16)	206 131 648	--
Suppliers and notes payable	(23)	1 581 929 397	5 136 254
Creditors and other credit balances	(24)	292 917 816	5 754 524
Dividends Payable		2 416 892 991	--
Current tax payable		631 889 492	14 888 420
Total current liabilities		7 638 368 177	120 450 360
Total liabilities		8 565 062 510	123 272 357
Total equity and liabilities		12 226 237 573	268 874 190

The accompanying notes are an integral part of these financial statements.
The Limited Review Report is attached.

Head of Finance Division
Mr. Ahmed Shawki Montaser**Vice Chairman and CEO**
Chem. Sami Abdel Nabi**Chairman**
Eng. Ali Maher Ghonim

Ferchem Misr for Fertilizers & Chemicals Company "S . A . E "

Statement of income for the period ended September 30, 2025

(All amounts are in Egyptian Pound)

	Note <u>No.</u>	<u>The period</u>	<u>The period</u>	<u>The period</u>	<u>The period</u>
		<u>From 1/1/2025</u>	<u>From 1/1/2024</u>	<u>From 1/7/2025</u>	<u>From 1/7/2024</u>
		<u>To 30/9/2025</u>	<u>To 30/9/2024</u>	<u>To 30/9/2025</u>	<u>To 30/9/2024</u>
Sales	(25)	7 466 812 984	485 603 243	2 917 361 549	259 519 706
<u>Less:</u>					
Cost of sales		(4 548 593 718)	(418 413 012)	(1 952 475 797)	(247 174 967)
Gross profit		2 918 219 266	67 190 231	964 885 752	12 344 739
<u>Add / (less):</u>					
Less/ Add					
Company's share in result of associates	(7)	5 542 494	--	2 311 433	--
Net (loss) of vocational training activity	(26)	(641 580)	--	(455 920)	--
Capital gain		--	819 960	--	--
Credit interest		84 964 828	2 812 213	42 705 005	560 788
Other income		51 677 555	--	18 369 361	--
General and administrative expenses	(27)	(130 910 289)	(8 311 524)	(55 259 525)	(3 038 390)
Board members remunerations and attendance allowances		(411 870)	(291 500)	--	(92 500)
Expected credit losses	(13)	(5 557 269)	(972 287)	(4 121 034)	(627 934)
Provisions and Impairment formed		--	(1 000 000)	--	(1 000 000)
End of service indemnity provision	(17)	(260 764)	--	--	--
Finance expenses		(231 219 947)	(5 862 684)	(102 720 789)	(677 949)
Foreign exchange differences		(77 299 950)	1 252 109	(55 956 388)	381 846
Net profit for the period before tax		2 614 102 474	55 636 518	809 757 895	7 850 600
(Less) \ add:					
Current income tax		(627 756 729)	(13 008 593)	(202 115 062)	(2 169 238)
Deferred tax	(18 - A)	22 827 432	(30 721)	16 401 149	(129 970)
Net profit for the period after tax		2 009 173 177	42 597 204	624 043 982	5 551 392
Basic earnings per share in the profit for the period	(28)	7.02	2.43	1.56	0.32

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

Head of Finance Division

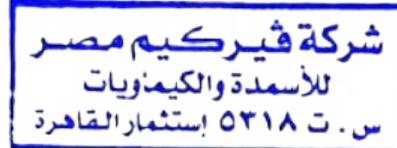
Mr. Ahmed Shawki Montaser

Vice Chairman and CEO

Chem. Samir Abdel Nabi

Chairman

Eng. Ali Maher Ghonim



Ferchem Misr for Fertilizers & Chemicals Company "S.A.E"**Statement of comprehensive income for the period ended September 30, 2025****(All amounts are in Egyptian Pound)**

	<u>The period</u> <u>From 1/1/2025</u> <u>To 30/9/2025</u>	<u>The period</u> <u>From 1/1/2024</u> <u>To 30/9/2024</u>	<u>The period</u> <u>From 1/7/2025</u> <u>To 30/9/2025</u>	<u>The period</u> <u>From 1/7/2024</u> <u>To 30/9/2024</u>
Net profit for the period	2 009 173 177	42 597 204	624 043 982	5 551 392
Other Comprehensive income				
Actuarial gains	60 668	--	--	--
Total other comprehensive income after tax	60 668	--	--	--
Total comprehensive income for the period	2 009 233 845	42 597 204	624 043 982	5 551 392

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

Ferchem Misr for Fertilizers & Chemicals Company "S . A . E "
Statement of changes in equity for the period September 30, 2025
 (All amounts are in Egyptian Pound)

	<u>Note No.</u>	<u>Issued and Paid up capital</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Net profit for the period</u>	<u>Total</u>
Balance at 1/1/2024		35 100 000	9 712 591	2 523 303	51 372 731	98 708 625
Transferred to retained earnings	--	--		48 804 094	(48 804 094)	--
Transferred to legal reserve	--		2 568 637	--	(2 568 637)	--
Dividends	--	--		(4 652 455)	--	(4 652 455)
Total comprehensive income for the period	--	--	--		42 597 204	42 597 204
Balance at 30/9/2024		35 100 000	12 281 228	46 674 942	42 597 204	136 653 374
Balance at 1/1/2025		35 100 000	12 281 228	46 674 942	51 545 663	145 601 833
Transfer to capital reserve	--		809 950	--	(809 950)	--
Transferred to legal reserve	--		2 536 786	--	(2 536 786)	--
Company's share of the adjustment to retained earnings of associate	--	--		(9 633 965)	--	(9 633 965)
Dividends of the year 2024	--	--		--	(4 948 369)	(4 948 369)
Transferred to retained earnings	--	--		43 250 558	(43 250 558)	--
Impact of the Merger of Abu Zaabal Fertilizers Company and Aswan Fertilizers Company into the Company*	(1)	764 900 000	670 156 873	2 341 455 036	--	3 776 511 909
Profit of the merged companies for the period from January 1, 2025, to the deregistration date in the commercial register**	--	--		161 302 801	--	161 302 801
Dividends***	--	--		(2 416 892 991)	--	(2 416 892 991)
Total comprehensive income for the period	--		60 668	--	2 009 173 177	2 009 233 845
Balance at 30/9/2025		800 000 000	685 845 505	166 156 381	2 009 173 177	3 661 175 063

* On March 23, 2025, the merger was registered in the commercial register with the merge of Aswan for Fertilizers and Chemical Industries (Merged Company 1) and Abu Zaabal for Fertilizers and Chemicals (Merged 2) into the Company. - Note (1).

** The profits of the merged companies represents in the net profit of Aswan Fertilizers and Chemical Industries Company ('Merged Entity 1') for the period from January 1, 2025, to the deregistration date in the Commercial Registry on March 23, 2025, as well as the net profit of Abu Zaabal Fertilizers and Chemicals Company ('Merged Entity 2') for the period from January 1, 2025, to the deregistration date in the Commercial Registry on March 20, 2025.

*** Based on the resolution of the Ordinary General Assembly of the Company held on September 3, 2025, it was approved to distribute an amount of EGP 2 416 892 991 from retained earnings.

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

Ferchem Misr for Fertilizers & Chemicals Company "S . A . E "
statement of cash flows for the period September 30, 2025

(All amounts are in Egyptian Pound)

	<u>Note No.</u>	<u>The end of period to 30/9/2025</u>	<u>30/9/2024</u>
<u>Cash flows from operating activities</u>			
Net profit before tax		2 614 102 474	55 636 518
<u>Adjustments to reconcile net profit to cash provided by operating activities</u>			
Fixed assets depreciation	(4)	110 072 797	4 088 127
Right use of assets depreciation	(5)	4 840 872	--
Company's share in result of associates	(7)	(5 542 494)	--
Finance expenses		231 219 947	5 862 684
Expected credit loss		5 557 269	972 287
End of service indemnity provision		260 764	--
Provisions and Impairment formed		--	1 000 000
Credit interest		(84 964 828)	(2 812 213)
Capital (gain)		--	(819 960)
Operating profits before changes in working capital		2 875 546 801	63 927 443
<u>Change in:</u>			
Inventory		(365 674 368)	73 080 411
Trades and notes receivables		(610 040 338)	2 823 268
Due from related parties		296 986 182	4 016 983
Debtors and other debit balances		140 743 546	(7 853 197)
Due to related parties		(133 542 238)	(42 309 197)
Supplier and notes payables		542 465 169	9 803 384
Creditors and other credit balances		(313 457 848)	(3 661 358)
Cash flows provided by operating activities		2 433 026 906	99 827 737
Income tax paid		(979 346 821)	(9 099 861)
Proceeds from credit interest		84 964 828	--
Finance expenses paid		(231 219 947)	(3 050 471)
Net cash flows provided by operating activities		1 307 424 966	87 677 405
<u>Cash flows from investing activities</u>			
(Payments) for purchase of fixed assets and projects in progress		(853 515 337)	(11 654 829)
Proceeds from selling of fixed assets		--	870 000
Proceeds from dividend income of associate		8 055 090	--
Net cash flows (used in) investing activities		(845 460 247)	(10 784 829)
<u>Cash flows from financing activities</u>			
Dividends paid		(4 948 369)	(4 652 455)
(Payment) for lease contract liability		(9 540 070)	--
Proceeds (Payment) from banks facilities		892 008 407	(34 113 659)
Proceeds for long term loans		138 568 214	--
Net cash flows provided by (used in) financing activities		1016 088 182	(38 766 114)
Net change in cash and cash equivalents during the period		1 478 052 901	38 126 462
Cash and cash equivalents at the beginning of the period		67 229 806	44 860 847
Cash and Cash Equivalents Transferred to the Company as a Result of the Merger		1 783 024 640	--
Cash and cash equivalents at end of the period	(12)	3 328 307 347	82 987 309

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

1- COMPANY'S BACKGROUND

1-1 The International Company for Fertilizers and Chemicals “FERCHEM” (Abdel Salam Abdel Salam El-Gabaly & Partner), a general partnership, was established on January 28, 2001 in accordance with the provisions of Law No. 8 of 1997 regarding Investment Guarantees and Incentives and its Executive Regulations.

On December 19, 2004, the commercial register was updated to change the company's name to Ferchem Misr for Fertilizers and Chemicals (Abdel Salam Abdel Salam Mostafa El-Gabaly & Partners). On January 28, 2007, the commercial register was further updated to change the company's name to Ferchem Misr for Fertilizers and Chemicals (Engineer Abdel Salam Abdel Salam Mostafa El-Gabaly & Partners).

On August 6, 2007, the commercial register was updated to change the company's name to Ferchem Misr for Fertilizers and Chemicals and to convert the company's legal form into an Egyptian Joint Stock Company subject to the provisions of Law No. 8 of 1997.

The duration of the company is twenty-five (25) years starting from the date of registration in the commercial register. The company's financial year begins on January 1 and ends on December 31 of each year.

1-2 Company's objective

The company's purpose was to establish and operate a plant for blending and packaging fertilizers, chemicals, agricultural and insecticides, hormones, and agricultural growth regulators.

The Extraordinary General Assembly held on May 18, 2019, approved the amendment of the Company's purpose to include the following:

- Establishing and operating a plant for blending and packaging chemical fertilizers, blending and packaging powdered and liquid compound fertilizers (N.P.K), blending, granulating, and packaging granular compound fertilizers (N.P.K), agricultural and insecticides, hormones, and agricultural growth regulators, as well as providing blending, manufacturing, and packaging services for third parties.
- Trading in all of the company's products, seeds, and seedlings.
- Importing and exporting fertilizers and agricultural nutrients.
- Leasing storage spaces and capacities necessary for the company's operations, and subleasing any excess storage spaces and capacities to third parties.
- The company is required to maintain separate accounts and a distinct financial position for each activity.

The amendment was registered in the commercial register on July 11, 2019.

Based on the resolution of the Extraordinary General Assembly of the Company held on October 21, 2024, it was approved to amend the Company's purpose to include the following activities:

- Establishing, managing, and operating a plant for the preparation, grinding, and sale of mineral raw materials.
- Establishing, managing, and operating a plant for blending and packaging chemical fertilizers, agricultural nutrients, agricultural and insect pesticides, hormones, and plant growth regulators, as well as providing blending, manufacturing, and packaging services for third parties.
- Establishing, managing, and operating a plant for blending, packaging, and manufacturing powdered compound NPK fertilizers.
- Establishing, managing, and operating a plant for blending, packaging, and manufacturing liquid compound NPK fertilizers.
- Establishing, managing, and operating a plant for blending, packaging, and granulating compound NPK fertilizers.
- Establishing, managing, and operating a plant for manufacturing, preparing, grinding, and selling mineral raw materials and phosphate fertilizers.
- Establishing, managing, and operating technical education schools and institutes.
- Establishing, managing, and operating a plant for manufacturing magnesium sulfate fertilizers and urea phosphate fertilizers.
- Executing and managing industrial projects related to fertilizers, chemicals, and agricultural nutrients, as well as undertaking technical and administrative restructuring for factories operating in the fields of fertilizers, mining, agricultural nutrients, pesticides, and all chemical industries.
- Prospecting, exploiting, extracting, and concentrating mineral resources of all types from mines and quarries.
- Extracting phosphate, and purifying, storing, supplying, distributing, and trading in sulfur oxide, superphosphate, and other fertilizers and their derivative compounds.
- Leasing storage spaces and capacities necessary for the Company's operations, and subleasing any excess storage capacity to third parties.
- Import and export.
- Investing in all fields related to fertilizers and chemicals of all types, and agricultural and chemical nutrients.
- Providing consulting and technical services in all production, financial, administrative, and marketing areas for companies and factories (excluding activities related to securities markets, legal consultations, and studies related to capital increases, acquisitions, and financial advisory services regarding securities as specified under Article 27 of the Capital Market Law and its Executive Regulations).
- Trading in the Company's products, seeds, seedlings, sulfur oxide, superphosphate, other fertilizers, and derivative compounds.
- General trading in all legally permitted fields, particularly chemicals, ores, solvents, industrial plastics, plastic raw materials, fertilizers, and all types of agricultural nutrients, including all related agricultural equipment and supplies.

All the above activities are to be conducted in accordance with applicable laws, regulations, and decisions in force, and subject to obtaining the necessary licenses to carry out such activities.

The Company may also have an interest in or participate in any manner with companies or entities engaged in similar activities or those which may assist in achieving its objectives, whether inside or outside Egypt. It may also merge with, acquire, or affiliate with such entities in accordance with applicable laws and regulations.

1-3 The financial statements were approved for issuance by the Board of Directors in its meeting held on November 12, 2025.

1-4 Merger of Abu Zaabal Fertilizers and Chemicals and Aswan Fertilizers and Chemical Industries (Merged Companies) into Ferchem Misr for Fertilizers and Chemicals (Merging Company)

Based on the resolution of the Extraordinary General Assembly of the Company held on October 21, 2024, the following resolutions were approved:

a- Approval of the report issued by the Committee formed to verify the preliminary valuation of assets and liabilities of Ferchem Misr for Fertilizers and Chemicals S.A.E. (Merging Company), Abu Zaabal Fertilizers and Chemical Industries S.A.E. (Merged Company), and Aswan Fertilizers and Chemical Industries S.A.E. (Merged Company), The report was issued by the Economic Performance Sector of the General Authority for Investment and Free Zones (GAFI) and approved by its CEO on August 1, 2024. The report determined the book value of shareholders' equity as at September 30, 2022, which is the merger reference date, without revaluation of any financial statement items, as follows:

(a)-1 Total book value of shareholders' equity of the merged and merging companies amounted to EGP 691,592,000, distributed as follows:

- Ferchem Misr for Fertilizers and Chemicals (Merging Company): EGP 39,408,720
- Aswan Fertilizers and Chemical Industries (Merged Company): EGP 31,589,220
- Abu Zaabal Fertilizers and Chemical Industries (Merged Company): EGP 620,594,060

(a)-2 Distribution of total equity is based on a valuation ratio reflecting the fair market value of each company:

- 6.12% for Ferchem Misr (Merging Company)
- 1.35% for Aswan Fertilizers (Merged Company)
- 92.53% for Abu Zaabal Fertilizers (Merged Company)

(a)-3 Consideration of the capital increase in Abu Zaabal Fertilizers amounting to EGP 199,878,727, recorded in the Commercial Register on September 27, 2023.

- b-** Approval of the merger of Aswan for Fertilizers and Chemicals industries and Abu Zaabal for Fertilizers and chemicals into Ferchem Misr, based on the book value of shareholders' equity of these companies as at September 30, 2022, and allocation of total equity in accordance with the valuation ratios outlined in the Committee's report that issued by the Economic Performance Sector of the General Authority for Investment and Free Zones (GAFI). The total post-merger equity was set at EGP 891,470,727, distributed as follows:
 - 6.12% of the total book value of shareholders' equity, equivalent to EGP 42,325,430, was allocated in favor of Ferchem Misr for Fertilizers and Chemicals S.A.E. (the merging company), to be distributed among the company's shareholders in proportion to their ownership percentages as of the merger implementation date.
 - 1.35% of the total book value of shareholders' equity, equivalent to EGP 9,336,492, was allocated in favor of Aswan for Fertilizers and Chemicals Industries S.A.E. (the merged company), to be distributed among the company's shareholders in proportion to their ownership percentages as of the merger implementation date.
 - 92.53% of the total book value of shareholders' equity, equivalent to EGP 839,808,805, was allocated in favor of Abu Zaabal for Fertilizers and Chemicals S.A.E. (the merged company), including the capital increase of EGP 199,878,727 made subsequently to the merger base date to be distributed among the company's shareholders in proportion to their ownership percentages as of the merger implementation date.
- c-** Approval of the transfer of all rights and obligations of the merged companies (Abu Zaabal and Aswan) to Ferchem Misr, which shall assume all legal rights and obligations, tangible and intangible assets, and liabilities of the merged companies. All existing contracts of the merged companies shall remain in force, with Ferchem Misr assuming the contractual position of the merged entities.
- d-** Approval of the distribution of Ferchem Misr's post-merger equity based on the book values of September 30, 2022, as per the committee's report that issued by the Economic Performance Sector of the General Authority for Investment and Free Zones (GAFI).
- e-** Approval of the detailed merger agreement and its annexes.
- f-** Approval of the Board of Directors' proposal to amend the authorized capital to EGP 2,000,000,000 and to increase the issued capital to EGP 800,000,000, divided into 400,000,000 shares at a nominal value of EGP 2 per share, and to amend the company's purpose in connection with the merger.
- g-** Approval of amendments to Articles (3), (6), and (7) of the Company's Articles of Association.
- h-** Approval of the continued listing of Ferchem Misr shares on the Egyptian Exchange after the merger.
- i-** Approval of the lock-up of 51% of the shares owned by the major shareholders, provided that it shall not be less than 25% of the total company shares after the merger, in accordance with the Financial Regulatory Authority's requirements. The lock-up period will extend until audited financial statements reflect profitability as defined in item No. (8) of Article (7) of the Listing Rules, or 24 months from the listing of the merger shares.

On December 23, 2024, the General Authority for Investment and Free Zones issued Decision No. 722/2 of 2024, which included the following:

Article One:

Approval of the merger of Aswan Fertilizers and Chemical Industries (Merged Company 1) and Abu Zaabal Fertilizers and Chemical Industries (Merged Company 2) into Ferchem Misr for Fertilizers and Chemicals (Merging Company).

Article Two:

The date September 30, 2022, is considered the legal effective date on which the merging company legally substitutes the merged companies in all their rights and obligations, in accordance with the resolutions of the Extraordinary General Assemblies of both the merged and the merging companies. This is without prejudice to the rights of creditors. However, the merger shall not be enforceable against third parties except from the date of registration of the merger decision in the commercial registry.

- On March 20, 2025, the commercial registers of the merged companies — Abu Zaabal Fertilizers and Chemical Industries Co. (S.A.E.) was canceled and written off.
- On March 23, 2025, the commercial registers of the merged companies — Aswan Fertilizers and Chemical Industries Co. (S.A.E.) was canceled and written off.
- On March 23, 2025, the merger was registered in the commercial register of Ferchem Egypt for Fertilizers and Chemicals Co. (S.A.E.).

2- Basis of preparation of Financial Statements

The preparation of financial statements requires specific accounting estimates and requires management to make other accounting estimates about the application of company's accounting policies. Note No. (2-3) from the notes of the financial statements indicates the items and the elements that have significant accounting estimates.

2- 1 Statement of compliance

The financial statements have been prepared in accordance with Egyptian Accounting Standards and in the light of Egyptian laws and regulations. The Egyptian Accounting Standards requires refer to the International Financial Reporting Standards when no Egyptian accounting standard or legal requirements illustrate how to treat specific balances or transaction.

2- 2 Basis of measurement

The financial statements have been prepared using historical cost, except for financial assets and liabilities that are measured at fair value, amortized cost or cost, when appropriate.

2- 3 Critical accounting judgment and key sources of estimation uncertainty

The preparation of financial statements according to the Egyptian Accounting Standard requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period:

• Impairment of intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

• Estimated useful lives of fixed assets

Management relies on determining the estimated useful life of a fixed asset on the expected use of the asset, the expected physical wear and tear from the use and obsolescence of the asset, the extent of technological developments and prior experience with respect to the similar assets. Any change in the estimated useful life of any fixed asset may affect the depreciation value recognized in the income statement over future periods.

• Provisions and contingent liabilities

Provisions are based on estimates concerning litigation, employee benefits, and other charges - including taxes - in relation to the Company's activities.

As provisions are not specifically measurable, the amount of the provision may change based on future developments. Changes in the amount of provisions attributable to changes in management estimates are accounted for prospectively and recognized in the period in which the change in estimates arises.

• Expected credit losses

Impairment in customers is estimated by using a simplified expected credit losses method. The Company's management examines the credit position and ability of customers to make payments for their past due debts. Impairment is recognized for amounts due from customers whose credit position, as believed by the management, does not allow them to pay their dues, based on both historical performance as well as expectations for the future.

• Deferred income tax

Measurement of deferred income tax assets and liabilities is based on management judgment. Deferred tax assets are recognized only if the Company is probable to be able to use it. Judging whether or not tax assets can be used depends on whether future taxable profits can be realized to allow for set-off with the deductible temporary difference. To estimate the potential for future use of these temporary differences, estimates are required for several factors, including future taxable profits. Such these tax assets are recognized only when the development stage of the project has commenced and it becomes clear that future taxable profits will often be realized.

Where actual values differ from estimates, this may result in a change in the assessment of the recoverable amount of deferred tax assets - and the accounting for such a change, if any, will be made prospectively in the financial periods affected by the change.

• Retirement benefits liability

Retirement benefit liabilities are calculated on the basis of various financial and actuarial assumptions. The basic assumptions used to estimate these liabilities are the discount rate, future increases in salaries and pensions, and the likelihood of employees reaching retirement age. The retirement benefit system was applied using a discount rate of 12% and an external expert calculated this liability.

• Net realizable value of inventory

Inventories are measured at cost or net realizable value, and most of the Company's products are actually sold at market prices higher than the cost of manufacturing.

2- 4 Fair value measurement

- The fair value of the financial instruments is determined based on the quoted price for the financial instrument or similar instruments at the financial statement date. The financial assets' value are determined based on the current purchase price for these assets; while the financial liabilities value are determined based on current prices for which these liabilities are settled.
- In the absence of an active market, the fair value is determined using various valuation techniques taking into consideration the transactions recent prices, current fair value for the other similar instruments substantially, discounted cash flows or any other valuation technique which resulting in reliable values.
- When using the discounted cash flow method as a valuation technique, the future cash flows are estimated based on management's best estimates. The used discount rate is determined in the light of the prevailing market price at the date of the financial statements of financial instruments which are similar in nature and terms.

3- SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted in the preparation of the financial statements that have been consistently applied during the financial period presented in these financial statements:

3- 1 Foreign currency Translation

3-1-1 Presentation and Transaction Currency

The Financial Statements are presented in Egyptian pound which represents the company presentation and transaction currency which consider the primary currency of the economic environment in which the entity operates where most of its cash inflows and outflows are made.

3-1-2 Transaction and Balances

The company and its subsidiaries maintain their books in Egyptian pounds. Transactions denominated in foreign currencies during the period are recorded at the prevailing exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued at the end of each financial period at the exchange rates declared at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in statement of income in the period in which they arise except for exchange difference on non-monetary items carried at fair value, which are included in the change in its fair value.

3- 2 Fixed assets and depreciation

All fixed assets are carried at historical cost, less accumulated depreciation and impairment losses, if any.

Historical cost includes all costs directly attributable to the acquisition of fixed assets. Subsequent costs are recognized in the carrying amount of the fixed asset or as an independent asset when it is probable that future economic benefits associated with the asset will flow to the entity and the cost can be reliably determined. Repair and maintenance expenses are recognized in the statement of income in the period in which they are incurred. Properties in the course of construction for activity, or administrative purposes or any other undetermined purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of fixed assets when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land and properties under construction are not depreciated. Depreciation expenses are recognized so as to write off the cost (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method and same annual rate as in previous years, as described below. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as follows:

Description	Estimated useful lives	Depreciation Rate
	(year)	
Buildings, Constructions & Facilities	10-20	5% - 10%
Machinery & Equipment's	5-20	5% - 20%
Overhaul	4	25%
Vehicles	2.5-5	20% - 40%
Tools & Supplies	2.5-5	20% - 40%
Furniture & office equipment	4-10	10% - 25%

- Fixed assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of fixed assets are determined as the difference between the sales proceeds (after deduction of selling expenses) and the net carrying amount of the asset and is recognized in statement of income.

3- 3 Projects in progress

Projects in progress are stated at cost. Cost includes all expenses related to the processing of the asset to the condition in which it is operated for the purpose for which it was acquired. These expenses include professional fees, assembling and installation costs and employee benefits, directly related to the establishment or acquisition of the asset and the cost of determining whether the asset is operating properly, after deducting net proceeds from the sale of any units produced to make the asset in place and the condition necessary to start it.

The projects in progress are transferred to the fixed assets item when the asset is available for its intended use, and then its depreciation begins on the same basis as the depreciation of the similar fixed assets.

3- 4 Investments in associates

Associates are entities over which the Company has significant influence over their financial and operating policies, but which do not qualify as subsidiaries or joint ventures.

Investments in associates are accounted for using the equity method, whereby the investment is initially recognized at cost, including any directly attributable acquisition-related costs.

Subsequent to initial recognition, the carrying amount of the investment is adjusted to reflect the Company's share of the investee's profit or loss and other comprehensive income.

3- 5 Leases

The Egyptian Standard "Lease Contracts" No. (49) sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

An entity shall determine the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option;
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

However, for the leases of property the Company has elected not to separate non -lease components and account for the lease and non -lease components as a single lease component .

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received .

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right- of- use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability .

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate .

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased .

Lease payments included in the measurement of the lease liability comprise the following :

Fixed payments, including in - substance fixed payments ;

Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date ;

Amounts expected to be payable under a residual value guarantee ;

and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early .

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in- substance fixed lease payment .

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right- of- use asset, or is recorded in profit or loss if the carrying amount of the right- of- use asset has been reduced to zero.

The Company presents right- of- use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

3- 6 Inventory

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Inventory is determined using the weighted average method, the cost of inventories shall comprise all costs of purchase of raw material and other materials, and other costs incurred in bringing the inventories to their present location and condition. In the case of finished products inventories, the cost of industrial production is the cost of raw materials, direct labor and indirect industrial expenses, which are determined according to the normal operating capacity of the company.

Following are the inventory kinds:

A. Raw materials, spare parts, tools, and packing materials:

Raw materials, spare parts, tools and packing material are determined using the weighted average method.

B. Work in process

Cost of work in process is determined at industrial cost up to the production stage that has been reached.

C. Finished products

Cost of finished products is determined at which is lower of cost or net realizable value.

D. Inventory quantification variance

Inventories of raw materials, finished goods and work in process are measured by geometrical measurements which resulting in quantification variance within allowed wastage that estimated and formed an allowance of 1.5% of the inventory.

3- 7 Revenue from contract with customers

An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for such transfer .

The company recognizes revenue from contracts with customers based on a five-step model as set out in EAS 48 and is given below :

Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met ;

Step 2 - Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer ;

Step3 - Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties ;

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation ;

Step 5 - Recognize revenue when (or as) the entity satisfies a performance obligation .

The company satisfies the performance obligation and recognizes revenue over time, if one of the following criteria is met:

The customer simultaneously receives and consumes the benefits provided by the entity's performance once the company has performed.

Company performance creates or improves a customer-controlled asset at the same time as the asset is being constructed or improved.

The performance of the company does not create an asset with an alternative use for the company, and that the company has an enforceable right to payment for performance completed to date.

For performance obligations, if any of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied .

If the company fulfils the performance obligation by providing the services that have been promised, this creates an asset based on a contract in exchange for consideration gained from performance. In the event that the consideration received by the customer exceeds the amount of revenue that has been recognized, a contract obligation may arise.

Revenue is measured at the fair value of the consideration received or receivable, after taking into account the contractual terms of payment, and after excluding taxes and fees. The company reviews its revenue arrangements against specific criteria to ascertain whether it is acting as principal or agent .

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that revenue and costs, where applicable, can be measured reliably.

3- 8 Impairment of assets value

A. Financial assets

The company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the company applies the simplified approach permitted by EAS 47, which requires expected lifetime losses to be recognized over the expected life of a financial instrument.

B. Non-Financial assets

At each reporting date, the Company reviews the carrying amounts of its non- financial assets (other than, investment property, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU s. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

- The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
- An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
- Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
- An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3- 9 Income tax

The Company's income statement is periodically charged at an estimated tax rate for each financial period, which includes both the current tax (calculated in accordance with the applicable laws, regulations and using tax rates enacted or substantially enacted at the financial position date.) and deferred tax (which is determined using tax rates expected to be applied in the periods in which the obligation is settled or the asset is used and based on tax rates and tax laws applicable at the date of the financial statements).

The income tax is recognized as an expense or an income in the statement of income except for income tax relating to items outside profit or loss that is recognized either in other comprehensive income or recorded directly in equity.

Deferred tax assets and liabilities consist of the expected tax effects arising from the existence of temporary differences between the carrying amounts of the assets and liabilities in accordance with the accounting principles used in the preparation of the separate financial statements and the balances of those assets and liabilities in accordance with the tax bases used in calculating the taxable profit. Deferred tax is determined based on the manner in which the present value of these assets and liabilities is expected to be recovered or settled using tax rates applicable at the date of preparation of the separate financial statements

Generally, all deferred tax liabilities (resulting from future temporary taxable differences) are recognized while Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are classified in non-current assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legal right to set-off a current tax asset against a current tax liability when they relate to income taxes levied by the same taxation authority on the same taxable entity and the company intends to settle the current tax liabilities and assets on a net basis.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Note No. (18) provide additional information on those assets and liabilities.

3- 10 Cash flows statement

Cash flow statement is prepared using the indirect method. For purpose of preparing the statement of cash flows, Cash and cash equivalents include cash and balance at banks.

3- 11 Provisions

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

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding that obligation.

And if there is a significant effect of the monetary time value, the provisions are determined after deduction of future cash flow that are related to the obligation of payment by using the relevant deduction rate to take this effect into consideration.

If cash flows are discounted, the carrying amount of the provision increases in each period to reflect the time value of the cash generated from the passage of time. This increase in provision is recognized in financing expenses in the statement of income.

Provisions are reviewed at the financial position date and amended when necessary to reflect the best current estimate.

3- 12 Trade receivables, debtors and other debit accounts

Trade receivables, debtors and other debit accounts are stated at amortized cost using the effective interest rate less impairment loss of any amounts expected to be uncollected, debtors and other debit balances are classified as current assets. Amounts that are expected to be collected after more than one period are classified as non-current assets.

3- 13 Treasury bills

Treasury bills are recorded at their nominal value. The unearned interest is recognized as a liability, and treasury bills are presented net of the unearned interest.

3- 14 Employee benefits

3-14-1 Short-term benefits such as wages, salaries, social insurance contributions, annual leave paid and bonuses (due within 12 months of the end of the financial year) and non-monetary benefits for existing employees. The company is obliged to pay its share in the social insurance system of the Social Insurance Authority for the benefit of its personnel in accordance with the social insurance law No. 79 of 1975 and its modifications.

The Company shall charge this contribution and shall be included in the wages and salaries accounts in the statement of income according to the accrual basis. These benefits are accounted for as described below.

When an employee has rendered service to an entity during an accounting period, the entity shall recognize the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognize that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund.
- As an expense, unless another standard requires or permits the inclusion of the benefits in the cost of an asset.

3-14-2 Post-employment benefits are long-term benefits that employees are entitled to complete their terms of service in the Company and are entitled to receive retirement benefits in accordance with applicable laws in the countries where the Company's branches are operated separately, these benefits apply to the terms of the defined benefit plan financed by the entity.

The Company follows the "projected unit credit method" to determine the present value of the defined benefit plans and the related current service cost and the past service cost, if any. The application of this method requires the use of an independent actuarial expert to conduct actuarial valuations at the end of each year in order to obtain a reliable estimate of the amount of benefits earned by the employees for their services rendered in the current and prior periods.

This requires that the entity had to determine the amount of the benefit attributed to the current and prior periods and estimates (actuarial assumptions) about demographic variables (eg. turnover rate and mortality) and financial variables (eg. future salary increases) affect the cost of the benefit. Refer to note (17) for the significant actuarial assumptions and estimates used during the current period.

All actuarial gains and losses that may result from the increase or decrease in the present value of the defined benefit obligation are immediately recognized in the statement of income. Changes in actuarial assumptions such as employee turnover, early retirement rate, death rate, salary growth rate and change in discount rate over actual rates at the end of the year are factors that lead to arising actuarial gains and losses.

The past service cost is immediately recognized in the statement of income when the benefits related with the rendered of the service have been gained or otherwise amortized on a fixed rate basis over the average period established until such benefits become vested.

The defined benefit obligation recognized in the statement of financial position at the end of each year represents the present value of the defined benefits obligation earned by the employees, adjusted for the past service cost that was not recognized by that date.

In this regard, the benefit that employees have earned are defined as the benefits are unconditional on the worker remains in his position for any additional period in the future. While the present value of the defined benefits obligation represents the present value of the expected future payments required to settle the liability arising from the employee's service in the current period and prior periods and without any discount of plan asset- if any.

Current service cost, is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; while past service cost, is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan)

or a curtailment (a significant reduction by the entity in the number of employees covered by a plan);

An interest cost is also recognized in each financial period as a result of the increase in the present value of the defined benefit obligation because of the proximity of those benefits from the date of settlement by one financial period.

The actuarial gains or losses include:

- Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred)
- The effects of changes in actuarial assumptions.

3-14-3 Paid annual leave

Accrual of paid annual leave is recognized in creditors and other credit balance by the value of the leave that the employee has not obtained.

3- 15 Suppliers

Suppliers are recognized at the contractual value of goods and services received from third parties which invoices have been received for it.

3- 16 Contingent liabilities and commitments

Contingent liabilities and commitments shown out of the financial position as it is not represented actual assets or liabilities at the financial position date.

3- 17 Related parties' transactions

Transactions with related parties that are undertaken by the Company in the course of its ordinary transactions are recorded according to the conditions laid down by the company's management on the same bases of dealing with third party.

3- 18 Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset shall be capitalized.

Capitalization of interest and commission should be ceased when the assets are substantially ready for intended use.

Other borrowing costs shall recognize as an expense in the period in which it incurs them in the finance expenses account using the effective interest rate method.

Capitalization of borrowing costs should be suspended during extended periods in which it suspends active development of a qualifying asset. Capitalization of borrowing costs should be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3- 19 Dividends

Dividend declared to shareholders, employees and Board of Directors shall be recognized in accordance with the provisions of Law No. 159 of 1981 and the Articles of Association of the Company, by deducting from the retained earnings according to the dividend statement and recorded directly as a dividend payables in respect share of the shareholders and the members of the Board of Directors and within the other credit accounts in respect of employees in the period which such dividends are approved by the shareholders of the Company in the General Assembly. No liability is recognized by the Company to the employees from the undeclared profits

3- 20 Legal reserve

According to Law No. 159 of 1981 and the Articles of Association of the Company, 5% of the annual net profit must be transferred to the legal reserve until the balance of the reserve reaches 50% of the issued capital, and when the reserve falls below the defined level, it is necessary to return to the deduction. This reserve may not be used in dividend distributions but shall be used by a decision of the General Assembly on the proposal of the Board of Directors in the interest of the Company.

The legal reserve may also be increased as a result of a capital increase at fair value, provided that the share premium arising from such increase shall be added to the legal reserve until it reaches an amount equal to half of the issued share capital.

Any excess over that amount shall be transferred to a special reserve, which the General Assembly, based on a proposal from the Board of Directors, shall have the right to dispose of in any manner deemed to be in the best interest of the Company, provided that such disposition does not involve its distribution as profit.

This is in accordance with the Executive Regulations of the Companies Law No. 159 of 1981.

3- 21 Financial instruments

Financial Assets

Financial assets are recognized and derecognized on the date of the transaction when the purchase or sale of the financial assets is subject to contractual terms that require the delivery of financial assets within a time frame determined by the market.

These financial assets are initially recognized at fair value plus transaction cost except for financial assets classified at fair value through profit or loss where they are recognized at fair value.

The Company has classified financial assets in the statement of financial position represented by trade receivables, balances due from related parties and other debit balances. This classification depends on the nature of the financial assets and the intention of their acquisition on the date of initial recognition.

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs .

Other Financial liabilities

Other financial liabilities including loans, balances due to related parties and other credit balances are initialed measured at fair value (cash received) after deduction of transactions cost, subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period. Upon accelerated payment of financial liability, the difference between the carrying amount of the liability and the amount paid as an accelerated payment is recognized in statement of income.

3- 22 Comparative figure

Comparative figures are reclassified whenever necessary to confirm with the current classification of the financial statements.

4- Fixed assets

	<u>Land</u>	<u>Building, constructions & Utilities</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>Tools & supplies</u>	<u>Furniture & office equipment</u>	<u>Electrical Appliances& Computers</u>	<u>Total</u>
Cost as of 1/1/2024	2 633 438	25 534 845	53 064 042	8 511 420	1 601 619	809 421	1 912 533	94 067 318
Additions during the year	--	99 564	7 974 079	--	351 184	332 918	43 206	8 800 951
Disposals during the year	--	--	(1 054 124)	(455 000)	--	--	--	(1 509 124)
Cost as of 31/12/2024	2 633 438	25 634 409	59 983 997	8 056 420	1 952 803	1 142 339	1 955 739	101 359 145
Impact of the Merger – Note (1)	7 296 603	382 432 022	2 127 183 453	60 068 009	39 486 757	22 562 569	14 826 014	2 653 855 427
Additions during the period	--	634 120	70 489 441	18 093 001	1 431 263	7 933 769	311 140	98 892 734
Cost as of 30/9/2025	9 930 041	408 700 551	2 257 656 891	86 217 430	42 870 823	31 638 677	17 092 893	2 854 107 306
Accumulated Depreciation as of 1/1/2024	--	8 608 130	42 486 229	3 959 796	1 142 945	617 156	1 443 440	58 257 696
Depreciation of the year	--	690 579	3 889 714	1 088 708	188 385	116 848	140 763	6 114 997
Disposals of accumulated depreciation	--	--	(1 030 614)	(455 000)	--	--	--	(1 485 614)
Accumulated Depreciation as of 31/12/2024	--	9 298 709	45 345 329	4 593 504	1 331 330	734 004	1 584 203	62 887 079
Impact of the Merger – Note (1)	7 180 356	197 232 181	1 054 647 822	43 882 957	24 604 882	10 556 416	5 932 086	1 344 036 700
Depreciation of the period*	--	10 301 658	88 651 629	4 141 599	3 181 059	2 134 974	1 661 878	110 072 797
Accumulated Depreciation as of 30/9/2025	7 180 356	216 832 548	1 188 644 780	52 618 060	29 117 271	13 425 394	9 178 167	1 516 996 576
Net book value as of 30/9/2025	2 749 685	191 868 003	1 069 012 111	33 599 370	13 753 552	18 213 283	7 914 726	1 337 110 730
Net book value as of 31/12/2024	2 633 438	16 335 700	14 638 668	3 462 916	621 473	408 335	371 536	38 472 066

Distribution the depreciation for the period in income statement

	<u>30/9/2025</u>	<u>30/9/2024</u>
Industrial expenses	106 278 855	3 244 174
General and administrative expenses	3 793 942	843 953
Total	110 072 797	4 088 127

5- Right of use assets

	<u>Land</u>	<u>Total</u>
Cost at 1/1/2025	--	--
Impact of the Merger	66 522 618	66 522 618
Cost at 30/9/2025	66 522 618	66 522 618
Accumulated depreciation at 1/1/2025	--	--
Impact of the Merger	35 718 324	35 718 324
Depreciation of the period	4 840 872	4 840 872
Accumulated depreciation at 30/9/2025	40 559 196	40 559 196
Net book value at 30/9/2025	25 963 422	25 963 422
Net book value at 31/12/2024	--	--

6- Projects in progress

	<u>30/9/2025</u>	<u>31/12/2024</u>
Machinery and equipment under installation	1 606 623 003	1 200 420
Buildings under construction	460 199 807	5 466 537
Land of 1900 square meter – Sadat City	1 300 626	1 325 626
Unit of energy rationalization	1 987 819	--
Advance payment	108 683 894	914 985
Letter of credit to purchase an asset	344 144 278	--
Less: Impairment in project in progress	2 522 939 427	8 907 568
	(1 987 820)	--
	2 520 951 607	8 907 568

7- Investment in associates

<u>Company</u>	<u>Ownership</u>	<u>No. of</u>	<u>Balance as of</u>			
			<u>Percentage</u>	<u>Shares</u>	<u>30/9/2025</u>	<u>31/12/2024</u>
Arabian Oils, Grains & Chemicals Complex*	20.58 %	118 392	11 662 644	--	<u>11 662 644</u>	<u>--</u>

Summarized financial information in respect of Arabian Oils, Grains & Chemicals Complex is set out below:

	<u>30/9/2025</u>
Current assets	90 531 207
Non-current assets	79 691 738
Non-Current liabilities	(89 449 642)
Current liabilities	(24 103 505)
Net assets	56 669 798

<u>Revenue</u>	<u>30/9/2025</u>
Net profit after tax	98 820 584
Company's share in result	35 416 160
	5 542 494

8- Inventory

	<u>30/9/2025</u>	<u>31/12/2024</u>
Raw materials	757 390 921	28 614 767
Fuel	12 458 752	--
Spare parts and fittings	660 893 269	6 240 234
Packing materials	42 002 222	5 017 307
Work in process	12 446 701	--
Finished goods	965 620 971	2 829 401
LCs for purchase of raw materials & spare parts	757 096 817	55 781 837
	<u>3 207 909 653</u>	<u>98 483 546</u>
Less:		
Impairment in inventory within the allowed limits*	(24 614 683)	--
Impairment in value of the inventory	(80 441 840)	--
Total impairment in inventory	<u>(105 056 523)</u>	<u>--</u>
	<u>3 102 853 130</u>	<u>98 483 546</u>

* Impairment in inventory within the allowed limits is calculated as 1.5% from inventory (Note No.3 - 6 - D).

9- Trade and notes receivable

	<u>30/9/2025</u>	<u>31/12/2024</u>
Trade receivables*	210 125 366	2 597 167
Notes receivable*	853 044 205	19 684 549
	<u>1 063 169 571</u>	<u>22 281 716</u>
Less:		
Expected credit losses – Note (13)	(51 805 657)	--
	<u>1 011 363 914</u>	<u>22 281 716</u>

* The trade and notes receivable as of September 30, 2025, include an amount of EGP 975 929 803 , representing balances due from related parties compared to EGP 2 350 358 as of December 31, 2024. These balances arose from sales of fertilizers and acids to related parties.

10- Due from related parties

	<u>30/9/2025</u>	<u>31/12/2024</u>
Polyserve for Fertilizers and Chemicals – Parent company	6 784 791	--
Abu Zabal Fertilizers and Chemicals Company	--	8 691 472
	<u>6 784 791</u>	<u>8 691 472</u>
Less: Expected credit losses – Note (13)	(35 626)	(92 539)
	<u>6 749 165</u>	<u>8 598 933</u>

11- Debtors and other debit balances

	<u>30/9/2025</u>	<u>31/12/2024</u>
Advances to suppliers*	227 056 763	11 316 056
Tax authority – VAT	624 589 946	--
Tax authority – Withholding tax	19 518 273	--
Advance payment - Tax authority	5 199 716	11 313 655
Deposit with other	27 033 828	2 099 623
Prepaid expenses	8 824 940	558 026
LGs cover	7 366 631	--
Accrued revenue	--	293 850
Advances and petty cash	4 094 863	347 098
Other debit balances	393 042	--
	924 078 002	25 928 308
Less:		
Expected credit losses – Note (13)	(25 631 559)	(326 492)
	898 446 443	25 601 816

* Advances to suppliers as of September 30, 2025, include an amount of EGP 55 860 613 , representing balances due from related parties. These balances represent the payments made in advance to those parties.

12- Cash and cash equivalent

	<u>30/9/2025</u>	<u>31/12/2024</u>
Banks – current accounts – foreign currency	2 873 026 613	12 022 590
Banks – current accounts – local currency	434 756 973	54 983 813
Cash on hand	20 523 761	223 403
Cash and cash equivalent for purpose of statement of cash flow	3 328 307 347	67 229 806
Less: Expected credit losses – Note (13)	(17 170 829)	(701 261)
	3 311 136 518	66 528 545

* Procedures are currently underway to transfer the bank accounts of Abu Zabal Fertilizers & Chemicals Company (a merged entity) and Aswan Fertilizers & Chemical Industries Company (a merged entity), into the name of Ferchem Misr for Fertilizers and Chemicals Company (the merging company)

13- Expected credit losses

	Trade and notes receivable	Due from related parties	Debtors and other debit balances	Cash and cash equivalents	Total
Balance at 1/1/2025	--	92 539	326 492	701 261	1 120 292
Impact of merger	51 805 657	1 549 414	25 305 067	9 305 972	87 966 110
Charged to statement of income	--	(1 606 327)	--	7 163 596	5 557 269
Balance at 30/9/2025	51 805 657	35 626	25 631 559	17 170 829	94 643 671

14- Capital

- The authorized capital was initially set at EGP 100 million, while the issued and paid-up capital amounted to EGP 35 100 000, distributed over 17 550 000 shares with a nominal value of EGP 2 per share, all of which are fully paid in cash.
- Pursuant to the resolution of the Company's Ordinary General Assembly held on October 21, 2024, it was approved to amend the authorized capital to EGP 2 000 000 000 and to increase the issued capital to EGP 800 000 000, distributed over 400 000 000 shares with a nominal value of EGP 2 per share, fully paid based on the report of the committee formed to verify the preliminary valuation of the assets and liabilities of each of: Ferchem Misr for Fertilizers and Chemicals S.A.E. (merging company), Abu Zaabal for Fertilizers and Chemicals S.A.E. (merged company), and Aswan for Fertilizers and Chemical Industries S.A.E. (merged company), issued by the Economic Performance Sector of the General Authority for Investment and Free Zones (GAFI) and approved by GAFI's Chief Executive Officer on August 1, 2024. The valuation was based on the book value of the merging and merged companies as of September 30, 2022, which is the date adopted for the merger. The merger was officially registered in the commercial registry on March 23, 2025 – Note (1).
- The company's shares are centrally held with Misr for Central Clearing, Depository and Registry (MCDR), and are traded through the Nile Stock Exchange (NILEX). On June 18, 2025, the Listing Committee of the Egyptian Exchange (EGX) resolved to amend the listing and registration data of the Company's shares to be transferred to the main market.

15- Reserves

	<u>30/9/2025</u>	<u>31/12/2024</u>
Legal reserve	255 589 136	12 281 228
Statutory reserve	427 434 516	--
Capital reserve	2 798 898	--
Actuarial gains reserve	22 955	--
	685 845 505	12 281 228

16- Long term loan

30/9/2025 31/12/2024

Arab Investment Bank

- A loan of EGP 150 million to finance the permanent part of the company's strategic stock. The loan is paid in installments every 7 months for a period of 8 years, provided that it is the first installment after the end of the period to use.
- A long-term loan of EGP 400 million to finance the permanent part of the company's strategic stock. The loan is paid installments every 7 months for a period of 8 years, provided that it is the first installment after 3 months of the period to use.

302 691 101 --

Industrial Development Bank

A loan in the amount of €5,850,000 or its equivalent in US dollars to finance 90% of the investment cost of the company's development and environmental rehabilitation projects. The loan is paid in 10 equal semi-annual installments for a period of 7 years from the date of the start of the withdrawal

70 981 868 --

Industrial Development Bank

A loan in the amount of €2 million or its equivalent in US dollars to finance 90% of the investment cost of the company's development and environmental rehabilitation projects. The loan is paid in 10 equal semi-annual installments.

85 732 419 --

Agricultural Bank of Egypt

Loan of EGP 50 million to finance the Company's strategic inventory of the raw materials related to its operation and the loan is repaid in 10 equal semi-annual installments for a period of 6 years starting from the third month of the withdrawal.

24 104 088 --

Commercial international bank

-A loan facility of EGP 30 million and €4.495 million under the Industrial Pollution Control Program – Phase III, repayable in 10 equal installments.”

343 856 554 --

-A term loan of €2.7 million under the Industrial Pollution Control Program – Phase III, repayable in 10 equal semi-annual installments, beginning 31 December 2025 and ending 30 June 2030.

Qatar National Bank

Loan Facility in the amount of USD 3.5 million under the Industrial Pollution Control Program – Phase III, with a second tranche denominated in Egyptian pounds amounting to EGP 20 million, repayable after 7 years from the date of the first disbursement, which concludes on 31 March 2022.

55 044 986 --

Total

882 411 016 --

Current portion of long-term loans:

	<u>30/9/2025</u>	<u>31/12/2024</u>
Arab Investment Bank	131 650 702	--
Industrial Development Bank	25 919 131	--
Agricultural Bank of Egypt	9 710 776	--
Commercial international bank	15 243 984	--
Qatar National Bank	23 607 055	--
Total loans – current portions	206 131 648	--
Long term loan included in non-current liabilities	676 279 368	--
Total long-term loan	882 411 016	--

*Procedures are underway to change the loans of Abu Zaabal Fertilizers and Chemicals Company (a merged company) and Aswan Fertilizers and Chemical Industries Company (a merged company) to the name of Ferchem Misr for Fertilizers and Chemicals Company (a merging company).

17- End of service indemnity

The balance of the service termination bonus obligation that is included as non-current liabilities on September 30, 2025 is 2 778 581 Egyptian pounds.

The company assigned an independent actuarial expert who is registered in the register of actuarial experts at the Egyptian Financial Supervisory Authority to determine the present value of defined benefit plan as well as the current service cost and past service cost related to the plan using the projected unit credit method, which are detailed in Note (3-14) within the accounting policies. The following are the significant demographic data and actuarial assumptions used in relation to the plan of end of service indemnity implemented by the Company in September 30, 2025:

Demographic data

Employees number	1 828
remaining service period	12.1
Average age	42
Expected compensation during the financial year 2025	335 309
Expected compensation during the financial year 2026	368 839

The main assumptions used for actuarial valuations are as follows:**Description**

Discount rate	%19.98
Life table used	A49/52

The amounts recognized in the statement of financial position arising from the Company's obligation with respect to these defined benefit plans are as follows:**Description**

<u>30/9/2025</u>
2 778 581
2 778 581

This amount is presented as a separate line item in the statement of financial position under end of service indemnity included in non-current liabilities

Recorded amounts recognized:

Description	Actual 30/9/2025	Estimated 31/12/2025	Estimated 31/12/2026
Liability recognized at the beginning of the period/year	--	--	--
Impact of the merger	2 741 395	2 741 395	3 113 150
Current service and interest cost	260 764	707 064	520 401
Actuarial loss	(60 668)	--	--
Benefits paid by the Company	(162 910)	(335 309)	(368 839)
Net defined benefit obligation at the end of the Period/year	2 778 581	3 113 150	3 264 712

18- Deferred tax liability

	Assets 30/9/2025	(Liabilities) 30/9/2025	Assets 31/12/2024	(Liabilities) 31/12/2024
Fixed assets	--	(163 696 089)	--	(2 821 997)
Foreign exchange translation differences	--	(53 241 484)	--	--
Deferred tax asset (liabilities)	--	(216 937 573)	--	(2 821 997)
Net deferred tax (liabilities)	--	(216 937 573)	--	(2 821 997)

A- Deferred tax included in statement of income representing in:

	30/9/2025	30/9/2024
Fixed asset	164 331	(30 721)
Foreign exchange translation differences	22 663 101	--
	22 827 432	(30 721)

19- Lease contracts liability

	Due during	Due more than	Balance at
	Year	one year	30/9/2025
Rent of lands	8 133 702	30 698 811	38 832 513
	8 133 702	30 698 811	38 832 513

20- Provisions

	Balance as of	Impact of the	Used	Balance as of
	1/1/2025	Merger	during the period	30/9/2025
Provision for claims *	5 318 464	251 485 687	(52 711 951)	204 092 200
	5 318 464	251 485 687	(52 711 951)	204 092 200

* The provision for claims as at September 30, 2025 represents the total provision for legal claims and any other specific claims against the Company. The management believes that, after obtaining the necessary technical advice, the amount of such claims will not exceed the value of the provision as at September 30, 2025. The management reviews these provisions periodically and amends the amount of the provision according to the latest updates, discussions and agreements with other parties.

21- Bank facilities

The balance of the credit facilities on September 30, 2025 amounted to EGP 2 296 380 931 compared to EGP 20 085 170 on December 31, 2024, represented in the credit facilities obtained by the company from certain local banks, with the guarantee of solidarity guarantees from Polyserve for the Fertilizers and Chemicals.

*Procedures are underway to change the bank facilities of Abu Zaabal Fertilizers and Chemicals Company (a merged company) and Aswan Fertilizers and Chemical Industries Company (a merged company) to the name of Ferchem Misr for Fertilizers and Chemicals Company (a merging company).

22- Due to related parties

	<u>30/9/2025</u>	<u>31/12/2024</u>
International Company for Fertilizers and Chemicals	--	48 532 125
International Agricultural Crops Co.	--	20 735 403
	<u>--</u>	<u>69 267 528</u>

23- Suppliers and notes payable

	<u>30/9/2025</u>	<u>31/12/2024</u>
Suppliers*	1 301 831 008	1 438 508
Notes payable*	280 098 389	3 697 746
	<u>1 581 929 397</u>	<u>5 136 254</u>

* Suppliers and notes payable as of September 30, 2025, include an amount of EGP 13 756 354 , representing balances due to related parties. These balances arose from purchase of raw material and shipping and transportation services provided from related parties.

24- Creditors & other credit balances

	<u>30/9/2025</u>	<u>31/12/2024</u>
Deposit to others	90 270 221	--
Tax authority	12 129 973	1 442 179
Social insurance authority	5 470 206	231 991
Accrued expenses	72 182 114	3 969 772
Accrued interest	4 012 557	--
Associations and unions	32 899 663	--
Customer – advance payment*	75 870 040	49 132
Other credit balances	83 042	61 450
	<u>292 917 816</u>	<u>5 754 524</u>

* Customers – advance payments as of September 30, 2025, include an amount of EGP 1 420 650 , representing balances due to related parties.

25- Sales

	<u>From 1/1/2025</u>	<u>From 1/1/2024</u>	<u>From 1/7/2025</u>	<u>From 1/7/2024</u>
	<u>To 30/9/2025</u>	<u>To 30/9/2024</u>	<u>To 30/9/2025</u>	<u>To 30/9/2024</u>
Local sales	2 917 304 838	441 655 641	1 503 172 328	245 013 686
Export sales	4 536 923 785	--	1 407 692 460	--
	7 454 228 623	441 655 641	2 910 864 788	245 013 686
Revenue from operating to others	12 584 361	43 947 602	6 496 761	14 506 020
	7 466 812 984	485 603 243	2 917 361 549	259 519 706

26- Net (loss) of vocational training activity

	<u>From 1/1/2025</u>	<u>From 1/1/2024</u>	<u>From 1/7/2025</u>	<u>From 1/7/2024</u>
	<u>To 30/9/2025</u>	<u>To 30/9/2024</u>	<u>To 30/9/2025</u>	<u>To 30/9/2024</u>
Revenue of vocational training	276 500	--	276 500	--
Expenses of vocational training	(918 080)	--	(732 420)	--
	(641 580)	--	(455 920)	--

27- General and administrative expenses

	<u>From 1/1/2025</u>	<u>From 1/1/2024</u>	<u>From 1/7/2025</u>	<u>From 1/7/2024</u>
	<u>To 30/9/2025</u>	<u>To 30/9/2024</u>	<u>To 30/9/2025</u>	<u>To 30/9/2024</u>
Salaries and wages	39 932 950	2 467 326	18 582 623	880 364
Social insurance	3 478 027	131 120	1 626 056	23 251
	43 410 977	2 598 446	20 208 679	903 615
Other administrative expenses	87 499 312	5 713 078	35 050 846	2 134 775
	130 910 289	8 311 524	55 259 525	3 038 390

28- Basic earnings per share

	<u>From 1/1/2025</u>	<u>From 1/1/2024</u>	<u>From 1/7/2025</u>	<u>From 1/7/2024</u>
	<u>To 30/9/2025</u>	<u>To 30/9/2024</u>	<u>To 30/9/2025</u>	<u>To 30/9/2024</u>
Net profit for the period	2 009 173 177	42 597 204	624 043 982	5 551 392
Average of shares number available during the period	286 108 640	17 550 000	400 000 000	17 550 000
	7.02	2.43	1.56	0.32

29- Contingent liabilities

<u>Description</u>	<u>Currency</u>	<u>Balance as of</u> <u>30/9/2025</u>	<u>Loan \</u> <u>Liability limit</u>
Contingent liability – LGs			
LGs issued from Ahli United Bank to others*	L.E	926 396	70 000 000
LGs from Saib Bank	L.E	1 366 179	1 715 469
LGs from QNB Bank	L.E	1 638 762	2 138 762
LGs from Export Development Bank	L.E	2 260 000	120 000
LGs from BDC Bank	L.E	2 000 000	--
LGs from commercial international Bank	USD	690 000	20 427 000
LGs from Saib Bank	USD	1000	--

*The limits granted by Ahli United Bank a multi-use limit available for use in a current account, letters of guarantee or LCs.

30- Capital commitments

	<u>30/9/2025</u>
Acid Projects	43 519 815
Fertilizers Projects	14 936 775
Specialized Fertilizers Projects	33 462 624
Utilities projects	17 023 403
	<u>108 942 617</u>

31- Related Parties Transactions

The Company deals with related parties. These transactions consist of sales and purchases between each of them, the significant transactions are as follow:

			<u>Description</u>	<u>Gross balances</u>								
				<u>Nature</u>	<u>Sales</u>		<u>Purchase \ Services</u>		<u>Current transactions</u>		<u>Debit / (credit)</u>	
					<u>Of relation</u>	<u>30/9/2025</u>	<u>30/9/2024</u>	<u>30/9/2025</u>	<u>30/9/2024</u>	<u>30/9/2025</u>	<u>30/9/2025</u>	<u>31/12/2024</u>
International Co. for Fertilizers & Chemicals	Related party	Related party	Related party		1 183 262 004	191 111 933	36 245 586	18 325 483	--	23 809 561	440 188 025	48 532 125
Al Safa for Fertilizers & Chemicals	Related party	Related party	Related party		12 955 278	--	--	--	--	--	--	--
Smad Misr Company	Related party	Related party	Related party		9 699 999	--	--	--	--	--	(612 824)	--
International Agricultural Crops	Related party	Related party	Related party		700 648 302	132 680 417	1 527 688	--	--	18 499 636	509 345 089	20 735 403
Alamiya Co. for Fertilizers	Related party	Related party	Related party		43 972 824	--	--	--	--	--	(780 005)	--
Oltech Egypt Co.	Related party	Related party	Related party		--	--	1 038 655	--	--	--	--	--
Sanabel Shipping, Transport and Trading	Related party	Related party	Related party		--	--	113 322 302	--	--	--	(13 383 865)	--
Polyserve for Trading, Import & Export	Related party	Related party	Related party		--	--	1 209 517	--	--	--	6 816 113	--
Mid Fert Egypt Investment Co.	Related party	Related party	Related party		--	--	--	--	--	--	7 401	--
El-Safa International Co	Related party	Related party	Related party		388 644 934	--	955 500	--	--	--	75 271 554	--
Sea services shipping and stevedoring	Related party	Related party	Related party		--	--	--	--	--	--	(238 076)	--
Abu Zaabal for Fertilizers & Chemicals	Related party	Related party	Related party		--	36 562 745	--	32 040 076	--	4 013 173	--	8 691 472
Aswan for Fertilizers & Chemicals	Related party	Related party	Related party		--	12 793 573	--	--	--	--	--	2 350 358

32- Financial instruments fair value and risk management

The financial instruments consist of financial assets and liabilities. Financial assets include cash on hand and at banks, trade and notes receivables, due from related parties and other receivables. Financial liabilities include credit facilities, suppliers and notes payables, due to related parties and other credit balances.

Financial risk factors

The activities of the Company expose it to a Company of financial risks, which are credit risks, liquidity risks, market risks, which include (interest rate risks, foreign currency risks and risks of fair value resulting from the financial instruments held by Company). The company uses internal techniques to monitor these risks in order to avoid the excessive accumulation of these risks.

The nature of these risks and the techniques used to manage them are as follows:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers and all kind of receivables.

The company's management has established a credit policy under which each customer is analyzed individually for creditworthiness and these limits are reviewed on an on-going basis

The maximum exposure to credit risk at the date of the financial statements as follows:

	Note	30/9/2025	31/12/2024
	No.		
Trade and notes receivables	(9)	1 011 363 914	22 281 716
Due from related parties	(10)	6 749 165	8 598 933
Debtors and other debit balances	(11)	898 446 443	25 601 816
		1 916 559 522	56 482 465

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet all or part of its financial obligations as they fall due. The Company manages liquidity risk by maintaining an acceptable level of cash and matching the different financing sources to provide financing to meet the liabilities when they fall due. The Company also ensures that sufficient cash is available upon request to meet expected operating expenses for an appropriate period including the financial obligations.

Foreign currency risk

Foreign currency risk is the fluctuations in foreign exchange rates that may affect payments and receipts in foreign currency as well as the valuation of assets and liabilities in foreign currency. With respect to monetary liabilities denominated in foreign currency transactions, the Company ensures that its net exposure to currency risk is guaranteed at an acceptable level through cash flows generated through the Company's core operations.

The following is a list of the net foreign currency positions as of the financial statements date:

30/9/2025
Surplus/(deficit)

USD	40 283 058
Euro	(8 866 435)
GBP	67 064

Capital Management

The Company management policy is to maintain strong capital in order to maintain the trust of investors, creditors and the market as well as to meet the future developments of the activity. The board of directors of the company monitors the return on capital. There are no changes in the Company's capital management strategy during the period.

33- Tax position

First: Corporate Income Tax

The company submits its tax returns within the legal dates.

- For the years from the start of operations until 2014, the tax examination was completed, assessments were issued, and payments were made.
- The years 2015–2016 were not selected for tax audit samples.
- The year 2017 was examined, settled, and paid.
- The years 2018, 2019, 2020, and 2022 were not selected for tax audit samples.
- The year 2021 was examined and settled.
- The years 2023/2024 have not yet been examined.

Second: Payroll Tax

- The company was examined from the start of operations until 2017, and assessments were issued and paid.
- The years 2018–2019 were examined and are pending the decision of the internal committee.
- The years 2020 through 2022 are currently under examination.
- The years from 2023 to date have not yet been examined.

Third: Stamp Duty

- The company was examined from the start of operations until 2020, and assessments were issued and paid.
- The years 2021–2022 are currently under examination.

Fourth: Value Added Tax (VAT)

- The company has been submitting VAT returns within the legal dates and up to date.
- The company was examined from the start of operations until 2017, and assessments were issued and paid.
- The years 2018 to 2023 are currently being prepared for examination.

Fifth: Real Estate Tax

- The company has paid all real estate taxes due up to December 31, 2022.
- The company is exempt from real estate taxes for the years 2023 and 2024.

Tax Status of the Merged Companies

Aswan for Fertilizers and Chemical Industries Company

First: Corporate Income Tax:

- The Tax Authority conducted an estimated assessment for the years 2015/2016, and the company filed an appeal within the legal deadlines.

Second: Payroll Tax:

- The company was examined, assessed, and paid from inception until the year 2021.

Third: Stamp Duty:

- The company was examined for the period from inception until December 31, 2021.

Fourth: Value Added Tax (VAT):

- The period from the start of operations until October 2022 was examined and settled.

Abu Zaabal for Fertilizers and Chemicals Company

First: Corporate Income Tax:

- For the period from 1 July 2004 to 31 December 2004, Tax Form No. (19) was reissued and appealed. The Appeals Committee decided to return the file to the Tax Authority to review the exemption claimed by the company. The matter was discussed with the Authority, and supporting documents were submitted in accordance with the law. The dispute was resubmitted to the Appeals Committee, but no response has been received to date.

- The years from 2005 to 2019 have been examined and settled.

- The years from 2020 to 2023 under preparation for audit.

Second: Payroll Tax:

- The period from 1 July 2004 to 31 December 2022 has been examined and settled.

Third: Stamp Duty:

- The period from 1 July 2004 to 31 December 2022 has been examined and settled.

Fourth: Sales Tax / Value Added Tax (VAT):

- The period from 1 July 2004 to 30 November 2020 has been examined and settled.

- The period from 1 December 2020 to 31 December 2023 has been examined and no claims were received for this period.

Fifth: Real Estate Tax:

- The real estate tax due up to 2021 has been regularly paid. Partial payments were made for the year 2022 until Prime Ministerial Decree No. 61 of 2022 was issued, under which the Ministry of Finance assumed the real estate tax liabilities on industrial properties for three years starting from 1 January 2022.

34- Comparative figures

The comparative figures for the statement of financial position as of 31 December 2024, as well as the comparative figures for the statements of income, comprehensive income, changes in equity, and cash flows for the financial period ended 30 September 2024, represent the standalone financial statements of Ferchem Misr for Fertilizers and Chemicals prior to the merger. As Aswan for Fertilizers and Chemical Industries and Abu Zaabal for Fertilizers and Chemicals were merged on 23 March 2025, the statements of income, comprehensive income, changes in equity, and cash flows for the financial period ended 30 September 2025 include the results of Abu Zaabal for Fertilizers and Chemical Industries and Aswan for Fertilizers and Chemical Industries starting from the merger date of 23 March 2025 — Note (1).

Head of Finance Division


Mr. Ahmed Shawki Montaser

Vice Chairman and CEO


Chem. Sami Abdel Nabi

Chairman


Eng. Ali Maher Ghonim

