



**MISR FERTILIZERS PRODUCTION COMPANY (S.A.E)
(MOPCO)**

**THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED December 31, 2024
And Auditor's Report**

Component

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2- The statement of financial position on December 31, 2024.

3- The statement of profits or losses for the Year ended December 31, 2024.

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Translated - the original issued in Arabic

AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Misr Fertilizers Production Company "MOPCO" (S.A.E), represented in statement of Financial Position as of December 31, 2024, and the related statement of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements as at December 31, 2024.

Opinion

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of Misr Fertilizers Production Company "MOPCO" (S.A.E) as of December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Report on Other Legal and Regulatory Requirements

The company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the company's records.

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

Auditor



Dr Khaled A. Hegazy

Independent Professional Practice, Member of Crowe Global

Fellow of the Egyptian Society for Accountants & Auditors

Accountants & Auditors Register "AAR" No. 10945

Financial Regulatory Authority Auditors Register "FRAAA" No. 72

Giza: March 09, 2025



Misr Fertilizer Production Company (Mopco)

Egyptian joint stock company

statement of financial position as at December 31, 2024

In Egyptian pound

	Notes NO.	31/12/2024	31/12/2023
Assets			
Non-current assets			
Fixed assets & Projects under construction	(3)	34,632,006,997	35,606,433,627
Other assets & Projects under construction	(4)	68,215,075	45,251,573
Right of use assets	(5)	88,041,967	114,162,591
Investments in sister companies that are accounted for by the equity	(6)	2,407,651	1,566,325
Financial assets at amortized cost	(7)	5,562,646,156	2,651,983,898
Other financial assets	(9)	1,131,212,791	588,141,794
Total non-current assets		41,484,530,637	39,007,539,808
Current assets			
Inventory	(10)	1,713,951,385	1,235,471,092
Accounts receivable	(11)	541,148,818	727,877,314
Financial assets at amortized cost	(7)	3,827,217,186	4,466,296,953
Financial assets at fair value through profit or loss	(8)	2,869,467,104	620,378,810
Debitors and other debit balances	(12)	845,817,862	240,052,060
Receivable from related parties	13-C	42,873	-
suppliers 'Advance payments'		40,559,983	77,024,326
Cash at banks and on hand	(14)	6,679,913,892	7,814,757,372
Total current assets		16,518,119,103	15,181,857,927
Total Assets		58,002,649,740	54,189,397,735
Equity			
Issued and paid-up capital	20-B	20,791,840,110	20,791,840,110
Legal reserve		1,212,315,306	734,200,772
General reserve	20- C	352,383,742	352,383,742
Result of the merging process		7,889,562,509	7,889,562,509
Retained earnings		15,132,261,531	13,484,740,108
Total Equity		45,378,363,198	43,252,727,241
liabilities			
Non-current liabilities			
Lease Liabilities	(16)	165,150,556	127,711,334
Deferred tax liabilities	(21)	7,767,168,024	6,852,611,239
Non-current employee benefits obligations	(22)	531,376,168	307,457,991
Total non-current liabilities		8,463,694,748	7,287,780,564
Current liabilities			
Current income tax	(15)	2,913,267,306	2,613,879,927
Lease Liabilities	(16)	26,425,248	20,765,534
Trade Payables	(17)	397,661,913	241,425,813
Creditors and other credit balances	(18)	429,516,144	295,685,111
Advanced payments from customers (contract liability)		135,401,296	192,240,116
current employee benefits obligation	(22)	3,063,879	3,291,062
Provisions	(19)	255,256,008	281,602,367
Total current liabilities		4,160,591,794	3,648,889,930
Total liabilities		12,624,286,542	10,936,670,494
Total equity & liabilities		58,002,649,740	54,189,397,735

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

The company's vice president for financial & economic affairs

Accountant / Mohamed Al-Shayeb

Chairman of Board of Directors & Managing Director

Engineer / Ahmed Mahmoud El-Sayed

Misr Fertilizer Production Company (Mopco)

Egyptian joint stock company

Statement of profit or loss for the financial year ended at

In Egyptian pound

	Notes	31/12/2024	31/12/2023
Net Sales	(23)	19,650,320,858	5,959,553,344
Cost of sales	(24)	(10,802,884,928)	(2,735,322,554)
Gross profit		8,847,435,930	3,224,230,790
Other income	(25)	173,469,168	155,257,336
Selling and marketing expenses	(26)	(531,853,525)	(160,487,452)
General and administrative expenses	(27)	(591,253,894)	(213,266,360)
Capital gains/losses	(28)	3,619,907	(97,672)
Impairment reverse		310,962,888	
Other expenses	(28)	(233,949,210)	(36,607,935)
(Formed) Reversal of expected credit losses	(32)	(390,502,424)	(4,418,140)
operating profit		7,587,928,840	2,964,610,567
Finance revenue	(31)	2,278,100,869	879,572,186
Finance costs	(30)	(52,409,291)	(31,046,190)
Foreign currency translation gains		9,244,689,987	2,119,579,834
Net finance income		11,470,381,565	2,968,105,830
company's share of the "subsidiary's dividends"		-	1,530,854,436
Net profit for the period before income tax		19,058,310,405	7,463,570,833
Income tax	(33)	(3,006,164,058)	(2,247,664,489)
Deferred Tax	(33)	(932,406,979)	758,450,055
Total Income tax		(3,938,571,037)	(1,489,214,435)
Net profit for the period after income tax		15,119,739,368	5,974,356,398
Basic and diluted earnings per share	(34)	7.27	2.87

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

Misr Fertilizer Production Company (Mopco)

Egyptian joint stock company

statement of other Comprehensive income for the financial year ended at

In Egyptian Pound

	31/12/2024	31/12/2023
Net profit for the year	15,119,739,368	5,974,356,398
<u>Other comprehensive income items</u>		
Actuarial gains/(losses) from employee benefit plans	79,334,195	248,161,495
Deferred tax on actuarial profits/losses	(17,850,194)	(55,836,336)
Total other comprehensive income	61,484,001	192,325,159
Transferred to retained earnings	(61,484,001)	(192,325,159)
	15,058,255,367	5,782,031,239

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

Misr Fertilizer Production Company (Mopco)

Egyptian joint stock company

periodical Statement of change in equity for the financial year ended at December 31, 2024

In Egyptian pound	Capital	Legal reserve	General reserves	Retained earnings	Result of merged company	Total
Balance at 1 January 2023	2,291,172,320	542,474,871	352,383,742	4,306,500,488	22,151,542,012	29,644,073,433
<u>Comprehensive Income</u>						
Balance adjustments	-	-	-	(192,325,158)	69,966,649	(122,358,509)
Cancellation of Marine Pier Licenses	-	-	-	-	(21,740,554)	(21,740,554)
Net Equity of the merged company	-	-	-	-	9,911	9,911
Net profit of the merging company	-	-	-	5,974,356,398	-	5,974,356,398
Net profit of the merged company until the date of write-off	-	-	-	3,587,934,281	-	3,587,934,281
The effect of valuation differences resulting from the translation of foreign currency balances of the merged company	-	-	-	-	4,190,452,281	4,190,452,281
<u>Total comprehensive Income</u>	-	-	-	<u>9,369,965,521</u>	<u>4,238,688,287</u>	<u>13,608,653,808</u>
Transferred to legal reserve	-	191,725,901	-	(191,725,901)	-	-
Capital increase	18,500,667,790	-	-	-	(18,500,667,790)	-
<u>Transactions with the owners of the company</u>	<u>18,500,667,790</u>	<u>191,725,901</u>	<u>-</u>	<u>(191,725,901)</u>	<u>(18,500,667,790)</u>	<u>-</u>
Balance at December 31, 2023	20,791,840,110	734,200,772	352,383,742	13,484,740,108	7,889,562,509	43,252,727,241
Balance at January 1, 2024	20,791,840,110	734,200,772	352,383,742	13,484,740,108	7,889,562,509	43,252,727,241
<u>Comprehensive Income</u>						
Net profit of the year	-	-	-	15,119,739,368	-	15,119,739,368
comprehensive income 'actuarial reserve'	-	-	-	(61,484,001)	-	(61,484,001)
<u>Total comprehensive Income</u>	-	-	-	<u>15,058,255,367</u>	-	<u>15,058,255,367</u>
Transferred to legal reserve	-	478,114,534	-	(478,114,534)	-	-
Dividends to employees and board of directors	-	-	-	(977,311,348)	-	(977,311,348)
<u>Transactions with the owners of the company</u>	-	-	-	<u>(11,955,308,063)</u>	-	<u>(11,955,308,063)</u>
Dividends to shareholders	-	-	-	-	-	-
<u>Total transactions with the owners</u>	-	-	-	<u>(11,955,308,063)</u>	-	<u>(11,955,308,063)</u>
Balance at December 31, 2024	20,791,840,110	1,212,315,306	352,383,742	15,132,261,550	7,889,562,509	45,378,363,197

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

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

In Egyptian pound

	Notes	31/12/2024	31/12/2023
Cash flows from operating activities			
Net profit for the period before tax		19,058,310,405	7,463,570,833
Adjustment as follows:			
fixed assets depreciation	(3)	2,219,254,113	260,909,444
Amortization of other assets and right of use assets	(4,5)	18,900,491	5,090,440
Provisions formed		194,831,582	14,130,822
Provisions no longer required		(19,299,728)	(139,960,970)
Retirement benefit obligations		106,869,737	35,159,004
inventory impairment reverse		(310,962,888)	-
Capital losses		196,093	97,672
Capital gains		(3,816,000)	-
Adjustments to other income		(3,488,490)	-
Company's share in the subsidiary dividends		-	(1,530,854,436)
Formed /(reversal) of expected credit losses	(32)	390,502,424	4,418,140
Net finance income	(30,31)	(2,225,691,578)	(848,525,996)
unrealized foreign currency translation changes		(6,619,976,512)	(1,327,586,124)
		12,805,629,649	3,936,448,829
change in:			
change in other financial assets		(197,327,079)	(310,484,600)
Inventory		(478,480,293)	(30,917,871)
Account receivable		173,958,084	(244,371,449)
debtors and other debit balances		(370,945,365)	(176,940,076)
Due from related parties		665,027	52,564,928
Suppliers (advance payment)		36,464,343	(67,567,469)
Trade payable		156,236,100	(70,832,196)
Creditors and other credit balances		4,481,672	(18,894,835)
advance payments from customers (lease liability)		(56,838,820)	185,214,023
Provisions used		(201,878,213)	-
Cash flows generated from operating activities		11,871,965,105	3,254,219,284
Dividends paid to Employees and the board of directors		(977,311,347)	(214,115,743)
Income taxes paid		(2,735,903,582)	(1,018,183,406)
Paid for employee benefits		(7,650,510)	(1,475,075)
Net Cash flows generated from operating activities		8,151,099,666	2,020,445,060
cash flows from Investing activities			
Received Interest		1,520,913,784	850,993,033
Paid investment in Associate companies		(841,326)	(1,566,325)
Proceeds from the subsidiary company's loans		-	3,865,121,489
payment for the purchase of financial assets through profit or loss		(1,804,007,195)	-
payment for investment purchase at amortized cost		(2,712,658,594)	(7,537,642,431)
Proceeds for the sale at amortized cost		4,466,296,953	-
Proceeds from investment in subsidiary companies income		-	1,376,283,993
Proceeds from the sale of capital assets		3,816,000	-
payment for the purchase of fixed assets, works ,projects under construction and other assets		(1,275,986,560)	(85,495,513)
Net cash flows generated from investing activities		197,533,062	(1,532,305,754)
cash flows from Financing activities			
Dividends paid to Shareholders		(11,955,401,802)	(3,437,011,301)
Debit paid interest		-	(2,142,560)
Payment of lease liabilities		(33,209,307)	(6,906,452)
Net cash flows used in financing activities		(11,988,611,109)	(3,446,060,313)
Net changes in cash and cash equivalents		(3,639,978,381)	(2,957,921,007)
The effect of changes in exchange rates on cash and cash equivalents		2,505,134,901	1,339,478,811
Cash and cash equivalent at the beginning of the year		7,814,757,372	4,384,347,061
Proceeds from the merged company as a result of the merger		-	5,048,852,507
Cash and cash equivalent at the end of the period	(14)	6,679,913,892	7,814,757,372

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

MISR FERTILIZERS PRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
THE NOTES OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2024

1- Company's background

1-1 Legal entity

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

1-2 The purpose of the Company:

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

Misr Fertilizers Production Company "MOPCO"

Notes to the financial statements for the Year ended December 31, 2024

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

1-3 The Company's term:

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

1-4 The Company's Headquarters:

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

2- Basics for preparation of financial statements

2-1 Compliance with accounting standards and laws

- The financial statements have been prepared in accordance with the Egyptian accounting standards and the related Egyptian law and regulations.
- The board of directors approved the issuance of the financial statements on 6 March , 2025

2-2 Basis of measurement

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

2-3 Functional and presentation currency

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

2-4 Use of estimates and personal judgments

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

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

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

A- Personal judgment

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

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

*Misr Fertilizers Production Company "MOPCO"
Notes to the financial statements for the Year ended December 31, 2024*

B- Uncertain assumptions and estimates

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

- Recognition and measurement of provisions and liabilities: the underlying assumptions about the likelihood and magnitude of an outflow of resources.
- Measurement of expected credit losses for cash in banks, accounts and notes receivable, and other financial assets.

C- Fair value measurement

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

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

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

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

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

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

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

Misr Fertilizer Production Company (Mopco)
notes to the financial statement for the year ended at December 31, 2024

3- Fixed assets (net)

Description	Land	Building & constructions	Machinery and equipment	Vehicles	Tools	Furniture & Fixtures	Computers	Projects under construction	Total
In Egyptian pound									
Cost									
Cost at 1 January 2023	101,809,908	372,336,734	2,302,079,124	28,261,477	42,675,572	23,215,156	52,592,291	44,065,939	2,967,036,201
Additions	-	-	-	-	6,360,065	1,537,887	3,682,826	73,914,735	85,495,513
Cost of merged company's assets	160,211,287	15,537,308	49,062,289,173	75,004,685	36,642,820	12,095,408	65,424,591	142,539,855	49,569,745,127
Transferred from projects under construction	-	49,745,090	-	-	3,537,818	-	5,844,085	(59,126,993)	-
Disposal	-	-	-	(109,900)	(362,886)	(289,332)	(587,149)	-	(1,349,267)
Cost at 31 December 2023	262,021,195	437,619,132	51,364,368,297	103,156,262	88,853,389	36,559,119	126,956,644	201,393,536	52,620,927,574
Additions	-	-	125,206,429	42,147,611	4,382,793	5,335,888	7,778,358	1,064,082,121	1,248,933,200
Transferred from projects under construction	-	62,927,639	95,724,433	-	3,083,610	6,491,614	717,595	(168,944,891)	-
Disposal	-	(2,166,332)	-	(1,723,250)	-	(478,962)	-	(3,909,624)	(8,278,168)
Cost at 31 December 2024	262,021,195	498,380,439	51,585,299,159	143,580,623	96,319,792	47,907,659	135,452,597	1,092,621,142	53,861,582,606
Accumulated depreciation									
Accumulated depreciation 1 January 2023	-	80,903,989	1,627,671,645	19,738,526	27,722,896	9,007,018	27,934,171	-	1,792,978,245
Accumulated depreciation of the merged company's assets	-	2,576,456	14,838,873,127	45,123,042	11,570,912	8,804,118	54,605,132	-	14,961,552,787
Cost of the year	-	23,084,963	217,500,785	3,863,959	4,652,468	1,883,844	9,923,425	-	260,909,444
Disposal	-	-	-	(109,900)	(268,540)	(289,332)	(278,757)	-	(946,529)
Accumulated depreciation as at 31 December 2023	-	106,565,408	16,684,045,557	68,615,627	43,677,736	19,405,648	92,183,971	-	17,014,493,947
Accumulated depreciation at 1 January 2024	-	106,565,408	16,684,045,557	68,615,627	43,677,736	19,405,648	92,183,971	-	17,014,493,947
Depreciation of the period	-	26,316,310	2,141,769,535	20,734,577	10,242,387	3,513,999	16,677,305	-	2,219,254,113
Disposal	-	(1,970,239)	-	(1,723,250)	-	(478,962)	-	-	(4,172,451)
Accumulated depreciation as at 30 December 2024	-	130,911,479	18,825,815,092	87,626,954	53,920,123	22,440,685	108,861,276	-	19,229,575,609
Net fixed assets at 1 January 2023	101,809,908	291,432,745	674,407,479	8,522,951	14,952,676	14,208,138	24,658,120	44,065,939	1,174,057,956
Net fixed assets at 31 December 2023	262,021,195	331,053,724	34,680,322,740	34,540,635	45,175,653	17,153,471	34,772,673	201,393,536	35,606,433,627
Net fixed assets at 30 December 2024	262,021,195	367,468,960	32,759,484,067	55,953,669	42,399,669	25,466,974	26,591,321	1,092,621,142	34,632,006,997
Fully depreciated assets still working									274,312,057

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

	<u>31/12/2024</u>	<u>31/12/2023</u>
Building and roads	5 271 579	10 075 000
Machine and equipment	257 162 891	130 389 228
Computers	3 020 815	213 479
Advance payment	587 657 335	18 748 444
Feasibility studies	8 313 793	8 313 793
Letters of credit	231 194 729	33 653 592
Total	<u>1 092 621 142</u>	<u>201 393 536</u>

- The increase in the item of projects under implementation is due to the comprehensive development and modernization process of factories with the aim of increasing production capacity to meet the growing demand for the company's products locally and globally, improving operating efficiency through modernization and the introduction of modern technologies, reducing material and energy consumption and environmental compliance through the development of emission control systems, reducing the environmental impact of factories and enhancing the quality of products to comply with international standards to increase competitiveness. These projects are expected to be completed in 2025.
- The increase in projects under implementation is as follows:
 - Contracts for the installation of new machinery and equipment to improve productivity and efficiency
 - Contracts to develop factory systems to increase accuracy, quality and reduce operational costs
 - Contracts for new expansions on existing production lines.

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4- Other assets & projects under construction
In Egyptian Pound

	The Company's contribution in assets not owned by it and serve its purposes	Gas pipeline	License and software	Projects under construction	Total
<u>COST</u>					
Cost as at 1/1/2023	5 000 000	15 627 372	8 957 122	10 189 901	39 774 395
Additions during the year	-	-	-	33 311 641	33 311 641
Cost as at 31/12/2023	5 000 000	15 627 372	8 957 122	43 501 542	73 086 036
Additions during the year	-	-	-	27 053 362	27 053 362
Disposals during the year	-	-	-	(1 197 000)	(1 197 000)
transfer from projects under construction	-	-	58 500 486	(58 500 486)	-
Cost as at 31/12/2024	5 000 000	15 627 372	67 457 608	10 857 418	98 942 398
<u>Accumulated amortization</u>					
Accumulated amortization as at 1/1/2023	5 000 000	12 805 302	8 957 122	-	26 762 424
Amortization during the year	-	1 072 039	-	-	1 072 039
Accumulated amortization as at 31/12/2023	5 000 000	13 877 341	8 957 122	-	27 834 463
Amortization during the year	-	1 072 037	1 820 823	-	2 892 860
Accumulated amortization as at 31/12/2024	5 000 000	14 949 378	10 777 445	-	30 727 323
<u>Net book value</u>					
Net book value as at 1/1/2023	-	2 822 070	-	10 189 901	13 011 971
Net book value as at 31/12/2023	-	1 750 031	-	43 501 542	45 251 573
Net book value as at 31/12/2024	-	677 994	56 679 663	10 857 418	68 215 075
Amortized assets and still in use	-	-	-	-	13 957 122

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

	<u>31/12/2024</u>	<u>31/12/2023</u>
Licenses and software	10 857 418	43 501 542
Total	10 857 418	43 501 542

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5- Right-of-use assets

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

In Egyptian Pound

Cost	Amount
Cost as at 1/1/2024	166 853 016
Additions during the year	-
disposals (due to land area reduction)	(14 780 527)
<u>Cost as at 31/12/2024</u>	<u>152 072 489</u>
<u>Accumulated amortization</u>	
Accumulated amortization as at 1/1/2024	52 690 426
Depreciation exclusions (as a result of reducing land area)	(4 667 535)
Amortization expense during the year	16 007 631
<u>Accumulated amortization as at 31/12/2024</u>	<u>64 030 522</u>
<u>Net book value as at 31/12/2023</u>	<u>114 162 591</u>
<u>Net book value as at 31/12/2024</u>	<u>88 041 967</u>

6- Investment in associates using equity method:

	31/12/2024		31/12/2023	
	Contribution percentage %	Value	Contribution percentage %	Value
Damietta for Green Ammonia Company	25	2 407 651	25	1 566 325

Damietta for Green Ammonia Company:

- The Company has contributed in the establishment of a new company to produce green ammonia inside the public free zone in Damietta (Damietta for Green Ammonia Company) a joint stock company by free zone regulation with capital amounting to 1 000 000 US dollars in which the Company contributes 25% in it together with the Egyptian Petrochemicals Holding Company and Scatec Norwegian company.
- The value of investments in the company on December 31, 2024 amounted to 2,407,651 EGP equivalent to (68 thousand dollars) 25% of the issued capital.
- The company purpose is to produce green ammonia.
- The project is located in the public free zone in New Damietta.
- On June 29, 2024, a non-binding memorandum of understanding was signed regarding the principles of the agreement to purchase green ammonia between the Yara Norwegian company and the Damietta Green Ammonia Company in the city of Damietta, in which both the Egyptian Petrochemical Holding Company "ECHEM", which owns 31.47% of the capital, MOPCO and the Misr Company, contributed. for the production of fertilizers "MOPCO" and the Norwegian company Scatec, in the presence of Mr. Engineer / Prime Minister, Mr. Engineer, Minister of Petroleum and Mineral Resources, Mr. Dr. / Minister of Electricity and Renewable Energy, Mrs. Dr. Minister of Planning and Economic Development, Mrs. Dr. / Minister of International Cooperation, and Mr. Engineer / Chairman of the Board of Directors of the

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Egyptian Petrochemical Company. "Echem" and Mr. Engineer/Chairman of the Board of Directors of the Misr Fertilizer Production Company "MOPCO" .

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

7- Investment at amortized cost

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

<u>In Egyptian Pound</u>	<u>31/12/2024</u>	<u>31/12/2023</u>
Government Bonds	6 120 135 208	2 925 342 525
Unearned returns (amortized cost)	(373 896 732)	(273 358 627)
	5 746 238 476	2 651 983 898
Expected credit losses (Note 32)	(183 592 320)	-
Net book value	5 562 646 156	2 651 983 898

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

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

<u>In Egyptian pound</u>	<u>31/12/2024</u>	<u>31/12/2023</u>
Government bonds at par value	4 086 885 939	1 906 440 052
Time deposits	-	2 586 966 120
	4 086 885 939	4 493 406 172
Unearned returns (amortized cost)	(133 353 388)	(27 109 219)
Expected credit losses (32)	(126 315 365)	-
Net book value	3 827 217 186	4 466 296 953

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

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Notes to the financial statements for the Year ended December 31, 2024

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

	<u>31/12/2024</u>	<u>31/12/2023</u>
Cost as at Beginning balance	620 378 810	-
Additions	9 343 252 804	614 872 688
Discounts	(7 539 245 609)	-
Balance before evaluation	2 424 386 005	614 872 688
Fair value at the date of the financial position	2 869 467 104	620 378 810
Change in fair value up to the financial statements date	445 081 099	5 506 122

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

9- Other financial assets

In Egyptian pound	<u>Note no.</u>	<u>31/12/2024</u>	<u>31/12/2023</u>
Letters of guarantee *		75 457 796	47 421 351
Pledged Deposits **		1 093 090 100	231 807 000
Frozen Deposits		-	309 076 000
		1 168 547 896	588 304 351
Expected credit losses	(32)	(37 335 105)	(162 557)
		1 131 212 791	588 141 794

* Letters of guarantee are fully covered amounts according to long-term contract terms with various authorities and parties (a letter of guarantee in favor of GASCO in the amount of 1 320 000 US dollars in return for the supply of gas - a letter of guarantee in favor of the Public Free Zone in Damietta in return for securing the factory land rent in the amount of 163 000 US dollars and another in the amount of 60,000 Egyptian pounds)

** Letter of credit cover secured by the Mortgaged deposit in the amount of 21 500 000 US dollars in return for Letter of credit .

10- Inventory

In Egyptian pound	<u>31/12/2024</u>	<u>31/12/2023</u>
Spare parts	865 646 809	677 344 809
Finished goods at cost	378 850 454	440 222 646
Work in process at cost	99 983 724	174 024 829
Supplies	114 576 493	97 383 455
Letter of credit	189 615 917	136 833 203
Raw material	55 050 644	20 088 852
Oils and fuels	10 227 344	536 186
	1 713 951 385	1 546 433 980
Impairment in inventory	-	(310 962 888)
Net Book Value	1 713 951 385	1 235 471 092

- The inventory was studied in accordance with the decision of the committee formed by Resolution No. (149) of 2024, which concluded that there was no stagnant or slow-moving stock, and the report of the complete and incomplete inventory did not show any deficit, but showed an increase in very small quantities, and accordingly, the impairment was returned.

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Notes to the financial statements for the Year ended December 31, 2024*

11-	<u>Accounts receivable</u>			
	<u>In Egyptian pound</u>	<u>Note no.</u>	<u>31/12/2024</u>	<u>31/12/2023</u>
	Accounts receivable		554 302 584	728 260 668
	Expected credit losses	(32)	(13 153 766)	(383 354)
			541 148 818	727 877 314
12-	<u>Debtors and other debit balances</u>			
	<u>In Egyptian pound</u>	<u>Note no.</u>	<u>31/12/2024</u>	<u>31/12/2023</u>
	Accrued credit interest		162 729 702	35 659 354
	Employees' advances and Installments		217 431 987	29 756 368
	Deposits with others		15 343 905	9 972 099
	Other debtors		11 266 990	2 196 945
	Prepaid expenses		31 365 510	13 366 330
	Tax Authority		300 685 448	149 856 968
	debit balances to employees		129 443 100	-
			868 266 642	240 808 064
	Expected credit losses	(32)	(22 448 780)	(756 004)
			845 817 862	240 052 060
13-	<u>Transactions with related party</u>			
	<u>A- Related parties represent:</u>			
	– Egyptian Petrochemicals Holding Company “ECHEM”		Major shareholder by 31.47 %	
	– Egyptian Natural Gas Holding CO.” EGAS”		Major shareholder by 9.89 %	
	– Egyptian Natural Gas Holding CO.” GASCO”		Major shareholder by 0.48 %	
	– Misr Insurance Company		Affiliate company by 1.15 %	
	– Suez Methanol Derivatives Company		A demerged company	
	<u>B- Related parties’ transactions</u>			
	The following is a summary of transactions with related parties:			
	<u>Description</u>	<u>Nature of transactions</u>	<u>The financial year ended in</u>	
		<u>In EGP</u>	<u>31/12/2024</u>	<u>31/12/2023</u>
	Egyptian Petrochemicals Holding Co .” ECHEM”	Payment on behalf	44 288	-
	Misr Insurance Company	Insurance services	75 882 433	21 194 988
	Egyptian Natural Gas Holding CO.” EGAS”	Gas Supplier	4 489 012 876	183 676 091
	Egyptian Natural Gas Holding CO.” GASCO”	Gas Supplier	2 045 592 925	-
	Suez Methanol Derivatives Company	Services rendered / Payments on behalf of the company.	539 632	947 683
		Payments on behalf of the company/cost and expense apportionment agreement	-	579 454 488
	Egyptian Nitrogen Products Company	Loan interest	-	10 078 262
		Dividends “Equivalent in EGP”	-	1 530 854 436

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

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C- The following balances resulted from the above transactions:

Due from related parties			
In Egyptian pound	Note no.	31/12/2024	31/12/2023
Suez Methanol Derivatives Company		886 134	1 595 449
Egyptian Petrochemicals Holding Co ." EICHEM"		44 288	-
		930 422	1 595 449
Expected credit losses	(32)	(887 549)	(1 595 449)
		42 873	-

14- Cash at banks and on hand

In Egyptian pound	Note no.	31/12/2024	31/12/2023
Banks current accounts		360 332 555	173 490 835
Time Deposits (Less Than Three Months)		6 333 547 068	7 645 565 364
		6 693 879 623	7 819 056 199
Expected credit losses	(32)	(13 965 731)	(4 298 827)
		6 679 913 892	7 814 757 372

15- Current income tax

In Egyptian pound	31/12/2024	31/12/2023
Current income tax	2 988 870 280	2 695 901 184
Payments on account of tax	-	(3 374 634)
Withdraw on account of tax	(75 602 974)	(78 646 623)
Balance	2 913 267 306	2 613 879 927

16- Lease liabilities

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

In Egyptian pound	31/12/2024	31/12/2023
beginning balance	148 476 868	142 814 053
Disposal (land area reduction)	(13 601 484)	-
Interest during the year	7 271 719	2 142 560
Foreign currency translation	82 638 010	12 569 267
Payments during the year	(33 209 309)	(9 049 012)
	191 575 804	148 476 868
Non-Current lease liability	165 150 556	127 711 334
current lease liability	26 425 248	20 765 534
	191 575 804	148 476 868

17- Trade Payables

In Egyptian pound	31/12/2024	31/12/2023
Egyptian Natural Gas Holding CO." EGAS" *	162 229 559	6 763 264
Gas supplier (GASCO)	54 944 918	88 025 393
Other suppliers	180 487 436	146 637 156
	397 661 913	241 425 813

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

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Notes to the financial statements for the Year ended December 31, 2024

18- Creditors and other credit balances

In Egyptian pound	31/12/2024	31/12/2023
Deposits from others	24 268 425	33 810 865
General Authority for Health Insurance	78 676 971	54 506 407
Value added tax	40 528 638	898 852
Due to the minor shareholders from shares selling auction	6 899 046	6 903 626
Shareholder dividends payable	3 612 275	3 706 014
Other credit balances	9 018 160	8 440 686
Credit balances to other companies	46 994 027	40 698 247
Payroll tax	29 951 111	36 912 421
Accrued social insurance	4 071 363	3 651 274
Accrued expenses	52 578 704	103 924 972
Withholding tax	3 474 324	2 231 747
Credit balances to employees	129 443 100	-
	429 516 144	295 685 111

19- Provisions

	31/12/2024	2023/12/31
beginning balance	281 602 367	48 905 940
Provisions formed during the year	194 831 582	362 948 489
Provisions used during the year	(201 878 213)	-
Provisions that have no purpose during the year	(19299 728)	(139 690 970)
foreign currency translation changes	-	9 438 908
	255 256 008	281 602 367

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

20- Share Capital

A- Authorized capital

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

B- Issued and paid-up Capital

- The issued and paid-up capital as of December 31, 2024, amounted to EGP 20 792 million (twenty billion and seven hundred ninety-two million Egyptian Pound), on December 31, 2014 amounted to EGP 1 992 million (one billion and nine hundred ninety-two million Egyptian Pound), and on December 31, 2010 amounted to EGP 1 984 million (one billion and nine hundred eighty-four million Egyptian Pound). During year 2011 the amount of the overdue installments was paid. Therefore, the issued capital was fully paid and was recorded in the commercial register on September 9, 2011, which has previously registered in the commercial register on January 26, 2009, as a result of the acquisition of Egyptian Nitrogen Products Company "ENPC" (S.A.E), this acquisition according to the shares exchange with the shareholders of

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Egyptian Nitrogen Products Company "ENPC" based on the evaluation prepared for this purpose which results in a fair value for the two companies amounted to US Dollars 1 266 million. Therefore, the Company's extraordinary general assembly dated November 8, 2008, decided to increase the Company's capital by 100% in favor of the shareholders of Egyptian Nitrogen Products Company "ENPC". Also, decided the acquisition of Egyptian Nitrogen Products Company "ENPC" and record the investment by the nominal value of the share at EGP 10 each.

- On May 4, 2014, the ordinary general assembly decided to increase the capital of the company with amount of EGP 298 484 560 through the distribution of free shares through the dividend's payments for the profit of the financial year ended December 31, 2013, accordingly the issued capital becomes EGP 2 291 172 320 distributed among 229 117 232 shares with a share value of EGP 10 recorded in the commercial register of the company dated January 28, 2015.
- On November 4, 2023 the extraordinary general assembly decided to specify the company's issued capital to an amount of 20 791 840 110 EGP (twenty billion seven hundred ninety-one million eight hundred and forty thousand one hundred and ten Egyptian pound) which was distributed on 2 079 184 011 shares at par value 10 EGP and this was noted in the commercial register on December 13, 2023.

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

Shareholder	%	No. Of shares	Amount EGP
Egyptian Petrochemicals Holding Co. "ECHEM"	31.47%	654 380 645	6 543 806 450
The Saudi Egyptian Investment Company	24.04%	499 764 560	4 997 645 600
Abu Dhabi Investment Holding Company (Alfa Oryx Limited)	20.00%	415 836 798	4 158 367 980
Egyptian Natural Gas Holding Co. "EGAS"	9.89%	205 657 495	2 056 574 950
The Arab Petroleum Investments Corp. "APICORP"	3.03%	63 072 153	630 721 530
Misr insurance company	1.15%	23 865 313	238 653 130
Egyptian Natural Gas Holding CO." GASCO" *	0.48%	10 000 000	100 000 000
IPO	9.94%	206 607 047	2 066 070 470
	100%	2 079 184 011	20 791 840 110

C- General reserve

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

21- Deferred Tax liabilities

In Egyptian pound	31/12/2024	31/12/2023
Fixed assets and other assets of the merging company	6 516 430 997	6 698 713 265
Foreign currency exchange differences	1 499 577 289	298 706 880
Employee benefits provision	(120 249 010)	(69 918 537)
Impairment in the value of inventory	-	(69 966 649)
Other Provisions	(39 109 064)	(3 700 025)
Lease liabilities	-	(1 223 695)
Provision for Expected credit losses	(89 482 188)	-
	7 767 168 024	6 852 611 239

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22- Employee benefits obligation:

22-1 Plan description:

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

EGP	31/12/2024	31/12/2023
<u>Benefits of treatment for retired workers and their families</u>		
Balance at the beginning balance	310 749 053	248 161 494
Current service cost	41 795 311	35 159 004
Interest expense	45 137 572	28 903 630
Actuarial Gain Or Loss	79 334 195	-
Payments	(4 875 116)	(1 475 075)
	<u>472 141 015</u>	<u>310 749 053</u>
<u>End of Service Bonus Benefits</u>		
Balance at the beginning balance	-	-
Current service cost	65 074 426	-
Payments	(2 775 394)	-
	<u>62 299 032</u>	<u>-</u>
Employee benefits obligation (current)	<u>3 063 879</u>	<u>3 291 062</u>
Employee benefits obligation (non-current)	<u>531 376 168</u>	<u>307 457 991</u>
	<u>534 440 047</u>	<u>310 749 053</u>

22-2 Amounts recognized in profit or loss statement:

EGP	31/12/2024	31/12/2023
Current Service Cost Treatment Benefits	41 795 311	35 159 004
Current service cost and end-of-service bonus	65 074 426	-
Interest expense (note 30)	45 137 572	28 903 630
	<u>152 007 309</u>	<u>64 062 634</u>

-Actuarial assumptions:

EGP	31/12/2024	31/12/2023
Discount rate	14.56%	14.56%
Inflation rate	15.7%	15.7%
Benefits increase rate	13%	13%

-The expected benefits through the next years:

The first year	4 704 645
The second year	6 304 800
The third year	8 480 376
The next five years	87 793 627

-Sensitivity analysis of actuarial assumptions:

	<u>Change in assumptions</u>		<u>Change in Liabilities</u>	
	Increase	Decrease	Increase	Decrease
Discount rate	%1	%1	(77 708 121)	100 629 639
Discount rate	%1	%1	55 178 413	(46 865 549)

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Actuarial Assumptions End of Service Benefit Plan:

	<u>31/12/2024</u>	<u>31/12/2023</u>
Discount rate	22.98%	-
Inflation rate	25.1%	-
Benefits increase rate	20%	-

-The expected benefits through the next five years:

The first year	2,718,637
The second year	3,589,327
The third year	2,987,105
The fourth year	5,882,364
The fifth year	7,814,301
The next five years	69,476,584

Sensitivity analysis of actuarial assumptions:

	<u>Change in assumptions</u>		<u>Change in Liabilities</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Discount rate	%0.05	%0.05	(58 771 544)	66 145 286
Discount rate	%0.05	%0.05	62 299 032	(62 299 032)

23- Net Sales

In Egyptian pound

	<u>31/12/2024</u>	<u>31/12/2023</u>
Export Sales	15 069 860 384	3 694 970 474
Domestic Sales	4 580 460 474	2 264 582 870
	<u>19 650 320 858</u>	<u>5 959 553 344</u>

*The merger of the two companies has achieved a significant increase in sales due to the integration of resources and the strengthening of the customer base, which has led to significant market growth and expansion of market share.

Segment reports:

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

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

	<u>31/12/2024</u>			<u>31/12/2023</u>		
	<u>In Egyptian pound</u>			<u>In Egyptian pound</u>		
	<u>Export</u>	<u>Domestic</u>	<u>Total</u>	<u>Export</u>	<u>Domestic</u>	<u>Total</u>
Urea	13 859 909 120	3 407 353 630	17 267 262 750	3 503 446 269	1 608 929 861	5 112 376 130
Ammonia	1 209 590 347	1 172 939 262	2 382 529 609	191 524 205	655 182 635	846 706 840
other	404 516	123 983	528 499	-	470 374	470 374
	<u>15 069 903 983</u>	<u>4 580 416 875</u>	<u>19 650 320 858</u>	<u>3 694 970 474</u>	<u>2 264 582 870</u>	<u>5 959 553 344</u>

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24- Cost of Sales

In Egyptian pound

	<u>31/12/2024</u>	<u>31/12/2023</u>
Gas	6 534 605 802	1 955 814 109
Other materials *	714 997 253	163 227 804
Salaries and wages	706 969 218	190 133 812
Depreciation and amortization	2 141 317 223	245 637 139
cost of pension obligations	70 454 845	21 211 410
Other industrial expenses	499 127 289	125 465 481
Change in Finished Goods and Work In Process inventory	135 413 298	33 832 799
	<u>10 802 884 928</u>	<u>2 735 322 554</u>

* The merger of the two companies resulted in an increase in the cost of sales due to the increase in the costs of materials, wages and other expenses related to the integration of operations and systems. The company achieved operational and administrative compatibility to ensure the achievement of objectives.

**The amount of other materials represents expenses for spare parts, materials, electricity, and water for factories.

25- Other income

In Egyptian pound

	<u>31/12/2024</u>	<u>31/12/2023</u>
Supplier and customer Gratuities	70 596 887	4 481 480
Scrap metal sales	80 084 063	10 814 886
Other revenues (as a result of reducing the land	3 488 490	-
Provision no longer required	19 299 728	139 960 970
	<u>173 469 168</u>	<u>155 257 336</u>

26- Selling and marketing expenses

In Egyptian pound

	<u>31/12/2024</u>	<u>31/12/2023</u>
Packaging materials	280 953 999	92 562 391
Salaries and wages	72 699 953	22 301 736
Depreciation	56 482 511	6 404 082
Products shipping and transportation expenses	91 732 901	27 836 058
cost of pension obligations	7 297 991	3 334 615
Other Selling and marketing expenses	22 686 170	8 048 570
	<u>531 853 525</u>	<u>160 487 452</u>

* The merger of the two companies resulted in an increase in marketing costs due to increased packaging costs, wages and other expenses related to unifying operational processes and meeting expansion requirements.

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27- General and administrative expenses
In Egyptian pound

	<u>31/12/2024</u>	<u>31/12/2023</u>
Administrative salaries and wages	291 186 783	94 941 665
Contribution to comprehensive health insurance	78 327 743	22 784 907
Administrative depreciation	40 354 871	13 955 336
Attendance allowances for BOD	2 293 500	1 392 500
cost of pension obligations	29 116 901	10 969 149
Other General and administrative expenses	149 974 096	69 222 803
	<u>591 253 894</u>	<u>213 266 360</u>

* The merger of the two companies resulted in an increase in marketing costs due to increased packaging costs, wages and other expenses related to unifying operational processes and meeting expansion requirements.

28- Capital gains/losses
In Egyptian pound

	<u>31/12/2024</u>	<u>31/12/2023</u>
Gain on sale of fixed assets	3 816 000	-
Loss on disposal of fixed assets	(196 093)	(97 672)
	<u>3 619 907</u>	<u>(97 672)</u>

29- Other Expenses
In Egyptian pound

	<u>31/12/2024</u>	<u>31/12/2023</u>
Donation	39 117 628	22 477 113
Provisions formed	194 831 582	14 130 822
	<u>233 949 210</u>	<u>36 607 935</u>

30- Finance cost:
In Egyptian Pound

	<u>31/12/2024</u>	<u>31/12/2023</u>
Lease liability interest	7 271 719	2 142 560
Employee benefits obligation interest	45 137 572	28 903 630
	<u>52 409 291</u>	<u>31 046 190</u>

31- Finance income:
In Egyptian pound

	<u>31/12/2024</u>	<u>31/12/2023</u>
Credit interest (subsidiary company's loan)	-	10 078 261
Revenue from financial assets at amortized cost "Treasury bills"	136 716 088	199 629 406
Revenue from financial assets at amortized cost" Government bonds"	1 163 509 611	27 290 487
Revenue from financial assets at Fair value through profit or loss "investment funds"	445 081 100	5 506 122
Other credit interest	532 794 070	637 067 910
	<u>2 278 100 869</u>	<u>879 572 186</u>

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32- Expected credit losses

In Egyptian pound	note no.	01/01/2024	Formed	Reversed	31/12/2024
Cash and cash equivalent	(14)	4 298 827	9 666 904	-	13 965 731
Financial investments at amortized cost	(7)	-	309 907 684	-	309 907 684
Accounts receivable	(11)	383 354	12 770 411	-	13 153 766
Related parties	(13)	1 595 449	-	(707 900)	887 549
Debtors and other debit balances	(12)	756 004	21 692 776	-	22 448 780
Other financial assets	(9)	162 557	37 172 548	-	37 335 105
		7 196 191	391 210 324	(707 900)	397 698 615

- The expected credit losses of financial assets on December 31, 2024 were studied by the company according to the following:
- The simplified approach was used to measure the credit risk of customer facilities by dividing customers into categories with similar characteristics and determining the historical period used to calculate the loss rate and determining the loss rate according to historical data, taking into account the expected changes in macroeconomic indicators (growth rate, inflation rate, unemployment rate) and then calculating the expected credit losses by multiplying (loss rate x balance exposed to loss x probability of default).
- The general approach was used to calculate expected credit losses related to the company's investments in financial assets at amortized cost, current balances in banks, deposits and other financial assets using external classifications from institutions included in the Central Bank's instructions for credit risk management. Future data was also used to determine whether there was a significant increase in credit risks for financial assets using some macroeconomic indicators (GDP growth rate, annual inflation rate, unemployment rate) under the assumption of three scenarios (basic, best, worst) in line with the requirements of Egyptian Accounting Standard No. (47).
- The loss rate for government debt instruments and deposits for a period of one month or less in Egyptian pounds was considered zero according to the Prime Minister's decision in this regard.
- The Egyptian classification was used with a loss rate at exposure to failure of 45% when measuring expected credit losses.

33- Income tax

In Egyptian pound

Current income tax

	31/12/2024	31/12/2023
Current income tax	2 988 870 290	2 053 168 163
Subsidiary Dividends' tax	-	154 570 443
Independent tax base	17 228 488	39 925 881
Tax differences	65 280	-
Current income tax	3 006 164 058	2 247 664 487

Deferred income tax

Fixed and other assets	(182 282 268)	(46 899 785)
Foreign currency exchange differences	1 200 870 409	(701 804 751)
Provision for employee benefits liability	(50 330 473)	(14 082 201)
Deferred tax related to other comprehensive income	69 966 649	-
Deferred tax on other comprehensive income	17 850 194	-
Other Provisions	(35 409 039)	4 336 682
Lease liability	1 223 695	-
Provision for Expected credit losses	(89 482 188)	-
Deferred income tax	932 406 979	(758 450 055)
Income tax	3 938 571 037	1 489 214 435

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Adjustments to calculate income tax effective tax rate:

	<u>31/12/2024</u>	<u>31/12/2023</u>
Profit before income tax	19 058 310 405	7 463 570 833
Income tax as per tax law "22.5%"	4 288 119 842	1 679 303 437
Non-deductible expenses	25 916 737	12 152 775
Revenue exempted from tax	(392 694 030)	(396 738 101)
Collected dividends tax	-	154 570 443
Independent pool tax	17 228 488	39 925 881
income tax	3 938 571 037	1 489 214 435
Effective tax rate	20.67%	19.95%

34- Basic and diluted earnings Per Share

In Egyptian pound

	<u>31/12/2024</u>	<u>31/12/2023</u>
Net profit for the year	15 119 739 368	5 974 356 398
Weighted average no. of shares	2 079 184 011	2 079 184 011
	7.27	2.87

- The Ordinary General Assembly, held on March 9, 2024 approved the following distributions :
- Dividend distribution to shareholders in the amount of 4 158 368 023 at 2 Egyptian pounds per share
- Dividend distributions for employees in the amount of 956 229 068 Egyptian pounds.
- Remuneration for members of the Board of Directors in the amount of 21 082 279 Egyptian pounds
- On August 17, 2024 the company's ordinary general assembly was held, which approved an additional distribution of 3.75 pounds per share from the retained profits, bringing the distribution this year to 5.75 pounds per share.

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

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

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

A. Interest rate risk

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

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<u>Fixed interest rate</u>		
<u>In Egyptian pound</u>	<u>31/12/2024</u>	<u>31/12/2023</u>
Time deposits	6 333 547 068	7 645 565 364
Financial assets at amortized cost (non-current)	5 562 646 156	2 651 983 898
Financial assets at amortized cost (current)	3 827 217 186	4 466 296 953
Financial assets at fair value through profit or loss	2 869 467 104	620 378 810
	18 592 877 514	15 384 225 025

B. Foreign exchange risk

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

These obligations and rights are usually related to operational spending that is made with suppliers in currencies other than the Egyptian pound and revenues arising from some services rendered to clients abroad in addition to the loan balance granted to the subsidiary in US dollars. The company monitors the risk of fluctuations in foreign currencies arising from operational activities.

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

<u>Financial assets</u>	<u>Foreign currencies</u>	<u>Equivalent in Egyptian pound</u>
USD	342 188 029	17 397 318 464
EURO	1 722 999	90 668 368

<u>Financial liability</u>	<u>Foreign currencies</u>	<u>Equivalent in Egyptian pound</u>
USD	4 429 970	225 225 875
EURO	69 000	3 630 989
AED	5 833	80 746

Below are the major foreign exchange rates

	<u>Closing rate</u>		<u>Average rate</u>	
<u>In Egyptian pound</u>	<u>31/12/2024</u>	<u>31/12/2023</u>	<u>31/12/2024</u>	<u>31/12/2023</u>
USD	50.8414	30.9076	43.9401	30.3023
EURO	52.6224	34,1330	47.6512	32.7023
Sterling pound	63.6433	39,3886	56.2739	37.6352

Response analysis :

The decline in the value of the Egyptian pound against other currencies on foreign currency balances on December 31, 2024 may lead to a decrease in shareholders' equity and profit and loss according to the value shown below_

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This analysis is based on exchange rate changes, which the company believes are considered a possibility that can be achieved. It is assumed in this analysis that all other variables, especially interest rates, remain constant and the impact of expected revenues and Expected costs. on December 31, 2024

the currency	the value of the effect of a 10% On the closing price at December 31, 2024
Dollar	1 739 731 846
Euro	9 066 836

Important and subsequent events

In light of a volatile global and local economic environment, compounded by increasing geopolitical risks, the Central Bank of Egypt took a series of measures during 2022, 2023, and early 2024 to mitigate the impact of these factors on the Egyptian economy. These measures included adjusting the exchange rate of the Egyptian pound against foreign currencies, followed by a currency float in March 2024, according to market mechanisms, which led to a depreciation of the pound. Additionally, interest rates on overnight deposits and lending were raised repeatedly, peaking with a 600 basis points increase in March 2024, bringing the rates to 27.25% and 28.25%, respectively, as part of an expanded loan agreement with the International Monetary Fund (IMF). Cash withdrawal and deposit restrictions were also imposed in banks.

–These measures led to a slowdown in foreign currency transactions through official banking channels, resulting in delays in settling some international financial obligations and increasing the cost of obtaining and repaying foreign currencies. The persistence of these conditions, and the risks associated with them, represents an uncertainty factor that may affect the company's financial performance and its financial and operational obligations in foreign currencies. Although inflation slowed to 25.7% in July 2024 after peaking at 38% in September 2023, ongoing inflationary pressures remain an additional challenge.

–For the financial statements ending on December 31, 2024, no direct impacts from these developments were observed. However, given the unstable nature of the economic situation, there is a possibility that these developments may affect the financial statements in future periods. Determining the magnitude and timing of this potential impact is a challenge for the company's management under these conditions. The management is diligently working on assessing all possible effects on future financial statements, considering exchange rate developments, interest rates, and inflation.

–Additionally, on October 17, 2024, the Central Bank of Egypt kept interest rates unchanged, citing a slowdown in inflation for the sixth consecutive month. This decision underscores the importance of continuous monitoring of economic developments and their impact on the company's performance. The company's management is currently assessing the potential impacts on future financial statements.

C. Credit risk

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

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

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

Local customers:

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

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Foreign customers:

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

Cash balances at banks:

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

In Egyptian pound	<u>Note no.</u>	<u>31/12/2024</u>	<u>31/12/2023</u>
Financial assets at amortized cost	(7)	9 389 863 342	7 118 280 851
Financial assets at fair value through profit or loss	(8)	2 869 467 104	620 378 810
Other financial assets	(9)	1 131 212 791	588 141 794
Accounts receivable	(11)	541 148 818	727 877 314
debtors and other debit balances	(12)	845 817 862	240 052 060
Cash at banks and on hand	(14)	6 679 913 892	7 814 757 372
		21 457 423 809	17 109 488 201

D. Liquidity risk

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

36- Contingent liabilities

The value of letters of guarantee and letters of credit issued by banks for the Company and for the benefit of third parties on December 31, 2024 amounted to 21 million US dollars, amounted to 2 million EURO and the value of the cash cover withheld on account of those letters of guarantee and credit amounted to 100% of their value, which is included in other financial assets and the goods in transit.

37- Capital Commitments

Capital commitments are represented in the value of contracts that the company signed to gain or construct a fixed assets and still not yet completed as at December 31, 2024. The following table shows these significant contracts:

	<u>Total contract value as at 31/12/2024</u>	<u>Completed contracts as at 31/12/2024</u>	<u>Incomplete contracts as at 31/12/2024</u>
Contracts in Egyptian pound	134 750 405	110 323 973	24 426 438
Contracts in USD	2 188 804	500 177	1 688 627
Contracts in EURO	6 500 000	-	6 500 000

38- Tax Position

First: Corporate Tax

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

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

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

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Year 2022 till year 2023

The company's tax return was submitted in accordance with the provisions of Law No. 91 of 2005 and its amendments within the due dates and the tax was paid.

Second: Payroll tax

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

The Company has been inspected and the tax was paid.

Years from 1/1/2023 till 31/12/2024:

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

Third: Stamp tax

Years from the beginning of the activity till year ended December 31, 2021

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

Years from 1/1/2022 to 31/12/2024

- The company is paying the tax.

Fourth :Sales tax and Value added tax

Years from the beginning of the activity till year ended December 31, 2021

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

Years from 2022 till 31/12/2023:

- The company's examination for the years referred to was completed, and the result of the examination resulted in tax differences of 788 thousand pounds, and the link and payment were made in January 2025.

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

- The company applies Law No. 67 of 2016 and Law No. 206 of 2020, and submits monthly value added tax returns on the due dates.
- The company was notified of the examination of the years 2022 and 2023 and the examination is underway

Fifth: Property tax

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

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

Tax position of the merged company:

A- Corporate tax

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

Years from beginning of activity till 2019

The company was inspected and the tax was paid.

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Years from 2020 till 31/12/2023

The company was notified with the inspection request, and the Egyptian Nitrogen Products Company (merged) is currently being inspected for the years 2020 to 2023.

B- Payroll tax

Years from beginning of activity to 2022

The company were inspected and the tax were paid.

From 1/1/2023 to 13/12/2023

Tax inspection preparation is underway to examine the Egyptian Nitrogen Products Company (merged) for the year 2023.

C- Sales and value added tax:

Years from beginning of activity to 12/2021

The company was inspected and the tax differences were settled.

From 1/1/2022 to 12/2023

The company was inspected for the years 2022 and 2023, and the inspection differences amounted to 25 thousand pounds, that will be paid from the tax authority account due to the company

D- Stamp tax

From beginning of activity to 2020

The company was inspected and the tax was paid.

From 1/1/2021 to 13/12/2023

The company pays the due tax until the merge date.

39- Disputes

39-1 The New Urban Communities Authority and the New Damietta Development and Reconstruction Authority filed Case No. 1486 of 2012, Kafr Saad against each of the Egyptian Petrochemical Holding Company (ECHEM) as a first defendant and the Company as a second defendant, in which the plaintiffs demanded that the second defendant (the company) be required to pay a value for the right of use of a land area of 608,324 square meters east of the navigational canal, which belongs to the subsidiary company "The Egyptian Company for Nitrogen Products ENPC" at an amount of 157 million pounds, in addition to interest and compensation. , which is contrary to the applicable law (6 pounds / meter / year). The company's management believes that the Urban Communities Authority is not entitled to claim these values.

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

- The company agrees to end the existing dispute with the New Urban Communities Authority with the authority receiving the plot of land and paying the subsidiary the rent due on it.
- The Ministry of Transport / Damietta Port Authority provides an alternative site for the dock land with a guarantee from the competent authorities to renew all necessary approvals and licenses from the concerned authorities for the new site and renew the license of the Prime Minister No. (555) for the year 2007 for the new site as well as providing a suitable space behind the dock for storage and to provide a service corridor between the dock and the factory.
- Compensating the subsidiary for a piece of land it owns by giving it an alternative piece of land.
- Compensating the subsidiary for the losses and costs it incurred because of evacuating the sites.

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

MOPCO and the Egyptian Company for Nitrogen Products appealed the ruling before the Court of Appeal, which decided to reject the two appeals and uphold the appealed ruling without prejudice to the company's

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right to appeal within the legal period against the ruling before the Court of Cassation within the legal deadlines.

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

39-2 The company received a claim from Petrotrade in the amount of 4 million pounds represented in the interests of delay in the payment of gas bills. The company and its legal advisor consider that Petrotrade has no right to claim the delay benefits according to the gas supply contract.

39-3 On 16/12/2019, the company filed suit No. 53592 for the year 75 against both - the Minister of Investment - the head of the General Authority for Investment and Free Zones - the head of the central management of the public free zone in Damietta before the Administrative Court, in order to cancel the decision of the Board of Directors of the General Authority for Investment to increase In exchange for the right of use of the factory land in the free zone in Damietta from \$1.75/m2 annually to \$5/m2 annually, and the requirement to fix the right of use consideration throughout the project license period (25 years) starting from 2005 and ending in 2030 according to the contract concluded between the two parties.

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

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

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

39-4 Pursuant to a sale and assignment contract dated March 26, 2007, the Egyptian Nitrogen Products Company, owned by Mobco, a subsidiary of the petroleum sector, purchased a plot of land with an area of 150 thousand square meters located in the Al-Rehab Industrial Zone in New Damietta City from the Al-Rehab Saudi Egyptian Company for Investment and Real Estate Development to be used in establishing storage facilities for the company's fertilizer complex products that were planned to be established at that time. Al-Rehab Company was notified by letter from the Commercial and Real Estate Affairs Sector No. 1191 dated February 18, 2007 of the approval of the competent authority in the New Urban Communities Authority for the company's request to sell the land area for a total amount of 4,500,000 US dollars (four million five hundred thousand US dollars) 3,750,000 Egyptian pounds (three million seven hundred and fifty thousand Egyptian pounds). The company paid the full price.

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

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

- Whereas the company had begun to exploit that plot to implement environmentally friendly projects and establish strategic projects, it was surprised by the New Urban Communities Authority's dispute over that area on August 10, 2023, with the presence of a committee from the New Damietta City Development Authority objecting to establishing any projects on the grounds that the land is owned by the New Damietta City Development Authority.

- Whereas a request was submitted to present the dispute to the Ministerial Committee for Investment Dispute Resolution on December 3, 2024, including confirmation of Mobco's right to own the aforementioned land, which supported the company's request in a letter from Mr. Counselor/ Head of the Cabinet Advisory Board, addressed to Mr. Dr./ Minister of Housing, Utilities and Urban Communities, which concluded that upon

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presenting the matter to Mr. Dr. Prime Minister, His Excellency kindly approved the legal opinion and directed the concerned parties to write to take the necessary steps to implement it.

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

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

- On December 19, 2024, a memorandum was received from the company's legal committee stating that the dispute had been submitted to the Ministerial Committee for the Resolution of Investment Disputes, and that consideration of it had been postponed to the session of January 20, 2025. The committee also recommended in its aforementioned session to create a financial allocation in accordance with the vision of the financial administration.

40- Significant Events

- The Ordinary General Assembly of the Egyptian Company for Nitrogenous Products was held on November 2, 2023, which approved the removal of the company from the commercial register, and the Assembly also acquitted the members of the Board of Directors of the Egyptian Company for Nitrogen Products for the fiscal year 2023 until the date of the Assembly.

- The extraordinary general assembly decided on November 4, 2023 the merge of the Egyptian Nitrogen Products Company (ENPC) a merged company with Misr Fertilizers Production Company (MOPCO) merging company and that on book value basis in accordance to the financial statements on December 31, 2022 which is the date used as a base for merge in accordance to the report issued by the economic performance at the General Authority for Investment and Free Zones by the formed committee in accordance to the decision of the Minister of Investment and International Cooperation No. 95 of 2018. The committee's decision was approved by the Chief Executive Officer of General Authority for Investment and Free Zones on September 21, 2023 with the distribution of the capital of the merging company and the merged company on the basis of net equity of the merging company and the merged company according to the market value of the assets of the merging company and the merged company on the date used as a base for merge.

New versions and amendments made to the Egyptian Accounting Standards

- On March 6, 2023, the Prime Minister issued Decision No. (883) of 2023 amending some provisions of the Egyptian Accounting Standards.

- On March 3, 2024, also, the Prime Minister issued Decision No. (636) of 2024 amending some other provisions of the Egyptian Accounting Standards. The following is a summary of the most important of these amendments:

New or amended standards	Summary of the most important amendments	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets and Their	1- These standards were reissued in 2023, allowing the use of the revaluation model when subsequently measuring fixed assets and intangible assets. This resulted in amending the paragraphs related to using the revaluation model option in	No effect	The amendments to add the option to use the revaluation model apply retrospectively to financial periods beginning on or after

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New or amended standards	Summary of the most important amendments	Potential impact on the financial statements	Application date
Depreciation" and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	<p>some of the current Egyptian accounting standards, and the following is a statement of those standards:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Periodical Financial Statements" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Lease Contracts" <p>2- In line with the amendments made to Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6), (37) of Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation" have been amended, and paragraphs 22 (a), 80 (c) and 80 (d) have been added to the same standard, with regard to fruitful plants.</p> <p>The company is not required to disclose the quantitative information required under paragraph 28 (w) of Egyptian Accounting Standard No. (5) for the current period, which is the financial statements period in which Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) 2023 amended are applied for the first time in relation to bearer plants.</p> <p>However, the quantitative information required by paragraph 28(f) of Egyptian Accounting Standard No. (5) must be disclosed for each prior period presented. The company may choose to measure an item of bearer plants at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company first applied the above amendments and use that fair value as its notional cost at that date. Any difference between the previous carrying amount and the fair value must be recognized in the opening</p>		January 1, 2023, with the cumulative effect of applying the revaluation model initially being recognized by adding it to the revaluation surplus account alongside equity at the beginning of the financial period in which the company first applies this model. These amendments apply retrospectively to annual periods beginning on or after January 1, 2023, with the cumulative effect of accounting treatment for bearer plants initially being recognised by adding it to the balance of retained earnings or losses at the beginning of the financial period in which the company first applies this treatment.

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New or amended standards	Summary of the most important amendments	Potential impact on the financial statements	Application date
	balance by adding it to the revaluation surplus account next to equity at the beginning of the earliest period presented.		
Egyptian Accounting Standard No. (34) amended 2023 "Investment property"	<p>1- This standard was reissued in 2023, allowing the use of the fair value model when subsequently measuring real estate investments.</p> <p>2- This resulted in amending some paragraphs related to the use of the fair value model option in some of the current Egyptian accounting standards, and the following is a statement of those standards:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (13) "Effects of Changes in Foreign Exchange Rates" - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Periodical Financial Statements" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-current Assets Held for Sale and Discontinued Operations" - Egyptian Accounting Standard No. (49) "Lease Contracts" 	<ul style="list-style-type: none"> - The company doesn't own this type of asset, so this amendment doesn't impact the financial statements. - Management is currently studying the possibility of changing the accounting policy followed and using the fair value model option included in the standard, and evaluating the potential impact on the financial statements in the event that this option is used. 	<p>The amendments to add the option to use the fair value model apply retrospectively to financial periods beginning on or after January 1, 2023, with the cumulative effect of applying the fair value model initially recognized by adding it to the retained earnings or losses balance at the beginning of the financial period in which the company first applies this model.</p> <ul style="list-style-type: none"> - The amendment to add the option to use the fair value model applies to financial periods beginning on or after January 1, 2024, and permits early retrospective application, with the cumulative effect of applying the fair value model initially recognized by adding it to the retained earnings or losses account at the beginning of the financial period in which the company first applies the model

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New or amended standards	Summary of the most important amendments	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (36) amended 2023 "Exploration and evaluation of mineral resources"	1- This standard was reissued in 2023, allowing the use of the revaluation model when subsequently measuring exploration and evaluation assets. 2- The company applies either the cost model or the revaluation model for exploration and evaluation assets, provided that the evaluation is carried out by experts specialized in evaluation and valuation among those registered in a special register at the Ministry of Petroleum, and in the event of applying the revaluation model (whether the model included in Egyptian Accounting Standard (10) "Fixed Assets and Their Depreciation" or the model included in Egyptian Accounting Standard (23) "Intangible Assets") it must be consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.	The company doesn't own this type of asset, so this amendment doesn't impact the financial statements.	The amendments to add the option to use the revaluation model apply retrospectively to financial periods beginning on or after January 1, 2023, with the cumulative effect of applying the revaluation model initially recognised by adding it to the revaluation surplus account alongside equity at the beginning of the financial period in which the company first applies this model.
Egyptian Accounting Standard No. (35) amended 2023 "Agriculture"	This standard was reissued in 2023, amending paragraphs (1-5), (8), (24), and (44) and adding paragraphs (5a)-(5c) and (63), regarding the accounting treatment of bearer plants (and accordingly amending Egyptian Accounting Standard (10) "Fixed Assets and Their Depreciation").	The company doesn't own this type of asset, so this amendment doesn't impact the financial statements.	These amendments shall apply for annual periods beginning on or after January 1, 2023, retrospectively, with the cumulative effect of the accounting treatment for bearer plants initially recognised by adding it to the balance of retained earnings or losses at the beginning of the financial period in which the Company first applies this treatment.
Egyptian Accounting Standard No.	1- This standard specifies the principles for recognizing insurance contracts within the scope of this standard, and determines their	Management is currently assessing the potential impact	-Egyptian Accounting Standard No. (50) must be applied for

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New or amended standards	Summary of the most important amendments	Potential impact on the financial statements	Application date
(50) "Insurance Contracts"	<p>measurement, presentation and disclosure. The objective of the standard is to ensure that the company provides appropriate information that fairly expresses these contracts. This information provides users of the financial statements with the basis necessary to assess the impact of these insurance contracts on the company's financial position, financial performance and cash flows.</p> <p>2- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".</p> <p>3- Any reference in other Egyptian Accounting Standards to Egyptian Accounting Standard No. (37) shall be replaced by Egyptian Accounting Standard No. (50).</p> <p>4-Amendments have been made to the following Egyptian Accounting Standards to comply with the requirements for applying Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) "Investment property". 	on the financial statements from the application of this standard.	<p>annual financial periods beginning on or after July 1, 2024, and if Egyptian Accounting Standard No. (50) is applied for an earlier period, the company must disclose that fact.</p> <p>-The Financial Regulatory Authority Resolution No. 273 of 2024 was issued on 27/11/2024 obliging companies addressed by this standard to do the following:</p> <ul style="list-style-type: none"> - Preparing quarterly periodic financial statements starting from 2025 and their comparative figures for the same period of the previous year by applying the standard with their review and issuing a limited examination report thereon from the auditor. - Preparing annual financial statements for the financial period from 1/1/2025 to 31/12/2025 and their comparative figures for the same period similar to the application of the standard, with review and approval by the auditor

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New or amended standards	Summary of the most important amendments	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (34) amended 2024 "Real Estate Investment	Egyptian Accounting Standard No. (34) "Real Estate Investment" was reissued in 2024, where the mechanism for applying the fair value model was amended, where it was added that profit or loss arising from the change in the fair value of real estate investment must be recognized in the statement of profits or losses for the period in which this change arises or through the statement of other comprehensive income for one time in the life of the asset or investment, taking into account paragraphs (35a) and (35b) of the standard.	Management is currently studying the possibility of changing the accounting policy followed and using the fair value model option contained in the standard, and assessing the potential impact on the financial statements if this option is used.	The amendment to the amendments to add the option to use the fair value model applies to financial periods commencing on or after January 1, 2024, and allows for early application retroactively, with the cumulative impact of the application of the fair value model being initially demonstrated by adding it to the calculation of the balance of profits or losses carried forward at the beginning of the financial period in which the Company applies this model for the first time.
Egyptian Accounting Standard No. (17) amended 2024 "Standalone Financial Statements"	Egyptian Accounting Standard No. (17) "Standalone Financial Statements" was reissued in 2024, adding the option to use the equity method as described in Egyptian Accounting Standard No. (18) "Investments in Associated Companies" when accounting for investments in subsidiaries, associates and companies with joint control.	The management is currently studying the possibility of changing the accounting policy followed and using the equity method when accounting for investments in subsidiaries, associates and jointly controlled companies, and evaluating the potential impact on the financial statements in the event that this method is used.	The amendments apply to financial periods beginning on or after January 1, 2024, and early application is permitted retrospectively, with the cumulative effect of applying the equity method being recognised by adding it to the retained earnings or losses account at the beginning of the financial period in which the company

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New or amended standards	Summary of the most important amendments	Potential impact on the financial statements	Application date
			first applies this method.
Egyptian Accounting Standard No. (13) amended 2024 "Effects of Changes in Foreign Exchange Rates"	This standard was reissued in 2024, adding how to determine the spot rate when two currencies are not exchangeable and the conditions that must be met for the spot exchange rate at the measurement date. An application guidance appendix was added, which includes guidance for assessing whether a currency is exchangeable for another currency, and guidance for applying the required treatments in the event of non-exchangeability.	Management is currently assessing the potential impact on the financial statements from the application of the amendments to the standard.	<p>The amendments to the spot rate determination when two currencies are difficult to exchange apply to financial periods beginning on or after 1 January 2024. Early application is permitted, and if an entity early adopts, it must disclose this.</p> <p>On application, an entity shall not restate comparative information. Instead:</p> <ul style="list-style-type: none"> • When an entity reports foreign currency transactions in its functional currency, any effect of initial application is recognised as an adjustment to the opening balance of retained earnings at the date of initial application. <p>When an entity uses a presentation currency other than its functional currency or translates the results and financial position of a foreign operation, any effect of initial application is recognised as an adjustment to the</p>

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New or amended standards	Summary of the most important amendments	Potential impact on the financial statements	Application date
			cumulative amount of translation differences - accumulated in equity - at the date of initial application.
Accounting Interpretation No. (2) "Carbon Emission Reduction Certificates"	<p>Carbon Credits: are tradable financial instruments that represent greenhouse gas emission reduction units, each unit represents a ton of equivalent carbon dioxide emissions, and are issued to the developer of the reduction project (owner/non-owner), after accreditation and verification in accordance with internationally recognized carbon emission reduction standards and methodologies, carried out by local or international verification and certification bodies registered in the list prepared by the Financial Regulatory Authority for this purpose. Companies can use carbon emission reduction certificates to meet voluntary emission reduction targets (for companies) to achieve carbon exchange or other targets, which are traded in the voluntary carbon market. (Voluntary Carbon Market "VCM")</p> <p>The accounting treatments differ according to the nature of the arrangement and the commercial purpose of purchasing or issuing certificates by project developers. Therefore, companies must determine the facts and identify the different circumstances to determine the appropriate accounting treatment and the accounting standard to be applied.</p> <p>The interpretation addresses the accounting treatment of different cases in terms of initial measurement, subsequent measurement, exclusion from books, and necessary disclosures.</p>	The management is currently studying the financial implications of applying the accounting interpretation to the company's financial statements.	Application begins on or after January 1, 2025 and early application is permitted.
Egyptian Accounting Standard No. (51) "Financial Statements in Hyperinflationary Economies"	On October 23, 2024, Prime Ministerial Decree No. 3527 of 2024 was issued to add a new accounting standard No. 51 "Financial Statements in Hyperinflationary Economies" to the Egyptian Accounting Standards, to deal with hyperinflationary economies, for any entity or establishment whose currency of record is in a hyperinflationary economy.	No decision has been issued by the Prime Minister or his delegate to specify the start and end dates of the financial period or periods during which this standard	No decision has been issued by the Prime Minister or his delegate to determine the start and end date of the financial period or periods during which this standard must be applied

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New or amended standards	Summary of the most important amendments	Potential impact on the financial statements	Application date
	<p>Egyptian Accounting Standard No. 51 aims to amend the financial statements to reflect current purchasing power, which helps in providing a more accurate and objective picture of the financial position and financial performance of the entity. The standard applies to financial statements prepared in the currency of an inflationary economy, whether the statements are separate or consolidated, and this includes parent companies and subsidiaries operating in the same economic conditions.</p> <p>the classification of economic transactions as hyperinflationary is studied by the characteristics of the economic environment, which include, but are not limited to, the following: The preference of most of the population to hold their wealth in non-monetary assets or in a relatively stable foreign currency. The general population measures monetary amounts in the local currency in terms of the equivalent of a relatively stable foreign currency, and prices may be reported in that foreign currency. The cumulative inflation rate over the three years preceding the date of classification of the economy is close to (100%), or more.</p> <p>The required amendments include all components of the financial statements such as the statement of financial position, statement of comprehensive income and statement of cash flows, which must be presented in a current unit of measurement that is consistent with the end of the period. This standard will come into effect on October 24, 2024, and a decision will be issued by the Prime Minister or his delegate to determine the start and end dates of the financial period or periods during which this standard must be applied.</p> <p>The standard requires the use of a general price index to measure changes in purchasing power, whereby assets, liabilities, expenses and revenues are adjusted according to this index. A decision is issued by the Chairman of the Financial Regulatory Authority, after coordination with the Central Bank of Egypt and the Ministry of</p>	<p>must be applied. Therefore, the management has not studied the impact on the financial statements.</p>	

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New or amended standards	Summary of the most important amendments	Potential impact on the financial statements	Application date
	<p>Finance, to determine the appropriate index to be used when applying this standard to the local currency. This procedure contributes to increasing comparability between different financial periods, which contributes to making more informed investment and administrative decisions. In addition, the standard requires disclosure of the adjustment method.</p> <p>Any estimates or personal judgments made to ensure transparency, and how inflation affects the financial statement items, should be explained.</p> <p>There is no impact on the financial statements for the period ending December 31, 2024</p>		

41- Significant Accounting policies applied

41-1 Foreign currency translation

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

41-2 Fixed Assets and their depreciation

Recognition and measurement

- Fixed assets that are used in production, providing goods & services or for administrative purposes are stated at historical cost less accumulated depreciation and cumulative impairment losses resulted from impairment in the values of fixed assets. Cost includes expenditures that are directly attributable to the acquisition of the asset and necessary to have the asset ready for use in the purpose for which the management decided asset to be acquired for.
- When parts of an item of fixed assets have different useful lives, they are accounted for as items (major components) of fixed assets.
- Assets are stated in the construction phase for production or for rent or for administrative purposes at cost less cumulative impairment losses. Cost includes professional fees and all direct costs related to the asset. Depreciation of these assets starts when they are completed and prepared for use in a specific purpose.
- The cost of internal constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Subsequent costs to acquisition

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

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Depreciation

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

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

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

Profit and loss from disposal of fixed assets:

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

41-3 Projects under construction

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

41-4 Other assets

A. Recognition

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

B. Measurement

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

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

C. Subsequent expenditures

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

D. Amortization

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

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

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

The company, on an annual basis - or whenever necessary - reviews the book values of its tangible assets to determine whether there are indications or indications of a possible impairment in their value. If such indications are available, the group estimates the recoverable value of each asset separately in order to determine impairment loss in its value. If it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. In the event that logical and fixed bases are used to distribute assets to cash-generating units, the general assets of the group are also distributed to those units. If this cannot be achieved, the general assets of the group are distributed to the smallest group of cash-generating units that the group can identify using logical and fixed basis.

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

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

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

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

410-6 Revenue from contracts with customers

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

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

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

Step 1: Define the contract with the customer

Step 2: Identify performance obligations in the contract.

Step 3: Determine the transaction price.

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

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

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

- Revenue recognition

The management evaluated the impact of applying the new standard on the company's financial statements, by applying the five-step model, and concluded that the current basis for revenue recognition is still appropriate because the only performance obligation is to deliver the sold quantities to its

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customers, whether local or foreign, as it is according to the contracts concluded with customers. The company transfers control over the quantities sold to customers according to the following:

A. Domestic sales

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

B. Export sales

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

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

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

41-7 Financial Instruments

Financial Assets:

Recognition and Initial Measurement:

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

- (1) Debt instruments at amortized cost.
- (2) Debt instruments at fair value through other comprehensive income, "with profits or losses being reclassified to the statement of profit or loss upon disposal."
- (3) Equity instruments at fair value through other comprehensive income, "without reclassifying profits or losses to the statement of profit or loss upon disposal."
- (4) Financial assets at fair value through profit or loss, including equity instruments and derivatives.

Debt Instruments at Amortized Cost:

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

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

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

Debt instruments at fair value through other comprehensive income:

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

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

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

Debt instruments at fair value through other comprehensive income:

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

Financial assets at fair value through profit or loss:

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

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

Subsequent measurement:

Debt Instruments at Amortized Cost:

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

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Debt instruments at fair value through other comprehensive income:

Debt instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. Interest income and foreign exchange gains and losses are recognized in the statement of profit or loss in the same way for financial assets measured at amortized cost.

The method for calculating the expected credit losses for debt instruments at fair value through other comprehensive income. When a company has more than one investment in the same security, it is considered to have been disposed of on a first-in, first-out basis. On derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to the statement of profit or loss.

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss are recognized in the statement of financial position at fair value. Changes in fair value are recognized in the statement of profit or loss. The interest earned on assets that are obligatory to be measured at fair value is also recognized in the statement of profit or loss using the contractual interest rate, as explained in Note (3-25-1-4). Dividend income from equity instruments measured at fair value through profit or loss is recorded in the statement of profit or loss as other operating income when the right to payment is established.

Reclassification of Financial Assets:

The company does not reclassify its financial assets after initial recognition.

Disposal of the financial asset:

Derecognition from the books other than a material modification:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- § The right to receive cash flows from the asset has expired, or
- § The Company has transferred its right to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; In addition to:
 - a) The company has transferred substantially all the risks and rewards associated with the asset; or
 - b) The Company has neither transferred nor retained substantially all the risks and rewards associated with the asset but has transferred control of the asset.

The Company considers control to be transferred if, and only if, the transferee has the practical ability to sell the entire asset to an unrelated third party and can exercise that ability unilaterally and without additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Company's continuing involvement, in which case the Company also recognizes an associated liability. The transferred assets and its associated liabilities are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing participation that takes the form of a guarantee over the transferred asset is measured at the lower of the original book value of the asset and the maximum amount the company could be required to pay.

Derecognition from the books because of a material modification of the terms and conditions:

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

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

- Change in the currency of the debt instrument.
- Introducing the equity instrument functionality.

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- Change to the other side.
- If the adjustment is such that the instrument no longer meets the criterion of cash flows that are only principal and interest payments on the principal amount repayable.
If the adjustment does not result in substantially different cash flows, the adjustment does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate, the company records an adjustment gain or loss.

Impairment of Financial Assets:

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

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

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

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

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

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

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

Measurement of Expected Credit Loss for Investments in Debt Instruments:

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

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

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

- a) Probability of default: It is an estimate of the probability of default within a certain period. Failure is assessed only if the financial asset's balance has not been previously derecognized and is still recognized in the financial statements. The probability-to-failure model consists of a macroeconomic outlook and a segmentation of the portfolio of financial assets.
- b) Loss in the event of failure: It is an estimate of the loss arising in the event of failure. It is based on the difference between the contractual cash flows due and those the lender expects to receive, including cash flows from the sale of retained security or other credit enhancements.

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

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

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

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

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

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

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

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

(C) Stage Three: Lifetime Expected Credit Loss - Credit Impairment:

The third stage includes financial assets for which there is objective evidence of impairment at the date of the financial statements; For these assets, lifetime expected credit losses are recognized. Interest income is recognized on an amortized cost basis discounted by the expected credit losses from impairment. For debt instruments considered credit-impaired, the Company recognizes lifetime ECLs for such instruments, according to mechanisms like those described above, with the probability of default set at 100%.

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

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

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

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

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

Change between stages (first, second, third):

(a) Change from the second stage to the first stage:

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

(B) Change from the third stage to the second stage:

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

- Completion of all quantitative and qualitative elements of the second stage.
- Paying 20% of the outstanding balances of the financial asset, including the accrued interest set aside/marginalized.
- Regular payment for at least 12 months.

Measuring Expected Credit Loss:

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

- 1) Return receipts resulting from sales contracts with customers.
- 2) Interests for delaying the payment of the returned receipts.
- 3) The company's investments in debt instruments are measured according to the amortized cost method.
- 4) The company's investments in debt instruments are measured at fair value through other comprehensive income.

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

Equity tools

The Company subsequently measures all investments in equity instruments at fair value. And when the company's management chooses to present fair value gains and losses on investments in equity instruments in the statement of other comprehensive income, it is not subsequently reclassified to the statement of profit or loss after disposing of the investment. Dividends from these investments continue to be recognized in the profit or loss statement as other income when the company's right to receive such distributions is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the other income / (expenses) item in the statement of profit or loss, as the case may be. Impairment losses (and the reversal of impairment losses) on investments in equity instruments that are measured at fair value through other comprehensive income are recognized separately from other changes in fair value.

Impairment

At the date of the financial statements, the Company assesses whether there is credit impairment of financial assets that are measured at amortized cost and securities that are measured at fair value through other comprehensive income. Credit impairment of a financial asset occurs when there is an event or detrimental events to the expected cash flows of the financial asset.

Evidence of credit impairment includes the following observable data:

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

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

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Financial liabilities:

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

Other financial liabilities:

Other financial liabilities include loan balances, if any, accounts payable, balances due to related parties and other credit balances. The first financial liabilities are recognized at fair value (the value received) after deducting the cost of the transaction, provided that they are subsequently measured at amortized cost using the effective interest rate and the distribution of interest expense on related periods on the basis of the effective return.

The effective interest rate method is a method of calculating the amortized cost of financial liabilities and of charging interest expense over the relevant periods.

The effective interest rate is the rate that exactly discounts future cash payments through the estimated life of the financial liability, or a shorter appropriate period.

Derecognition of financial instruments from the books

A financial asset is derecognized when the company transfers substantially all the risks and benefits of ownership of the asset to a party outside the company. If the Company continues to control the transferred financial asset, then it recognizes the interest it retains in the asset and a corresponding liability representing the amounts it may have to pay.

But if the transaction results in the company retaining substantially all the risks and benefits of ownership of the transferred financial asset, then the company continues to recognize the financial asset, provided it also recognizes the amounts received as a loan against the guarantee of that asset.

Financial liabilities are derecognized when they are either settled, canceled or contractually expired.

Effective interest rate method

The effective interest rate method is used to calculate the amortized cost of financial assets that represent debt instruments and to distribute the return over the relevant periods. The effective interest rate is the rate on the basis of which future cash receipts are discounted (which includes all fees, payments or receipts between the parties to the contract, which are considered part of the effective interest rate as well as the transaction cost and any other premiums) over the estimated life of the financial assets or any appropriate shorter period.

The return on all debt instruments is recognized on the basis of the effective interest rate, except for those classified as financial assets at fair value through profit or loss, where the return on them is included in the net change in their fair value.

41-8 Lease contracts

In January 1, 2021, the management made a detailed assessment of the impact of applying Egyptian Accounting Standard No. (49) on the company's independent financial statements.

- Egyptian Accounting Standard No. 49 replaced the previous Egyptian Accounting Standard No. 20 "Accounting Rules and Standards Related to Financial Leasing Operations". Under the new leasing standard, the assets leased by the Company are recorded in the Company's statement of financial position with the corresponding liability recorded.

- During the year 2021, the company made a detailed assessment of the impact of Egyptian Accounting Standard No. 49, and the impact of applying Standard No. 49 was as follows:

- The company, as a lessee, recognized the right of use asset and the lease contract obligations at the commencement date of the lease.
- With initial recognition, right of use has been measured as the amount equal to the initial measurement of the lease liability, adjusted for past lease payments, initial direct cost, lease incentives, and the discounted present value of the estimated liability for disposal of the asset. Subsequently, the right-of-use asset will be measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the right of use assets or the lease term, whichever is shorter.
- The lease liability was measured at initial recognition at the present value of the future lease and related fixed service payments over the lease term, discounted at the interest rate implicit in the lease or the

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company's incremental borrowing rate. Generally, the company uses the incremental borrowing rate as the discount rate. The subsequent lease liability is measured at amortized cost using the effective interest method.

- Right of use assets and lease contract liability are subsequently remeasured if one of the following events occurs:
 - The change in the lease price due to the index or rate that became effective in the period of the financial statements.
 - Amendments to the lease contract
 - Re-evaluation of the lease term
 - Leases that are short-term in nature (less than 12 months including extension options) and leases of low-value items will continue to be recognized as expenses in the profit or loss statement as incurred.

Transitional rules:

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

41-9 Investments in the subsidiary company

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

41-10 Inventories

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

41-11 Cash and cash equivalent

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

41-12 Contingent liabilities and Provisions

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

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

41-13 Employee benefits

1-Employee benefits:

A-Short term Employee benefits:

- Wages and salaries Liabilities, including leave and allowances, expected to be paid in full within the twelve months following the end of the period during which employees provide the relevant service are recognized under employee services until the end of the disclosed financial period.

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- They are measured on the basis of the amounts expected to be paid when the liability is settled, and the liabilities appear as current employee bonus liabilities in the statement of financial position.

B-Long term employee benefits:

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

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

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

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

- The company provides post-retirement health care benefits to eligible retirees and their dependents throughout their lives and accrues the expected costs of these benefits over the period of employment using a similar accounting method as that used in defined benefit programs.

- Remeasurement gains and losses resulting from adjustments and changes based on actuarial assumptions are charged to the statement of other comprehensive income in the period in which they arise, and the obligations are evaluated annually by an actuarial expert.

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

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

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

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

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

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

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

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

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

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

-If there are material changes to the assumptions or arrangements during the initial period, consideration should be given to remeasuring those obligations and related costs.

-Remeasurement gains or losses arising from changes in actuarial assumptions in the period during which they occur are included in the statement of other comprehensive income.

-Changes in the present value of the defined benefit obligation resulting from program modifications or workforce reductions are recognized directly in the profit or loss statement as past service costs.

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-When the benefits program is modified, the portion of benefits related to employees' prior service is recognized as an expense or revenue.

- Current and past service costs related to post-service benefits are immediately recognized in the income statement with the reversal of the liability according to the discount rates used and include transfer costs and any changes in the net liability that are directed to the actuarial evaluation process, and changes in assumptions are considered as remeasurements in other comprehensive income items.

B-3 Employee retirement pension liabilities

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

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

41-14 Employees profit share:

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

41-15 Legal reserve

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

41-16 Accounting for income tax

Income Taxes and deferred taxes

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

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

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

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

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

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

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41-17 Segment report

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

41-18 Earnings per share

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

41-19 Statement of Cash Flows

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