

## **Ezz Steel Company (SAE)**

---

Consolidated Interim Financial Statements For The Three Months Ended March 31, 2024  
&  
Limited Review Report

<u>Table Of Contents</u>	<u>Page</u>
Limited Review Report	3 : 4
Consolidated Interim Statement Of Financial Position	5
Consolidated Interim Statement Of Income	6
Consolidated Interim Statement Of Comprehensive Income	7
Consolidated Interim Statement Of Changes In Equity	8
Consolidated Interim Statement Of Cash Flows	9
Notes To The Consolidated Interim Financial Statements	10 : 37



## **Limited Review Report On The Consolidated Interim Financial Statements**

### **TO: THE BOARD OF DIRECTORS OF EZZ STEEL COMPANY (SAE)**

#### **Introduction**

We have performed a limited review on the accompanying consolidated interim statement of financial position of Ezz Steel Company (SAE) as of March 31, 2024 and the related consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

#### **Scope Of Limited Review**

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

#### **Conclusion**

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

#### **Emphasis Of Matters**

Without qualifying our conclusion, we draw attention to the following:

- 1- Note No. (1-3) in the notes to the Consolidated Financial Statements, the company and some of its subsidiaries have incurred retained losses balance of EGP 7.18 Billion for the period ended March 31, 2024 and a total Equity balance of EGP 2.55 Billion at that date. Al Ezz Flat Steel company (EFS) 'a subsidiary company' achieved a net profit of EGP 1.03 Billion for the period ended March 31, 2024, which led to an decrease in the total retained losses until March 31, 2024 to EGP 4.07 Billion. Further to this, Al Ezz Rolling Mills Company (ERM) 'a subsidiary company' has incurred a net losses of EGP 688 million for the period ended March 31, 2024, which increased the company's total retained losses to EGP 9.58 billion; the company's deferred tax asset at period end amounted to EGP 508 million.

The subsidiaries management prepared a forecasted budget from 2021 to 2026 in which it indicates the achievement of profit and improves the results of operations for those years, in addition to a plan of obtaining the support and financing required for operations from Al Ezz El Dekheila For Steel – Alexandria 'a subsidiary company', which will reflect positively on the operational and financial indicators in the subsequent years, and to have the tax benefits of the tax carried forward losses, based on the materialization of future assumptions used in the planned budget referred to above.



- 2- Note No. (33-3-1) in the notes to the consolidated interim financial statements, the tax claims received by Al Ezz El Dekheila For Steel – Alexandria from the Egyptian Tax Authority (ETA) amounted to EGP 254 million according to the tax forms received on February 17, 2011, including late payment penalties related to the tax imposed on the Flat Steel project which had been previously exempted from tax during the years 2000 – 2004.

The company's management believes that the company has already been taxed for those years. And it was agreed with the ETA's Internal Committee, the points of disagreement which are related to the cancellation of the State Resources Development Duty on the exempted movable tax base to be referred to the Appeal Committee.

On June 12, 2010, the Appeal Committee issued a decision to eliminate the development fee on the exempted movable tax pool with the remaining tax basis exempt for the disputed years. According to the decision of the Internal Committee, the due tax amounts have been paid in full and the dispute has ended by agreement. The company's management and its legal advisor believe in the stability of the tax position of the company due to the issuance of the decision by the Appeal Committee in favor of the company. Accordingly, the company's tax position is legally undisputable, and the ETA cannot raise any claims for these years in the future. The company filed a tax clearance lawsuit (Lawsuit No 405 For the Year 2011) and reached an agreement with the ETA to cancel the seizure imposed on the company resulting from the above-mentioned dispute.

The amounts paid amounted to EGP 254 million, including an amount of EGP 35 million late payment penalties. The company believes that this procedure does not change the legal and tax position of the company, and it reserves its right to recover what has been paid. The court of appeal issued its verdict on November 10, 2022, in Lawsuit No. 268 For The Legal Year 1974 in favor of the company invalidating the Tax Forms No. 3 & 4 numbered 1380, 1381, 1382, & 1383 dated February 17, 2011 for the years from 2000 till 2004, in addition not permitting the company to recover the claimed tax differences by the ETA due to filing the lawsuit prematurely; and the ETA is being notified for the implementation of the verdict due to filing the lawsuit prematurely; and the ETA is being notified for the implementation of the verdict.

- 3- According to Note No(36-3), Based on the decision of the Extraordinary General Assembly of Al-Ezz Dekheila Steel Company - Alexandria (a subsidiary) held on August 5, 2023, approved by the General Authority for Investment and Free Zones on August 7, 2023, and on the decision of the Securities Listing Committee on the Egyptian Stock Exchange in its session held on August 23, 2023 The optional delisting of the company's shares was approved, in accordance with the provisions contained in Article (55) and Article (55) bis of the listing rules on the Egyptian Stock Exchange and what is stated in Article (47) of related executive procedures.

On 27/9/2023, Al-Ezz Dekheila Steel Company - Alexandria (a subsidiary) through Hermes Securities Brokerage Company and using the delisting shares account, purchased the shares from who do not want to continue being shareholders after the delisting decision, which amounted to 6,951,496 shares out of the company's total shares amounting to 19,512,037 shares. With value of 1250 LE/share, On 4/10/2023, in accordance with the decision of the Egyptian Stock Exchange Registration Committee, the shares of Al-Ezz Dekheila Steel Company - Alexandria were delisted from the Egyptian Stock Exchange tables.

Cairo, Egypt  
July 9, 2024

**Beshir S. Noureldin**  
FCCA, FIPA, FFA, FESAA, EST  
(RAA 34360)  
(FRA 407)  
**Moore Egypt**



## Consolidated Interim Statement Of Financial Position

All Amounts Are Shown In Thousands EGP

	Note	31/3/2024 EGP,000	31/12/2023 EGP,000 Reclassified
<b>Non-Current Assets</b>			
Fixed Assets	(11)	24 961 996	25 078 022
Projects Under Construction	(13)	2 142 123	2 147 541
Financial Assets At Fair Value Through OCI	(14)	2 499 985	2 499 985
Goodwill & Intangible Assets	(15)	390 280	385 772
Deferred Tax Assets	(29-1)	5 399 919	5 998 933
<b>Total Non-Current Assets</b>		<b>35 394 303</b>	<b>36 110 253</b>
<b>Current Assets</b>			
Inventories	(16)	30 924 761	19 669 508
Trade Receivable & Other Debit Balances	(17)	31 891 397	24 427 832
Investments In Treasury Bills	(38-7)	800 991	1 037 392
Cash & Cash Equivalents	(19)	26 695 564	32 125 539
<b>Total Current Assets</b>		<b>90 312 713</b>	<b>77 260 271</b>
<b>Total Assets</b>		<b>125 707 016</b>	<b>113 370 524</b>
<b>Shareholders' Equity</b>			
Issued & Paid - Up Capital	(20-2)	2 716 325	2 716 325
Reserves	(21)	182 090	182 090
Modification Surplus Of Fixed Assets	(12)	1 086 714	1 117 732
Retained (Losses)		( 7 176 273)	( 8 111 241)
Treasury Stocks	(22)	( 82 302)	( 82 302)
<b>Deficit In Holding Company Shareholders' Equity</b>		<b>( 3 273 446)</b>	<b>( 4 177 396)</b>
Non-Controlling Interest		5 821 741	5 473 657
<b>Total Shareholders' Equity</b>		<b>2 548 295</b>	<b>1 296 261</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Long-Term Loans	(26)	25 230 697	24 743 415
Long-Term Liabilities	(28)	3 359 078	3 408 469
Finance Lease Liabilities	(27)	106 345	121 960
Deferred Tax Liabilities	(29-1)	4 264 373	4 143 743
<b>Total Non-Current Liabilities</b>		<b>32 960 493</b>	<b>32 417 587</b>
<b>Current Liabilities</b>			
Bank - Overdrafts	(19)	7 770	9 880
Credit Facilities & Loan Installments Due Within One Year	(26)	38 644 174	40 550 919
Finance Lease Liabilities Due Within One Year	(27)	85 205	90 145
Trade Payable & Other Credit Balances	(23)	44 867 504	34 343 369
Income Tax Liabilities		4 882 675	3 712 074
Provisions	(25)	1 710 900	950 289
<b>Total Current Liabilities</b>		<b>90 198 228</b>	<b>79 656 676</b>
<b>Total Liabilities</b>		<b>123 158 721</b>	<b>112 074 263</b>
<b>Total Shareholder's Equity &amp; Liabilities</b>		<b>125 707 016</b>	<b>113 370 524</b>

- The accompanying notes and accounting policies are an integral part of these Consolidated Interim Financial Statements and are to be read therewith.
- Limited Review Report attached.
- Date: July 9, 2024

Managing Director  
Mr. Hassan Ahmed Nough



Chairman

Abd/ Mamdouh Fakhr El Dien Hussein El Rouby

**Consolidated Interim Statement Of Income****All Amounts Are Shown In Thousands EGP**

	Note	For The Three Months Ended	
		31/3/2024	31/3/2023
		EGP,000	EGP,000
Sales (Net)	(38-17)	50 164 817	27 849 348
<b>Less :</b>			
Cost Of Sales	(3)	(42 111 742)	(19 736 434)
<b>Gross Profit</b>		<b>8 053 075</b>	<b>8 112 914</b>
<b>Add / (Less):</b>			
Other Operating Revenues	(4)	107 960	37 466
Selling & Marketing Expenses	(5)	( 699 980)	( 475 071)
General & Administrative Expenses	(6)	(1 431 949)	( 506 167)
Other Operating Expenses	(7)	(1 363 356)	( 61 866)
<b>Operating Profit</b>		<b>4 665 750</b>	<b>7 107 276</b>
<b>Add / (Less):</b>			
Financing Income	(8)	859 604	349 521
Financing Cost	(8)	(2 107 255)	(1 203 245)
Foreign Currency Exchange Losses	(8)	( 254 707)	(8 888 615)
<b>Net Finance Cost</b>		<b>(1 502 358)</b>	<b>(9 742 339)</b>
<b>Net Profit (Loss) For The period Before Income Tax</b>		<b>3 163 392</b>	<b>(2 635 063)</b>
<b>(Less)/Add:</b>			
Income Tax		(1 181 817)	(1 191 909)
Deferred Tax	(29-2)	( 719 644)	1 337 582
<b>Total Income Tax For The period</b>		<b>(1 901 461)</b>	<b>145 673</b>
<b>Net Profit (Loss) For The period After Tax</b>		<b>1 261 931</b>	<b>(2 489 390)</b>
<b>Attributable To:</b>			
Owners Of The Holding Company		910 290	(1 660 378)
Non-Controlling Interest		351 641	( 829 012)
		<b>1 261 931</b>	<b>(2 489 390)</b>
<b>Basic / Diluted Earnings (Losses) Per Share For The period (EGP/Share)</b>	<b>(9)</b>	<b>1.71</b>	<b>( 3.12)</b>

- The accompanying notes and accounting policies are an integral part of these Consolidated Interim Financial Statements and are to be read therewith.

**Consolidated Interim Statement Of Comprehensive Income****All Amounts Are Shown In Thousands EGP**

	Note	For The Three Months Ended	
		31/3/2024	31/3/2023
		EGP,000	EGP,000
<b>Net Profit (Loss) For The Period After Tax</b>		<b>1 261 931</b>	<b>( 2 489 390)</b>
<b>(Less)/Add:</b>			
<b>Other Comprehensive Income Items</b>			
Realized Portion Of Modification Surplus Of Fixed Assets	(12)	( 47 969)	( 41 723)
(Transferred To Retained Losses During The year)			
<b>Total Comprehensive Income</b>		<b>1 213 962</b>	<b>( 2 531 113)</b>
<b>Attributable To:</b>			
Owners Of The Holding Company		879 272	(1 687 408)
Non-Controlling Interest		334 690	( 843 705)
		<b>1 213 962</b>	<b>( 2 531 113)</b>

- The accompanying notes and accounting policies are an integral part of these Consolidated Interim Financial Statements and are to be read therewith.

## Consolidated Interim Statement Of Changes In Equity

All Amounts Are Shown In Thousands EGP

	Capital EGP,000	Reserves EGP,000	Modification Surplus Of Fixed Assets EGP,000	Retained (Losses) EGP,000	Treasury Stocks EGP,000	Total / (Deficit In) Holding Company Shareholders Equity EGP,000	Non- Controlling Interest EGP,000	Total Shareholders' Equity EGP,000
<b>Balance At 1/1/2023</b>	<b>2 716 325</b>	<b>182 090</b>	<b>1 225 774</b>	<b>(8 100 638)</b>	<b>( 82 302)</b>	<b>(4 058 751)</b>	<b>6 085 266</b>	<b>2 026 515</b>
<b>Comprehensive Income</b>								
Net Loss For The period	--	--	--	(1 660 378)	--	(1 660 378)	( 829 012)	(2 489 390)
<b>Other Comprehensive Income</b>								
Realized Portion Of Modification Surplus Of The Fixed Assets (Transferred To Retained Losses During The period)	--	--	( 27 030)	--	--	(27 030)	( 14 693)	( 41 723)
<b>Total Comprehensive Income</b>	<b>--</b>	<b>--</b>	<b>( 27 030)</b>	<b>(1 660 378)</b>	<b>--</b>	<b>(1 687 408)</b>	<b>( 943 705)</b>	<b>(2 531 113)</b>
<b>Realized Portion Of Modification Surplus Of Fixed Asset (Transferred To Retained Losses During The period)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>27 030</b>	<b>--</b>	<b>27 030</b>	<b>14 693</b>	<b>41 723</b>
<b>Transactions With Company Shareholders</b>								
The Non-Controlling Interest Share In The Company & Its Subsidiaries For year 2022	--	--	--	--	--	--	( 4 386)	( 4 386)
The Share Of The Company And The Non-Controlling Interest In The Employees & Board Of Directors Dividends Of The Subsidiary Companies For period 2022	--	--	--	( 2 988)	--	( 2 988)	( 2 217)	( 5 205)
<b>Total Transactions With The Company Shareholders</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>( 2 988)</b>	<b>--</b>	<b>( 2 988)</b>	<b>( 6 603)</b>	<b>( 9 591)</b>
<b>Balance At 31/3/2023</b>	<b>2 716 325</b>	<b>182 090</b>	<b>1 198 744</b>	<b>(9 736 974)</b>	<b>(82 302)</b>	<b>(5 722 117)</b>	<b>5 249 651</b>	<b>(472 466)</b>
<b>Balance At 1/1/2024</b>	<b>2 716 325</b>	<b>182 090</b>	<b>1 117 732</b>	<b>(8 111 241)</b>	<b>( 82 302)</b>	<b>(4 177 396)</b>	<b>5 473 657</b>	<b>1 296 261</b>
<b>Comprehensive Income</b>								
Net profit For The period	--	--	--	910 290	--	910 290	351 641	1261 931
<b>Other Comprehensive Income Items</b>								
Realized Portion Of Modification Surplus Of The Fixed Assets (Transferred To Retained Losses During The period)	--	--	(31 018)	--	--	( 31 018)	( 16 951)	( 47 969)
<b>Total Comprehensive Income</b>	<b>--</b>	<b>--</b>	<b>(31 018)</b>	<b>910 290</b>	<b>--</b>	<b>879 272</b>	<b>334 690</b>	<b>1 213 962</b>
<b>Realized Portion Of Modification Surplus Of The Fixed Assets (Transferred To Retained Losses During The period)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>31 018</b>	<b>--</b>	<b>31 018</b>	<b>16 951</b>	<b>47 969</b>
<b>Transactions With Company's Shareholders</b>								
Purchase Treasury Stock In Subsidiary Company	--	--	--	( 6 340)	--	( 6 340)	( 3 557)	( 9 897)
<b>Total Transactions With The Company Shareholders</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(6 340)</b>	<b>--</b>	<b>(6 340)</b>	<b>(3 557)</b>	<b>(9 897)</b>
<b>Balance At 31/3/2024</b>	<b>2 716 325</b>	<b>182 090</b>	<b>1 086 714</b>	<b>(7 176 273)</b>	<b>(82 302)</b>	<b>(3 273 446)</b>	<b>5 821 741</b>	<b>2 548 295</b>

- The accompanying notes and accounting policies are an integral part of these Consolidated Interim Financial Statements and are to be read therewith.



## Consolidated Interim Statement Of Cash Flows

All Amounts Are Shown In Thousands EGP

	Note	For The Three Months Ended	
		31/3/2024	31/3/2023
		EGP,000	EGP,000
<b>Cash Flows From Operating Activities</b>			
Net Profit (loss) For The period Before Income Tax		3 163 392	( 2 635 063)
<b>Adjustments To Reconcile Net Profit To Net Cash Provided By (Used In) Operating Activities</b>			
Depreciation	(11-1)	420 476	377 717
Amortization Of Other Intangible Assets	(15)	3 967	4 566
Amortization Of Accrued Interest On Treasury Bills		( 56 082)	( 22 159)
Impairment Loss On Assets	(7)	49 500	--
Interest & Finance Costs	(8)	2 107 255	1203 245
Provisions Formed During The period	(7)	760 611	3
Differences Of Changing In Liability Of The Supplementary Pension Scheme	(24)	12 349	8 800
Foreign Currency Exchange Differences		162 818	8 787 283
		<b>6 624 286</b>	<b>7 724 392</b>
<b>Changes In:</b>			
Inventories		( 11 255 253)	( 3 816 799)
Trade Receivables & Other Debit Balances		( 7 509 680)	765 947
Trade Payables & Other Credit Balances		10 790 846	1 500 654
Liability Of The Supplementary Pension Scheme		( 4 973)	( 3 687)
<b>Cash Flows (used In) Provided By Operating Activities</b>		<b>( 1 354 774)</b>	<b>6 170 507</b>
Finance Interests Paid		( 2 025 136)	( 1 162 623)
Income Tax Paid		( 11 271)	--
Used Provisions		--	( 156)
<b>Net Cash Flows (used In) Provided By Operating Activities</b>		<b>( 3 391 181)</b>	<b>5 007 728</b>
<b>Cash Flows From Investing Activities</b>			
Payments For Purchase Of Fixed Assets & Projects Under Construction		( 306 553)	( 547 185)
Payments For Installments To Purchase Investments		( 625 000)	( 624 980)
Proceeds From Retrieval Of Investments		--	7 562
Proceeds From Retrieval Of Financial Investments (Treasury Bills)		1 063 002	526 000
Payments For Purchase Of Financial Investments (Treasury Bills)		( 770 519)	( 521 757)
<b>Net Cash Flows (Used In) Investing Activities</b>		<b>( 639 070)</b>	<b>( 1 160 360)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds From Credit Facilities		794 863	2 086 590
(Payments) To Loans & Other Liabilities		( 2 418 256)	287 292
Finance Lease Payments		( 20 555)	( 19 956)
Change In Time-Deposits & Restricted Current Accounts		333 347	( 5 153 679)
Paid Dividends To The Shareholders & Non-Controlling Interest		--	( 518)
<b>Net Cash (Used In) Financing Activities</b>		<b>( 1 310 601)</b>	<b>( 2 800 271)</b>
<b>Change In Cash And Cash Equivalents During The period</b>		<b>( 5 340 852)</b>	<b>1 047 097</b>
Foreign Currency Exchange Differences For Cash & Cash Equivalents		243 135	1 063 355
Cash & Cash Equivalents At The Beginning Of The period	(19)	23 612 828	11 003 794
<b>Cash &amp; Cash Equivalents At The End Of The period</b>	<b>(19)</b>	<b>18 515 111</b>	<b>13 114 246</b>

The accompanying notes and accounting policies are an integral part of these Consolidated Interim Financial Statements and are to be read therewith.

## Notes To The Consolidated Interim Financial Statements

### 1. Company Background

#### 1.1 General Information

- Al Ezz Steel Rebars Company "S.A.E" was established under the provisions of Law No. 159 of 1981 and was registered in the Commercial Register in Menofia Governorate under No. 472 on April 2, 1994. The preliminary establishment contract and the Company's statute were published in the Companies' Gazette issue No. 231 of April 1994. The Company is located in Sadat City.
- The term of the company is 25 years from the date of registration of the company in the commercial register. On October 24, 2018, the Company's Extraordinary General Assembly decided to extend the company's term for another 25 years starting from April 2, 2019. The necessary procedures are being taken to amend the Company's Commercial Register in this regard.
- The Extra-ordinary General Assembly in its meeting dated October 3, 2009 approved to change the Company's name to "Ezz Steel", this amendment was registered in the Commercial Registry on November 1, 2009.
- The Company is located in 35 Lebanon Street- El Mohandseen - Cairo - Arab Republic of Egypt.
- The nominal shares of the company are being traded in the Egyptian stock exchange and London stock exchange.

#### 1.2 Subsidiaries

**Al Ezz El Dekheila for Steel - Alexandria (EZDK) - S.A.E** - was established in 1982 as a Joint Investment Company under Law No. 43 of 1974 which was replaced by Law No. 8 of 1997, adjusted by Law No. 72 of 2017 by issuance investment law.

**Al Ezz El Dekheila for Steel - Alexandria (EZDK) has the following subsidiaries:**

**Al Ezz Rolling Mills Company (ERM) - S.A.E** - was established in 1986 under Law No. 43 of 1974, which was replaced by Law No. 8 of 1997, which was replaced by Law No. 72 of 2017 by issuance investment law.

**Al Ezz Flat Steel Company (EFS) - S.A.E** - was established in 1998 under the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997, which was replaced Law No. 72 of 2017 by issuance investment law.

**Iron for Industrial, Trading and Constructing Steel Company (Contra Steel) - S.A.E** - was established according to the decree of the specialized committee in the Ministry of Economy and Foreign Trade (corporate fine) under the provisions of Law No. 159 of 1981.

**Contra wood for wood products - Misr for Pipes & Casting Industry Company - S.A.E "previously"** - was established in August 29, 1992 under the provisions of Law No. 159 of 1981.

**Al Ezz For Medical Industries - S.A.E** - was established according to law no. 159 of 1981 on August 11, 2020

#### 1.3 Company's Activities & Its Subsidiaries

The Company and its subsidiaries purpose is the manufacturing, trading and distribution of iron and steel products of all kinds and associated products and services.

The following is an analysis of investments in the subsidiary Companies of Ezz Steel Company which are included in the Consolidated Interim Financial Statements:

	<u>31/3/2024</u> Shareholding %	<u>31/12/2023</u> Shareholding %
Al Ezz El Dekheila For Steel - Alexandria (EZDK)	64.06 Direct	64.06 Direct
Al Ezz Rolling Mills Company (ERM)	64.061 (Direct and Indirect) through Al Ezz El Dekheila	64.061 (Direct and Indirect) through Al Ezz El Dekheila
Al Ezz Flat Steel (EFS)	64.06 (Direct & Indirect) Through Al Ezz El Dekheila	64.06 (Direct & Indirect) Through Al Ezz El Dekheila
Iron for Industrial, Trading and Constructing Steel Company (Contra Steel)	57.657 (Indirect) Through Al Ezz El Dekheila	57.657 (Indirect) Through Al Ezz El Dekheila
Contra Wood For Wood Products - Misr for Pipes & Casting Industry Company "previously"	55.16 (Indirect) Through Al Ezz El Dekheila	55.16 (Indirect) Through Al Ezz El Dekheila
Al Ezz For Medical Industries	49.2 (Direct and Indirect) Through Al Ezz El Dekheila	49.2 (Direct and Indirect) Through Al Ezz El Dekheila

#### The Main Financial Indicators For The Company And Some Of Its Subsidiaries:

- The subsidiaries company have incurred retained losses amounted to EGP 7.18 Billion as of March 31, 2024 included in company's Consolidated Interim Statement Of financial position, also the Shareholder's Equity amounted to EGP 2.55 Billion at that date, as Al Ezz Flat Steel company (EFS) -subsidiary company- achieved a net profit of EGP 1,03 Billion For The Three Months ended March 31, 2024, which led to a decrease in the total retained losses until March 31, 2024 to EGP 4.07 Billion, Also Al Ezz Rolling Mills company (ERM) - subsidiary company - has achieved a net loss of EGP 688 Million For The Three Months ended March 31, 2024, which led to a increase in the total retained losses until March 31, 2024 to EGP 9.58 Billion, which deferred tax asset was recognized for it at that date with an amount of EGP 508 Million. The subsidiaries management has prepared a budget for the years from 2021 to 2026 in which it adopts the achievement of profit and improves the results of operations during these years, in addition to a plan of obtaining the support and finance required for operations from Al Ezz El Dekheila For Steel - Alexandria (subsidiary company), which will reflect positively on the operational and financial indicators in the subsequent years, and to have the tax benefits of the tax carried forward losses.

**1. Company Background (Continued)****1.4 Issuance Of Consolidated Interim Financial Statements**

- These Consolidated Interim Financial Statements were approved by the company's BOD for issuance on July 9, 2024.

**2. Basis For The Preparation Of The Consolidated Interim Financial Statements****2.1 Statement Of Compliance**

These Consolidated Interim Financial Statements have been prepared in accordance with Egyptian Accounting Standards and in light of Egyptian laws and regulations related to.

**2.2 Basis Of Measurement**

These Consolidated Interim Financial Statements are prepared on the historical cost convention, except for assets and liabilities which are measured at fair value.

During 2016, the Group's management adopted the special accounting treatment stated in annex (A) of the modified Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates", the cost and accumulated depreciation of some fixed assets categories are modified using modification factors which are stated in the above-mentioned annex, as described in details in (Note.no. 38-2).

**2.3 Functional & Presentation Currency**

These Consolidated Interim Financial Statements are presented in thousands of Egyptian pounds

**2.4 Use Of Estimates & Judgments**

The preparation of the Consolidated Interim Financial Statements in conformity with Egyptian Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the current circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any differences to accounting estimates are recognized in the period in which the estimate is revised if these differences affect the period of the revision and future periods then these differences are recognized in the period of the revision and future periods.

And the following represents the most significant items in which assumption and professional judgment have been made:

- \* Impairment loss on assets.
- \* Recognition of deferred tax assets.
- \* Contingencies, liabilities and Provisions.
- \* Operational useful life of fixed assets.
- \* Classification of lease contracts
- \* Revenue recognition: Revenue is recognized in accordance with what is detailed in the applicable accounting policies.

**2.5 Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will occur either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants would act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by making the asset's best and best use or selling it to another participant who will use the asset in its best and best use.

The Company uses valuation techniques that are considered appropriate in the circumstances and for which sufficient information is available to measure fair value, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities that are measured or disclosed in the separate financial statements at fair value are categorized into the categories of the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the entire measurement over the fair value measurement as a whole:

- Level one: the quoted prices (unadjusted) in an active market for identical assets or liabilities.
- Level Two: Evaluation Methods The lowest level input that is considered significant for the entire measurement is directly or indirectly observable.
- Level Three: Evaluation Methods the lowest level input that is significant to the entire measurement is unobservable.

**2. Basis For The Preparation Of The Consolidated Interim Financial Statements (Continued)****2.6 Basis Of Consolidation**

- The Consolidated Interim Financial Statements include assets, liabilities and result of operations of Ezz Steel Company (Holding Company) and all subsidiary companies which are controlled by the Holding Company, the Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the investee.
- All inter-Company balances, transactions and unrealized profits were eliminated.
- Non-controlling interest in the net equity and in net earnings of subsidiaries are included in a separate item "non-controlling interest" in the Consolidated Interim Financial Statements and is calculated to be equivalent to their share in the carrying amount of the subsidiaries net assets at the date of the Consolidated Interim Financial Statements. Non-controlling share in profits and losses of the subsidiary companies are included in a separate line item in the Consolidated Interim Statement Of income.
- The provided profit and losses from acquisition or selling shares from non-controlling interest without changing of the holding Company's control, it's directly stated in the shareholders' equity.

**3. Cost Of Sales**

	Note	For the Three Months Ended 31/3/2024 EGP,000	31/3/2023 EGP,000
Raw Materials		38 344 299	15 193 047
Salaries & Wages		1 263 240	764 261
Fixed Assets Depreciation	(11-1)	411 845	371 404
Other Assets Amortization	(15-2)	1 280	1 281
Supplementary Pension Scheme Cost		9 675	6 879
Manufacturing Overhead Expenses		8 573 466	5 189 085
<b>Manufacturing Cost</b>		<b>48 603 805</b>	<b>21 525 957</b>
Change In Inventory-Finished Products And Work In Process		(6 492 063)	(1 789 523)
<b>Total Cost Of Sales</b>		<b>42 111 742</b>	<b>19 736 434</b>

**4. Other Operating Revenues**

		For the Three Months Ended 31/3/2024 EGP,000	31/3/2023 EGP,000
Scrap Sales		100 715	34 452
Other Operating Revenues		7 245	3 014
<b>Total Other Operating Revenues</b>		<b>107 960</b>	<b>37 466</b>

**5. Selling & Marketing Expenses**

	Note	For the Three Months Ended 31/3/2024 EGP,000	31/3/2023 EGP,000
Salaries & Wages		66 023	38 805
Advertising Expenses		25 224	44 171
Fixed Assets Depreciation	(11-1)	148	148
Supplementary Pension Scheme Cost		684	486
Export Expenses		543 845	285 501
Other Expenses		64 056	105 960
<b>Total Selling &amp; Marketing Expenses</b>		<b>699 980</b>	<b>475 071</b>

**6. Administrative & General Expenses**

	Note	For the Three Months Ended	
		31/3/2024	31/3/2023
		EGP,000	EGP,000
Salaries & Wages		878 369	275 080
Spare Parts And Maintenance Expenses		17 227	2 845
Fixed Assets Depreciation	(11-1)	8 483	6 165
Intangible Assets Amortization	(15-1)	2 687	3 285
Supplementary Pension Scheme Cost		1 990	1 953
Other Expenses		523 193	216 839
<b>Total Administrative &amp; General Expenses</b>		<b>1 431 949</b>	<b>506 167</b>

**7. Other Operating Expenses**

	Note	For the Three Months Ended	
		31/3/2024	31/3/2023
		EGP,000	EGP,000
Donations		171 863	36 125
Impairment on debtor	(18)	49 500	-
Provisions Formed During The period	(25)	760 611	3
Other Expenses		381 382	25 738
<b>Total Other Operating Expenses</b>		<b>1 363 356</b>	<b>61 866</b>

**8. Finance Income & Cost**

	For the Three Months Ended	
	31/3/2024	31/3/2023
	EGP,000	EGP,000
Finance & Interest Income	859 604	349 521
Interest & Finance Cost	(2 107 255)	(1 203 245)
Foreign Currency Exchange Differences Losses	(254 707)	(8 888 615)
<b>Net Finance Costs</b>	<b>(1 502 358)</b>	<b>(9 742 339)</b>

**9. Basic & Diluted Earnings (Losses) Per Share For The Period**

	For the Three Months Ended	
	31/3/2024	31/3/2023
<b>Owners Of The Company Share</b>		
Net Profit (Losses) For The Period (EGP,000)	910 290	(1 660 378)
Weighted Average Number Of Outstanding Shares During The Period (Share)*	532 891 832	532 891 832
<b>Basic And Diluted Earnings (Losses) Per Share For The Period (EGP/ Share)</b>	<b>1,71</b>	<b>(3,12)</b>

\* The 10 373 195 treasury shares were deducted when calculating the weighted average of shares outstanding for the three months ended March 31, 2024 (comparing with 10 373 195 shares as at December 31, 2023) (Note No. 22).

**10. Employee Benefits**

- The employees of the company and some of its subsidiaries are granted an end of service benefits through insurance and provident fund for the employees of Al Ezz Industrial Group registered on 22/2/2000, that according to conditions and determinants included in the fund regulation. The company's contribution to the fund is represented in defined contribution where the company pays all the saving and insurance subscriptions according to the conditions and the percentage mentioned in the fund regulations and this is based on the subscription fees that is determined using the monthly basic salary at 31/12/2018 in addition to the annual salary increasing maximum 7% annual.
- The value of the of the subscriptions incurred by the parent company and some of its subsidiary companies For The Three Months ended March 31, 2024 amounted to EGP 17 876 K has been included in salaries and wages in the statement of income (against EGP 17 175 K For The Three months Ended March 31, 2023).

# Ezz Steel Company (SAE)

Consolidated Interim Financial Statements For The Three Months ended March 31, 2024

## 11. Fixed Assets

	Land	Buildings		Machinery & Equipment		Vehicles		Furniture & Office Equipment		Tools & Appliances		Leasehold Improvements		Total
	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000
<u>Cost:</u>														
At January 1, 2023	784,744	10,034,353	37,365,042	307,949	394,166	309,115	3,902	49,199,271						
Additions During The period	-	1595	87,831	1573	3,636	19,081	-	113,716						
Disposals During The period	-	(209)	-	-	(9,187)	-	-	(9,396)						
At March 31, 2023	784,744	10,035,739	37,452,873	309,522	388,615	328,196	3,902	49,303,591						
At January 1, 2024	784,744	10,050,498	41,606,522	315,199	437,282	382,343	3,902	53,580,490						
Additions During The period	-	2,800	274,486	936	15,205	11,023	-	304,450						
Disposals During The period	-	-	(84,160)	-	-	-	-	(84,160)						
At March 31, 2024	784,744	10,053,298	41,796,848	316,135	452,487	393,366	3,902	53,800,780						
<u>Accumulated Depreciation:</u>														
At January 1, 2023	-	3,560,400	22,742,149	304,145	296,804	214,339	3,902	27,121,739						
Depreciation For The period	-	56,661	304,785	874	6,897	8,500	-	377,717						
Accumulated Depreciation Of Disposals	-	(209)	-	-	(9,187)	-	-	(9,396)						
At March 31, 2023	-	3,616,852	23,046,934	305,019	294,514	222,839	3,902	27,490,060						
At January 1, 2024	-	3,786,658	23,833,750	312,053	313,285	252,820	3,902	28,502,468						
Depreciation For The period	-	56,850	347,309	499	7,840	7,978	-	420,476						
Accumulated Depreciation Of Disposals	-	-	(84,160)	-	-	-	-	(84,160)						
At March 31, 2024	-	3,843,508	24,096,899	312,552	321,125	260,798	3,902	28,838,784						
<u>Carrying Amount:</u>														
At March 31, 2023	784,744	6,418,887	14,405,939	4,503	94,101	105,357	-	21,813,531						
At December 31, 2023	784,744	6,263,840	17,772,772	3,146	123,997	129,523	-	25,078,022						
At March 31, 2024	784,744	6,209,790	17,699,949	3,583	131,362	132,568	-	24,961,996						
Fixed Assets Fully Depreciated & Still In Use At March 31, 2024	-	598,319	3,176,099	298,286	204,663	170,596	3,902	4,451,865						

**11. Fixed Assets (Continued)**

- The land item includes a piece of land with a total area of 928000 M<sup>2</sup> purchased by Ezz flat steel from Gulf of Suez Development Company with a total value LE 28 Million including the Suez governorate fees amounting to LE 5 Million for the purpose of establishing an industrial project the final payment was made on 15/10/2010 and currently the procedures to register the land under the company's name are in process.
- Al Ezz El Dekheila For Steel - Alexandria - subsidiary - company is still completing the registration procedures for some of the land purchased from different parties.
- Al Ezz Rolling Mills company has not registered the new factory land in Al Ain El Sokhna under the company's name till now which amounted to LE 29.64 Million.

**11.1 Depreciation Expense Were Classified To The Statement Of Income As Follows:**

	Note	For The Three Months Ended	
		31/3/2024	31/3/2023
		EGP,000	EGP,000
Cost Of Sales	(3)	411 845	371 404
Selling & Marketing Expenses	(5)	148	148
Administrative & General Expenses	(6)	8 483	6 165
		<b>420 476</b>	<b>377 717</b>

**11.2 Leased Fixed Assets:**

Fixed assets include leased assets as of March 31, 2024 as follows:

	Cost At 31/3/2024	Accumulated Depreciation At 31/3/2024	Net At 31/3/2024	Net At 31/12/2023
	EGP,000	EGP,000	EGP,000	EGP,000
Land *	70 000	-	70 000	70 000
Building **	145 000	28 698	116 302	117 208
	<b>215 000</b>	<b>28 698</b>	<b>186 302</b>	<b>187 208</b>

\* During 2018, the company signed a contract of sale and lease back for 7 years ending 2025 for a plot of land owned by the company, Land cost amounted to EGP 70 Million, as shown in note no. (27), the company issued an official power of attorney cannot be canceled or revoked in favor of HD Lease in the signing of the initial and final purchase and sale contracts and the final transfer of ownership to it or to other in front of the Real Estate Authority for the above-mentioned plot of land.

\*\* During 2016, the company concluded a finance lease contracts for two floors in Nile Plaza building for 8 years ending 2024 as shown in note no. (27).

**12. Modification Surplus Of Fixed Assets**

The following is the movement during the period for modification surplus of fixed assets which is resulting from the adoption of the special accounting treatment related to dealing with the effects of floating foreign currency exchanges rates which is included in Annex (A) of the Modified Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates":

	EGP,000
Modification Surplus Of Fixed Assets At Floating Foreign Exchange Rate Date (November 3, 2016)	4 013 795
Income Tax	(903 104)
<b>Net Modification Surplus Of Fixed Assets After Income Tax</b>	<b>3 110 691</b>
Recognized Portion Till December 31, 2023	(1 377 323)
<b>Net Modification Surplus Of Fixed Assets At December 31, 2023</b>	<b>1 733 368</b>
Recognized Portion During The Three Months ended March 31, 2024	(47 969)
<b>Net Modification Surplus Of Fixed Assets At March 31, 2024</b>	<b>1 685 399</b>
<b>Attributable To:</b>	
Owners Of The Holding Company	1 086 714
Non-Controlling Interest	598 685
	<b>1 685 399</b>

**13. Projects Under Construction**

	31/3/2024	31/12/2023
	EGP,000	EGP,000
Constructions Expansion	35 955	34 906
Machinery Under Installation	245 913	248 026
Expansion license	1 820 000	1 820 000
Advance Payments For Purchase Of Fixed Assets	38 066	43 246
Other	2 189	1 363
<b>Total Projects Under Construction</b>	<b>2 142 123</b>	<b>2 147 541</b>

**14. Financial Assets At Fair Value Through OCI**

	31/3/2024	31/12/2023
	EGP,000	EGP,000
- Egyptian German Co. For Flat Steel Marketing (Franco) (LLC) (Under Liquidation) (50% Owned By Al Ezz El Dekheila For Steel – Alexandria)	90	90
- Al Ezz El Dekheila For Steel – Egypt (EZDK) (50% Owned By Al Ezz El Dekheila For Steel – Alexandria)	25	25
- Ezdk Steel Uk Ltd (50% Owned By Al Ezz El Dekheila For Steel – Alexandria)	1	1
- Egyptian Steel (18% By Al Ezz El Dekheila For Steel – Egypt (EZDK)	2 499 960	2 499 960
- Arab Company For Special Steel (SAE) (1% Owned By Ezz El Dekheila For Steel – Alexandria).	4 263	4 263
- The Egyptian Company For Cleaning And Security Services (30.80% Owned By Al Ezz Steel Company)	80	80
	<b>2 504 419</b>	<b>2 504 419</b>
<b>Less:</b>		
Impairment Loss In Investments (Note No.18)	4 434	4 434
	<b>2 499 985</b>	<b>2 499 985</b>

**15. Goodwill & Other Intangible Assets**

	Note No.	31/3/2024	31/12/2023
		EGP,000	EGP,000
Goodwill	(38-8)	315 214	315 214
Software programs	(15-1)	55 856	50 068
Production license	(15-2)	19 210	20 490
		<b>390 280</b>	<b>385 772</b>

**15-1 Software Programs**

	Note No.	31/3/2024	31/12/2023
		EGP,000	EGP,000
Cost As At Beginning Of The Period		135 713	135 504
Additions		8 475	209
<b>Cost As At End Of The Period</b>		<b>144 188</b>	<b>135 713</b>
Accumulated Amortization As At Beginning Of The Period		85 645	71 321
Amortization During The Period	(6)	2 687	14 324
<b>Accumulated Amortization As At End Of The Period</b>		<b>88 332</b>	<b>85 645</b>
<b>Net Book Value</b>		<b>55 856</b>	<b>50 068</b>

**15-2 Production Licenses**

The amount is represented in the paid-up amount by Al Ezz Flat Steel Company (EFS) – subsidiary company – to Industrial Development Authority for the approval of the steel rebar production license:

	Note No.	31/3/2024	31/12/2023
		EGP,000	EGP,000
Cost At January 1,		20 490	25 613
<b>(Less):</b>			
Amortization for the period	(3)	(1 280)	(5 123)
		<b>19 210</b>	<b>20 490</b>



## 16. Inventories

	Note No.	31/3/2024 EGP,000	31/12/2023 EGP,000
Raw Materials And Supplies		8 578 173	7 126 781
Spare Parts And Supplies		3 944 515	3 560 447
Work In Process		3 508 398	1 800 590
Finished Products		10 636 513	5 852 258
Goods In Transit		3 884 593	961 136
Letters Of Credit		553 178	548 905
<b>Total Inventories</b>		<b>31 105 370</b>	<b>19 850 117</b>
Provision for Slow-Moving Inventory	(18)	(180 609)	(180 609)
<b>Total Inventories</b>		<b>30 924 761</b>	<b>19 669 508</b>

## 17. Trade Receivable &amp; Debtors &amp; Other Debit Balances

	Note No.	31/3/2024 EGP,000	31/12/2023 EGP,000
Trade Receivables		4 781 674	2 485 201
Notes Receivable		237 365	727 998
Suppliers - Advance Payments		5 045 001	1 216 896
Deposits With Others		1 952 876	1 910 756
Tax Authority		2 919 983	2 881 049
Tax Authority - Vat		1 793 963	2 275 003
Customs Authority		2 606 549	1 394 726
Accrued Revenues		5 621	24 541
Prepaid Expenses		64 611	39 823
Employees' Loans And Advance Payments Due Within A Year		194 582	140 595
Letters Of Credit Cash Margin		30 649	36 804
Letters Of Guarantee Cash Margin		135	135
Due From Related Parties	(30-1)	1 935 882	936 829
Debtor for purchase right of share	(36-3)	8 695 961	8 705 858
Advance Payment Under The Account Of Employees' Dividends		6 829	59 522
Other Debit Balances		1 865 162	1 788 042
		<b>32 136 843</b>	<b>24 623 778</b>
<b>Less:</b>			
Impairment Loss On Accounts receivable & Other Debit Balances	(18)	(245 446)	(195 946)
<b>Total Debtors &amp; Other Debit Balances</b>		<b>31 891 397</b>	<b>24 427 832</b>

## 18. Impairment Loss On Assets

	Note No.	Balance As At 1/1/2024 EGP,000	Formed During the period EGP,000	Balance As At 31/3/2024 EGP,000
Long Term Investments	(14)	4 434		4 434
Provision For Slow-Moving Inventory	(16)	180 609		180 609
Impairment Loss On Debtors & Other Debit Balances	(17)	195 946	49 500	245 446
<b>Total impairment loss on Assets</b>		<b>380 989</b>	<b>49 500</b>	<b>430 489</b>

**19. Cash & Cash Equivalents**

	31/3/2024	31/12/2023
	EGP,000	EGP,000
Banks - Time Deposits	680 829	480 982
Banks - Current Accounts	25 662 586	31 011 643
Cheques Under Collection	144 614	73 095
Cash On Hand	207 535	559 819
	<b>26 695 564</b>	<b>32 125 539</b>
<b>Less:</b>		
Banks - Overdraft	(7 770)	(9 880)
Restricted Time Deposits And Current Accounts Within The Credit Conditions Granted By The Bank For The Group Companies	(8 172 683)	(8 502 831)
<b>Cash &amp; Cash Equivalents In The Statement Of Cash Flows</b>	<b>18 515 111</b>	<b>23 612 828</b>

**20. Capital****20.1 Authorized Capital**

The company's authorized capital is LE 8 Billion.

**20.2 The Issued & Paid In Capital**

The issued and paid capital after the increase is EGP 2 716 325 K (Two Billion, Seven Hundred and Sixteen Million, Three Hundred and Twenty-Five Thousand Egyptian Pound) distributed over 543 265 027 share with a par value of EGP 5 per share paid in full. The issued and paid in capital after the increase was registered in the Commercial Register with No. 1176 Menouf city on October 30, 2008.

The shareholders and the percentages of their contribution at the date of the financial position are as follows:

Shareholder Name	No. Of Shares	Par Value 31/3/2024	Shareholding On 31/3/2024	Shareholding On 31/12/2023
		EGP,000	%	%
- Engineer / Ahmed Abd El Aziz Ezz	360 986 470	1 804 932 350	66.448	66.448
- Al Ezz For Rolling Mills (Subsidiary Company)	9 462 714	47 313 570	1.742	1.742
- Others	172 815 843	864 079 215	31.81	31.81
	<b>543 265 027</b>	<b>2 716 325 135</b>	<b>100</b>	<b>100</b>

**21. Reserves**

	31/3/2024	31/12/2023
	EGP,000	EGP,000
Legal Reserve*	1 358 163	1 358 163
Other Reserves (Additional Paid In Capital) **	2 620 756	2 620 756
The Difference Resulting From The Acquisition Of Additional Percentage In Subsidiary's Capital	(3 796 829)	(3 796 829)
	<b>182 090</b>	<b>182 090</b>

\* **Legal reserve:** 5% of net profit should be appropriated to form legal reserve; the Company will stop appropriation once the legal reserve balance reaches 50% of the Company's issued capital; in case the reserve balance becomes less than stated percentage, the appropriation will continue and The legal reserve may be used for the benefit of the Company based on a proposal by the Board of Directors after approval by the General Assembly.

\*\* **Other reserves:** Additional paid in capital resulted from capital increase for the acquisition of Al Ezz El Dekheila for Steel shares, and bonds converted to shares.

**22. Treasury Stocks**

Treasury stocks represent the number of 9 462 714 shares of Ezz Steel Company owned by Al Ezz Rolling Mills Company (ERM) - (subsidiary company) which amounting to EGP 71 921 K, and they are classified as treasury stocks for the consolidation purposes.

On January 5, 2021 the parent company's Board of Directors decided to purchase treasury shares with a percent of 1% of the paid-up capital of the company and a maximum of one Million shares, the Managing Director was delegated to set prices and the period for purchasing treasury shares within the company's available sources of financing and liquidity, the Financial Regulatory Authority approved this transaction. The total number of shares purchased is 910 481 Shares with an amount of EGP 10 381 K.

So, the total number of treasury shares becomes 10 373 195 shares with a total cost of EGP 82,302 K.

On June 8, 2024, the extraordinary general assembly of the company was held and decided to decrease the company's capital with 910 481 shares. This decision approval by the official authorities and recorded in the company's commercial registry is in progress.

**23. Trade Payable & Other Credit Balances**

	Note	31/3/2024	31/12/2023
		EGP,000	EGP,000
Trade Payables		18 032 745	17 772 282
Notes Payable		12 378 934	7 462 421
Advanced From Customers		7 647 643	4 246 427
Accrued Interest		1 099 613	1 017 497
Accrued Expenses		4 982 416	3 068 967
Tax Authority		319 526	331 316
Performance Guarantee Retention		126 011	96 130
Dividends Payable		1 566	1 566
Due To Related Parties	(30-2)	12	12
Liability of the supplementary pension scheme	(24)	33 415	32 344
Other Credit Balances		245 623	314 407
<b>Total Payable &amp; Other Credit Balances</b>		<b>44 867 504</b>	<b>34 343 369</b>

**24. Liability Of The Supplementary Pension Scheme**

The cost of the supplementary pension scheme during the Three Months ended March 31, 2024 amounted to EGP 12.35 Million charged to the Consolidated financial statement according to the actuary's report issued annually.

	Note	31/3/2024	31/12/2023
		EGP,000	EGP,000
<b>Balance At The Beginning Of January</b>		<b>242 029</b>	<b>219 790</b>
<b>Add:</b>			
Present Service Cost		2 143	2 312
Return Cost		10 206	32 890
<b>Amounts Recognized In The Consolidated Interim Statement Of Income</b>		<b>12 349</b>	<b>35 202</b>
		<b>254 378</b>	<b>254 992</b>
Actuarial Profits From The Defined Benefits Pension Scheme		-	4 133
Employees Paid Subscriptions During The period		1 857	7 167
		<b>256 235</b>	<b>266 292</b>
<b>Less:</b>			
Paid pensions during the period		(6 831)	(24 263)
<b>Total Liabilities Of Supplementary Pension Scheme</b>		<b>249 404</b>	<b>242 029</b>
<b>Distributed As Follows:</b>			
Included In Current Liabilities	(23)	33 415	32 344
Included In Long-Term Liabilities	(28)	215 989	209 685
		<b>249 404</b>	<b>242 029</b>

**25. Provisions**

	Balance as at 1/1/2024	Formed During The period	Balance as at 31/3/2024
	EGP,000	EGP,000	EGP,000
Tax & Claims Provision	898 334	760 611	1 658 945
Employees Lawsuits Provision	51 955	-	51 955
<b>Total Provisions</b>	<b>950 289</b>	<b>760 611</b>	<b>1 710 900</b>

**26. Loans & Credit Facilities**

		Short Term	Long Term	Total
		EGP,000	EGP,000	EGP,000
Ezz Steel	Long Term Loans	272 981	-	272 981
	Credit Facilities	6 875 389	-	6 875 389
Al Ezz El Dekheila For Steel - Alexandria (Ezdk)	Long Term Loans	2 516 724	16 520 464	19 037 188
	Credit Facilities	20 650 756	5 643 521	26 294 277
Al Ezz Flat Steel (Efs)	Long Term Loans	727 369	-	727 369
	Credit Facilities	6 415 547	469 021	6 884 568
Al Ezz Rolling Mills Company (Erm)	Long Term Loans	989 597	2 597 691	3 587 288
	Credit Facilities	195 811	-	195 811
<b>Total As Of 31/3/2024</b>		<b>38 644 174</b>	<b>25 230 697</b>	<b>63 874 871</b>
<b>Total As Of 31/12/2023</b>		<b>40 550 919</b>	<b>24 743 415</b>	<b>65 294 334</b>

**26.1 Ezz Steel Company (Holding Company)**

On January 18, 2015, the company obtained a joint long term loan amounted to EGP 1.7 Billion due within 7 years from the date of signing the contract, the purpose of the loan is to restructure the banks credit facilities granted to the company through paying the current liabilities due to some of banks, according to the agreement the borrower should keep his share in the subsidiaries without any amendments, as will keeping some financial ratios and indicators that is specified in the loan agreement during the period of the agreement, with an average return of 3.5% above Corridor published from the Central Bank of Egypt paid every three months.

- The company has benefited from the central bank of Egypt initiative related to postponing the credit maturities for six months, ending in September 15, 2020 and no additional fines or fees applied on postponing the payment based on the instructions of the Central Bank of Egypt on March 15, 2020 and it's appendixes, related to the precautions procedures against the effect of corona virus pandemic.
- During the year 2020 and after the end of the period of postponing payment of the interest according to the Central Bank initiative, the banks which granted the loans have modified the instalments with an amount of EGP 152 479 K according to an appendix of the loan, the amount represents the accrued interest on the loan balance for the period from 3/11/2019 to 31/3/2021 to pay the loan plus interest in 16 quarterly instalments starting from March 31, 2021 to December 31, 2024, the interest rate was modified to 1.5% above the Corridor rate for the first year and 2% above the Corridor rate starts from second year from the date of activating the loan appendix.

**26.2 Al Ezz El Dekheila For Steel – Alexandria (Subsidiary)**

The company obtained long term loan amounted to EGP 2602 million to finance a part of investment cost of the project to build electric furnace in the integrated industrial compound in EL Ain El Sokhna, the loan will be paid on 20 quarterly instalments, the first instalment will start on September 15, 2023 and the last instalment on June 15, 2028.

**26.3 Al Ezz Flat Steel (Subsidiary)**

- The Royal Bank of Scotland (RBS) which replaced the National Westminster Bank acts as the inter-creditor agent for Al Ezz Flat Steel Company - a subsidiary - as well as an agent for the international syndicated loans in which nine banks participated. According to the loans agreements, the National Bank of Egypt acts as the Onshore Security Agent, and the Royal Bank of Scotland acts as the Offshore Security Agent, The most significant guarantees provided are represented in real-estate mortgage and commercial pledge on the land, the tangible and intangible assets of the company, a possessory pledge on the inventory and assignment of the company's rights stated in the contracts of construction, supply, technical support agreements and insurance policies in favour of the banks.
- The interests on the National Bank of Egypt (NBE) and SACE guaranteed loans is calculated in USD based on a variable interest rate related to LIBOR. The interests on Banque Misr loan is calculated in Egyptian pound based on Lending and discount rate declared by the central bank of Egypt.
- The Banks-credit facilities amounting to EGP 6.885 Billion on 31/3/2024 is represented in the amount used from the facilities granted by the local banks in the Egyptian pound against several guarantees, the most significant of which is a pledge on the inventory, and joint guarantee from Al-Ezz El-Dekheila Steel Alexandria, assignment of some export proceeds to the banks and depositing all local sales revenues at banks, as well as concluding insurance policy covering theft and fire of inventory in favour of the banks, as well keeping some financial ratios and indicators, during the facility period based on an interest rate related to Corridor rate declared by the Central Bank of Egypt in addition to a commission on the highest debit balance.
- During year 2020, the above-mentioned credit facilities were rescheduled to be paid in 24 unequal quarterly installments according to specific percentages of the facility's balance starting from 31/3/2021 and ending on 31/12/2026.

**26.4 Al Ezz Rolling Mills (Subsidiary)**

- An approval has been made on December 10, 2020 to restructure debts by the banks participating in the long-term loan granted to the company for the purpose of establishing the reduced iron project, the restructuring includes the existing debts arising from A, B, and C sections and the calculated returns until December 31, 2020, with a maximum of 6.5 billion pounds and that the first instalment payment begins on March 31, 2021, with modifying the interest rate to become 1.5% above the corridor rate during the first year from the date of activation, then applying 2% above the corridor rate from the beginning of the second year from the activation date until the final maturity date, (instead of 3.5% above the corridor Lending to both section A, B and 1.75% above corridor lending to section C).
- The loan restructuring were activated on June 16, 2021.
- According to the commercial register of the company, there is a commercial pledge for the guarantee agent its self and on behalf on the borrowing banks on all the material and abstract, equipment, goodwill, and the industrial copyrights of the company.

## 27. Finance Lease

	Future Lease Payments		Deferred Interest		Present Value Of Lease Payments	
	31/3/2024 EGP,000	31/12/2023 EGP,000	31/3/2024 EGP,000	31/12/2023 EGP,000	31/3/2024 EGP,000	31/12/2023 EGP,000
Due Within One Year	122 352	132 750	37 147	42 605	85 205	90 145
<b>Add</b>						
Long Term Liabilities	129 832	152 621	23 487	30 661	106 345	121 960
<b>Total Finance Lease Liabilities</b>	<b>252 184</b>	<b>285 371</b>	<b>60 634</b>	<b>73 266</b>	<b>191 550</b>	<b>212 105</b>

- The company signed finance lease contracts (No.4537 & 4538) as at June 27, 2016 to lease 2 floors in Nile Plaza Building for Eight years ending June 2024, the contracts provide the right to the company to own those assets at a predetermined value at the end of the contract year. On July 18, 2017, the company signed appendixes to these contracts to finance fixtures and finishes for one of the leased floors and adding it to the leased asset and amending the lease contract, for Eight years ending July 2025. On September 20, 2018, the company signed an appendix to these contracts to increase the finance related to the leased asset in a form of revaluation of that asset and modify the capital lease contracts, the repayment of the extra finance will be on 32 quarterly equally instalment starts from December 20, 2018 till September 20, 2026, The cost of acquiring these two floors has been included in the buildings item in the fixed assets of the company in accordance with the Egyptian Accounting Standard No. (49) Leasing contracts.
- On November 13, 2016, the company signed a finance lease contract (Contract no.4675) to finance the fixtures and finishes for the floors that have been leased in Nile Plaza building for the period of Eight years ending November 2024.
- During December 2018, the company signed contracts of sale and lease back (Contract no.1) for a piece of land owned by the company, and as per the contracts with the mentioned company, the lease is for 7 years ending December 25, 2025, and the contract gives the company the right to own the mentioned land at the end of the contract's period at predetermined amount in the contract. It has been determined that the above-mentioned contracts do not represent the sale of the plot of land. Accordingly, the plot of land has been re-recognized in the fixed assets and recognized a financial liability equal to the proceeds of transfer, that is in accordance with Egyptian accounting standard (49) Lease Contracts.
- During October 2020, an appendix has been concluded for the finance lease contracts mentioned above and that was based on the decrees taken by the Central Bank of Egypt as of March 16, 2020 as some installments were postponed for 6 months in addition to decreasing interest rates, where quarterly post-paid checks has been issued till March 2027 after recalculating deferred interests based on the new interest rates.

## 28. Long Term Liabilities

	Note	31/3/2024 EGP,000	31/12/2023 EGP,000
Notes Payable		8 120	16 195
Liability Of The Supplementary Pension Scheme	(24)	215 989	209 685
Lending From Others	(28-1)	1 752 654	1 705 966
Fixed Asset Purchase Creditors	(28-2)	1 382 315	1 476 623
<b>Total Long-Term Liabilities</b>		<b>3 359 078</b>	<b>3 408 469</b>

**28.1** Al Ezz Flat Steel Company – (subsidiary company) borrowed USD 37 Million equivalent to EGP 1.753 billion from Danieli Company based on a contract dated September 27, 2013 and the loan was used in full on October 1, 2013 to pay part of the loan due to the National Bank of Egypt (NBE), Banque Misr and the foreign banks virtue of the guarantee of SACE, thereof the interests of the loan are calculated based on variable interest rate related to LIBOR.

**28.2** Fixed asset purchase creditors represented in the due to Danieli from the companies Ezz Flat Steel – subsidiary- and Ezz Rolling Mills -subsidiary-, on 27/1/2021 the company agreed with the mentioned supplier to reschedule the payment of the dues and the added interest according to the following:

The liability due to the supplier according to the purchase invoices in addition to the calculated interest on it starting from 1/11/2020 is paid in quarterly installments ends in 2026.

The settlement agreement includes that the supplier will waive the right to due interest which calculated on the liability of supplying machinery and equipment during the prior years for the period from the invoice due date until 31/10/2020, this is in case of the company paying all the quarterly installments based on the settlement agreement.

The company and Al Ezz El Dekheila for Steel- Alexandria signed joint guarantees in favor of the above-mentioned supplier to guarantee that the mentioned subsidiary companies would pay its dues stated in the settlement agreement.

**29. Deferred Tax****29.1 Recognized Deferred Tax Assets & Liabilities**

	<b>31/3/2024</b>		<b>31/12/2023</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>EGP,000</b>	<b>EGP,000</b>	<b>EGP,000</b>	<b>EGP,000</b>
Fixed Assets	-	(3 992 118)	-	(3 998 141)
Provisions & Assets Impairment	151 372	-	151 372	-
Finance Lease Liabilities	6 044	-	7 909	-
Tax Losses	509 420	-	1 328 040	-
Losses (Gain) From Foreign Currency Translation	4 733 083	-	4 511 612	(306)
Tax On Unpaid Dividends	-	(272 255)	-	(145 296)
	<b>5 399 919</b>	<b>(4 264 373)</b>	<b>5 998 933</b>	<b>(4 143 743)</b>
<b>Net Deferred Tax Asset (Liability)</b>	<b>1 135 546</b>		<b>1 855 190</b>	

**29.2 Recognized Deferred Tax Charged To The Consolidated Interim Statement Of Income:**

	<b>For the three months ended</b>	
	<b>31/3/2024</b>	<b>31/3/2023</b>
	<b>EGP,000</b>	<b>EGP,000</b>
Net Deferred Tax	1 135 546	(819 715)
<b>Less/ (Add):</b>		
Previously Charged Deferred Tax	1 855 190	(2 157 297)
<b>Deferred Tax</b>	<b>719 644</b>	<b>1 337 582</b>

**29.3 Unrecognized Deferred Tax Assets**

	<b>31/3/2024</b>	<b>31/12/2023</b>
	<b>EGP,000</b>	<b>EGP,000</b>
Impairment Loss On Receivables And Debtors	11 337	11 337
Provisions	127 629	127 629
	<b>138 966</b>	<b>138 966</b>

Deferred tax assets have not been recognized in respect of the above items due to uncertainty of the utilization of their benefits in the foreseeable future.

**30. Related Parties Transactions**

The company conducts commercial transactions with related parties. The following is the most important of these transactions and related balances:

	<b>Note No.</b>	<b>Nature Of Transaction</b>	<b>Transaction Volume During The period</b>	<b>Balance As Of 31/3/2024</b>	<b>Balance As Of 31/12/2023</b>
			<b>EGP,000</b>	<b>EGP,000</b>	<b>EGP,000</b>
<b>30.1 Items Included in Trade Receivable &amp; Debtors &amp; Other Debit Balances</b>	<b>(17)</b>				
- Al Ezz For Trading And Distributing Building Materials (Affiliated Company)				9 491	9 451
- Gulf Of Suez Development Company (Affiliated Company)			-	8	62
- Al Ezz Group Holding Company For Industry & Investment				977 942	871 242
- Al Ezz Steel International				906 954	18 510
- Al Ezz For Ceramics & Porcelain (GEMMA) (Affiliated Company)		Rent	266	41 487	37 564
				<b>1 935 882</b>	<b>936 829</b>
<b>30.2 Items Included In trade payable, Creditors &amp; Other Credit Balances</b>	<b>(23)</b>				
- Al Ezz For Trading And Distributing Building Materials (Affiliated Company)				(12)	(12)
				<b>(12)</b>	<b>(12)</b>

**31. Contingent Liabilities**

- 31.1** Contingent liabilities are represented in the amount of the letters of guarantee which are not covered that were issued by the Company's banks and subsidiaries in favour of others and the uncovered letters of credit, detailed as follows:

	<b>31/3/2024</b>	<b>31/12/2023</b>
	<b>Equivalent</b>	<b>Equivalent</b>
	<b>EGP,000</b>	<b>EGP,000</b>
Letters Of Guarantee	128 800	131 515
Letters Of Credit	10 874 046	10 564 246

The letters of guarantee and letters of credit fully covered issued by the banks of the company and its subsidiaries in favour of others on March 31, 2024 amounted to EGP 30 784 K (against EGP 36 939 K as of December 31, 2023 fully covered) (Note no.17).

- 31.2** The settlement agreement with one of the foreign suppliers (Note no.28-2) includes the supplier claims Al Ezz Flat Steel (subsidiary company) for interest that will be calculated in agreement with the company on the liability of supplying spare parts during previous years amounted to Euro 15 483 K which is stated in the suppliers balance as of 31/3/2024 from the invoice due date until 31/10/2020, this is in case of the company does not pay all the liabilities stated in the settlement agreement in the due dates.

**32. Capital Commitments**

- The capital Commitments of Ezz Steel as of March 31, 2024 amounted to EGP 15.72 Million.
- The capital Commitments of El Ezz El Dekhaila as of March 31, 2024 amounted to EGP 83.33 Million, (whereas the amount as of December 31, 2023 is EGP 116 Million).

**33. Tax Position****33.1 Ezz Steel Company****33.1.1 Corporate Tax**

- The Company enjoyed tax exemption according to article No. (24) from Law No. (59) for 1979 related to development of the new urban communities, the Company was granted a tax exemption for a period of ten years which started on January 1, 1997 and ended on December 31, 2006.
- The Tax Authority inspected the Company's books until December 31, 2017 and there are no outstanding dues or tax disputes.
- The tax inspection for years 2018:2019 were finished from tax authority side, the settlement and payment is currently in progress.
- The company submitted the tax return for the years 2020-2022.
- Year 2023: The Total profits of legal persons due to the draft tax declaration prepared based on the approved financial statements for the fiscal year ending in 2023 amounted to 402,842,557 pounds, and were submitted for the declaration decision until 6/29/2024.

**33.1.2 Sales Tax & VAT**

- The tax inspection was done till 2020 and all differences were paid and there are no outstanding claims due.
- For The Years 2021/2023 The company submits tax returns on the legal dates in accordance with this law.

**33.1.3 Salary Tax**

- The tax inspection was done till 2020 and all differences were paid and there are no outstanding claims due.
- The tax inspection for years 2021:2022 were finished from tax authority side, the settlement and payment is currently in progress.
- In 2023, the company deducts and remits the tax and is committed to submitting quarterly returns to the competent tax office on the legal dates. The company is committed to submitting the annual settlement at the end of the fiscal year on the legal dates.

**33.1.4 Stamp Tax**

- The tax inspection was done till 2020 and all differences were paid and there are no outstanding claims due.
- The tax inspection for years 2021/2022 were finished from tax authority side, the settlement and payment is currently in progress.
- In 2023, The Company pays the tax due.

**33.1.5 Property Tax**

- The tax assessment issued and paid up to 31/12/2021.
- The Ministry of Finance bears the full value of the tax on built properties for the years 2022/2024, as stipulated in the provisions of Law No. 196 of 2008 for the industrial sectors specified in accordance with Prime Minister's Decision No. (61) of 2022.

**33. Tax Position (Continued)****33.2 Al Ezz Rolling Mills Company****33.2.1 Corporate Tax**

- The Tax Authority inspected the Company's books until 2017 and there are no any due amounts on the company, the tax inspection has resulted in approved tax losses amounting to EGP 73 862 K in 2016 and EGP 1 321 347 K in 2017.
- The tax examination for the years 2018/2019 was completed, and the examination resulted in approved tax losses, An appeal memorandum was submitted to approve all the company's tax liabilities.
- The tax return was submitted within the legal deadline, in accordance with the provisions of the Income Tax Law No. 91 of 2005 and Its modifications. The tax losses, according to the submitted returns, amounted to 1,794,424,889 pounds in 2020, amounted to 757,240,854 pounds in 2021, and amounted to 359,142,191 in 2022.
- Year 2023: The deadline for approval has been extended until 6/29/2024.

**33.2.2 Sales Tax & VAT**

- The Tax Authority inspected the Company's books until 2020 and the taxes due were paid.
- Tax returns are submitted on the legal due dates.
- The tax office conducts the tax examination to date.

**33.2.3 Salary Tax**

- The Company's books have been inspected until year 2020 and the taxes due were paid and there are no outstanding dues on the company.

**Years 2021/2023**

- The company deducts and submits its tax in the legal due dates.
- The tax office has not requested a tax examination to date.

**33.2.4 Stamp Tax**

- The Tax Authority inspected the Company's books until year 2020 and all disputes were settled and there are no outstanding dues in years 2021/2023.
- The tax office has not requested a tax examination to date.

**33.2.5 Property Tax**

- The tax assessment issued and paid up to 31/12/2021.
- For the years 2022/2023, the Ministry of Finance shall bear the entire value of the tax on built properties stipulated in the provisions of Law No. 196 of 2008 for the industrial sectors specified in accordance with Prime Minister's Decision No. 61 of 2022.

**33.3 Al Ezz El Dekheila For Steel – Alexandria Company****33.3.1 Corporate Tax**

- The Company's books have been inspected until year 2017 and there are no outstanding dues on the company.
- The tax inspection for years 2018 and 2019 is in progress.
- The years from 2020 to date will be examined through the electronic system. We were not notified, and tax returns were submitted until 2022 on the legal dates.
- **The situation of tax disputes:**
- The period 2000-2004: for the exemption of flat steel project amounted to EGP 254 Million, The ruling of the Court of Appeal in Case No. 268 of 74 BC was issued in favour of the company, invalidating the "corporate tax forms 3, 4 issued with numbers 1380-1381-1382-1383, on 17/2/2011, and follow-up is underway with the Center for major taxpayer to implement the ruling.
- The period 2005-2006: for the exemption of flat steel project (5<sup>th</sup> year) amounted to EGP 215 Million, the dispute is currently submitted to administrative court.

**33.3.2 Salary Tax**

- The tax inspection for the years until 2016 were done and there are no outstanding.
- From 2017 Till 2019 The inspection has been done, the company was informed by the form no. 38 payroll on 20/05/2022, The company submitted a request to benefit from Law 153 of 2022 to write off 65% of the delay fee and the tax differences has been paid.
- Tax inspection for year 2020 has been done, and the company informed with form 38 salaries and all differences has been paid
- Year 2021/2022: currently under inspection from tax authority side.



**33. Tax Position (Continued)****33.3.3 Sales Tax & VAT****1- Years From The Inception Date Till 2020:**

The inspection and tax assessment have been done by the tax authority, disputes have been ended, the due amounts have been paid and there are no tax claims.

**2-The Situation Of Tax Disputes:**

2008-2012: The additional tax on the accrual of the sales tax retroactively on iron oxide ore as the tax is refundable in the amount of EGP 108 million, and the judgment was issued in favour of the company rejecting the sub-lawsuit filed by the Ministry of Finance and the debt department of the major tax payer centre cancelled the claim.

**33.3.4 Stamp Tax**

- The Tax Authority inspected the Company's books until year 2016 and all disputes were settled and there are no outstanding dues.

The years 2017:2020 were inspected and the company has been informed by the form no 19 stamp tax on 28/2/2022 with an amount EGP 7 173 K but it was appealed on 24/3/2022, The internal committee was established on 18/05/2022, where the tax was reduced to EGP 2 938K, and the full due amounts have been paid.

**33.3.5 Property Tax**

- The decision of the committee of tax dispute settlement approved by the Minister of Finance was issued to reduce the annual real estate tax from EGP 17 million to EGP 10.7 million, and a settlement was made with the real estate taxes Agami, and the tax paid until December 31, 2021.
- The re-estimation of property tax as stated in law no 196 for the year 2008 and the reckon of property every five years leads to an increase in annual tax from LE 10.7 million to be EGP 12.3 million starting from 1/1/2022 which represent a percentage of 15% increase .
- The company submitted a request to the Agamy Real Estate Taxes Authority in order to benefit from the Prime Minister's Resolution No. 61 of 2022 that the Ministry of Finance bears the tax on real estate built for industrial sectors.

**33.3.6 Withholding tax**

- The withholding tax examination for the years 2019-2021 has been completed, and the forms (11 examinations) have been notified and the differences due have been paid, and there are no claims for this period.

**33.4 Al Ezz Flat Steel Company****33.4.1 Corporate Tax**

- In the light of issuing Law No. 114 of 2008 on May 5, 2008, the private free zones license was being cancelled and the company become subject to corporate tax from that date .
- The Tax Authority inspected the Company's book from the commencement of activity until 2018 and resulted in tax losses.
- The tax examination for the year 2019 was completed, and the examination resulted in approved tax losses, An appeal memorandum was submitted to approve all the company's tax liabilities.
- Years from 2020 to 2023 The tax return was submitted on the legal time, in accordance with the provisions of the Income Tax Law No. 91 of 2005 and its amendments.

**33.4.2 Salary Tax**

- The tax inspection was made and there are no tax claims on the company since the beginning of the business till 2020.
- For the years from 2021 to 2023, the company deducts and remits the tax, and the tax office has not conducted a tax inspection to date.

**33.4.3 Sales Tax & VAT**

- The Tax Authority inspected the Company's books until 31/12/2020, tax assessment issued and paid up at legal date and there are no dues.
- For the years 2021 to 2023, the company submits monthly returns on the legal dates and a tax examination is underway for the years 2021/2022.

**33.4.4 Stamp Tax**

- Tax inspection was issued and made until 2022 and there are no claims on the Company.
- Years 2023: The company submits the tax due on the legal dates.

**33.4.5 Real Estate Tax**

- The assessment and payment for the first five-year inventory period ending on 12/31/2021 was made in accordance with the law.
- For The Years 2022/2023 ,The ministry of finance has been charged with full of real state tax that stated by law no 196 of 2008 for the industrial sectors specified in accordance with Prime Minister's Decision No. (61) of 2022.

**34. Financial Instruments & Risk Management****34.1 Financial instruments**

The Company's financial instruments are represented in cash and cash equivalents; trade receivables, debtors, investments, trade payables, notes payable, creditors, loans and bank credit facilities, and finance lease liabilities, book value of these financial instruments does not differ significantly from its fair value at the financial position date.

**34.2 Interest Rate Risk**

The interest risk is represented in the interest rates changes on the company's debts, represented in loans (before deducting issuance cost) and credit facilities, finance lease liabilities which amounted to EGP 65 879 709 K as of March 31, 2024 (EGP 67 285 671 K as of December 31, 2023). Financing interest and expenses related to these balances amounted to EGP 2 107 255 K during the three months ended March 31, 2024 (EGP 1 203 245 K during the same period of the previous year). Restricted time deposits and current accounts and treasury bills amounted to LE 9 654 503 K as of March 31, 2024 (EGP 10 021 205 K as of December 31, 2023), interest income related to these time deposits and current accounts amounted to EGP 859 604 K during the three months ended March 31, 2024 (EGP 349 521 K during the same period of the previous year).

The Company works on getting the best terms available in the market regarding the credit facilities to mitigate this risk, also the company reviews the prevailing interest rates in the market periodically that reduces the interest rate risk.

**34.3 Credit Risk**

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the financial position date is:

	Note	31/3/2024 EGP,000	31/12/2023 EGP,000
Trade Receivables and Debtors & Other Debit Balances	(17)	31 891 397	24 427 832
Investments In Treasury Bills		800 991	1 037 392
Cash & Cash Equivalents	(19)	26 488 029	31 565 720

**34.4 Foreign Currency Risk**

The foreign currency risk represents the risk of fluctuation in exchange rates which in turn affects the Company's cash inflows and outflows in foreign currency as well as the value of its foreign currencies monetary assets and liabilities. The Company has foreign currency monetary assets and liabilities equivalent to LE 3,881,415 K and LE 51,717,322 K respectively as at the date of financial position.

As shown in (Note no. 38-1) "Foreign currency translation", the balances of monetary assets and liabilities denominated in foreign currencies shown above were valued using the prevailing exchange rate of the banks that the Company deals with at the financial position date.

The following is a statement of net foreign currency balances and the exchange rates used at the date of financial position:

Foreign Currency	(Deficit)/Surplus In Thousands	Closing rate as of: 31/3/2024
US Dollars	(946 194)	47.300
Euro	(58 783)	51.1077
POUND STERLING	(482)	59.8109
JPY	(156 414)	0.3100

**35. The Litigation Status****Workers Lawsuits Regarding Profits**

All lawsuits filed against the company by employees whose services have ended in the company have been resolved, and there is one lawsuit still in circulation regarding profit differences and previous years' bonuses.

**36. Significant Events**

**36.1** In light of global and local economic circumstances and the geopolitical risks facing the country, the government, primarily represented by the Central Bank of Egypt, has taken a series of financial measures during 2022 and 2023 to contain the impact of these crises and the resulting inflationary effect on the Egyptian economy. Among these measures were the devaluation of the Egyptian pound against foreign currencies, raising the overnight deposit and lending rates, and setting maximum limits for cash withdrawals and deposits at banks. This resulted in a shortage of exchange and availability of foreign currencies through official channels, leading to delays in repaying foreign currency debts and an increase in purchasing and repayment costs.

On March 6, 2024, the Central Bank of Egypt issued a decision to raise the overnight deposit and lending rates by 600 basis points to 27.25% and 28.25%, respectively. The discount and credit rate was also raised by 600 points to reach 27.75%, with the allowance for using a flexible exchange rate determined according to market mechanisms. This led to an increase in the average official exchange rate of the US dollar during the first week following the Central Bank's decision, reaching between 49 to 50 Egyptian pounds per dollar.

**36.2** Pursuant to the ruling of the Constitutional Court of 6 November 2021, a company's appeal against articles 134 and 133 of the Labor Code No. 12 of 2003 is rejected. This article is competent to deduct 1% of the net profits of establishments subject to the provisions of this Act to finance the Training and Qualification Fund of the Minister of Manpower.

**36. Significant Events (Continued)**

- 36.3** On August 5, 2023, the Extraordinary General Assembly of Ezz El Dekhaila Steel Company--Alexandria, a subsidiary, voted to approve the resolution issued by the Board of Directors on July 10, 2023, and to 27ompany27e the company's optional delisting process from the EGX and purchasing the shares of objectors and those who do not want to continue being shareholders after the delisting decision. The initial delisting from the stock exchange done on September 20, 2023, and in accordance with the decision of the Securities Listing Committee held on October 4, 2023, the final delisting of the company's shares was approved, for the company's capital that amounted to LE 1,951,203,700 distributed over 19,512,037 shares with a nominal value of 100 LE/share from the Egyptian securities registration tables.

The27ompanyy submitted an optional purchase offer for shares at a value of 1,250 LE/share. and on September 27, 2023 the company paid amount of LE 8.689 Billion to Hermes Securities Brokerage Company under the account of purchasing delisted shares, amounting to 6,951,496 shares. The final settlement was completed on October 2, 2023.

**37. Comparative Figures**

Some comparative figures in consolidated statement of financial position have been reclassified to be consistent with the current classification of the Consolidated Interim Financial Statements as follow:

	<b>31/12/2023</b> <b>EGP,000</b> <b>As previously shown</b>	<b>Reclassification</b> <b>EGP,000</b>	<b>31/12/2023</b> <b>EGP,000</b> <b>Reclassified</b>
Bank – Overdraft	4 326 392	(4 316 512)	9 880
Trade and notes payable	30 026 857	4 316 512	34 343 369

**38. Significant Accounting Policies For The Consolidated Interim Financial Statements**

The following accounting policies have been applied consistently by the group's companies during all presented periods in these Consolidated Interim Financial Statements.

**38.1 Foreign Currency Translation**

The group maintains its accounts in Egyptian Pound. Transactions denominated in foreign currencies are translated at foreign exchange rate prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated at the foreign exchange rates prevailing, at that date. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at that date of the transaction. Foreign currency differences arising on the translation are recognized in the Consolidated Interim Statement Of income at the financial position date in Consolidated Interim Statement Of income.

The presentation of the financial statements of Al Ezz Flat steel (subsidiary company) to be in the Egyptian pound instead of the US dollar starting from the date 31/12/2020. This is due to the fact that the Egyptian pound has become the currency in which most of the company's sales are made as well as the financing needed for operations.

**38.2 Fixed Assets & Depreciation**

Fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation – except rolling rings – is charged to the Consolidated Interim Statement Of income on straight-line basis over the estimated useful lives of assets. The management of the company regularly reconsiders the remaining useful lives of the fixed assets in order to determine whether they match the previously estimated useful lives and if there is a significant difference, the assets depreciation will be calculated in accordance with the remaining estimated useful life.

Leased fixed assets (The assets that ownership of the assets will be transferred to the lessee by the end of the lease contract) are recognized at cost in the beginning of lease contract, after the beginning of the lease contract the value of the leased fixed assets is determined at cost less the accumulated depreciation and the accumulated impairment loss and adjusted by any adjustments to the lease liability, the leased fixed assets is depreciated using straight line method over the estimated useful life of assets which are mentioned below.

During 2016, modified cost model was adopted by the group, which the cost and accumulated depreciation for some categories of fixed assets (Machinery and equipment, Vehicles, Furniture and office equipment, Tools and supplies) are modified using modification factors stated in annex (A) of EAS No. (13). The increase of net fixed assets which are qualified to modification, were recognized in other comprehensive income items and was presented as a separate item in equity under the name of "modification surplus of fixed assets". The realized portion of modification surplus of fixed assets is transferred to retained earnings or losses in case of disposal or abandonment of the asset which qualified for modification or usage (depreciation difference resulting from the adaption of the special accounting treatment).

**38. Significant Accounting Policies For The Consolidated Interim Financial Statements (Continued)****38.2 Fixed Assets & Depreciation (Continued)**

The estimate<sup>a</sup> useful life for each type of assets is as follows:

<b>Asset</b>	<b><u>Estimated Useful Life</u></b>
<b>Buildings</b>	<b><u>Years</u></b>
- Buildings	25 – 50
- Other Buildings	8
<b>Machinery &amp; Equipment</b>	
- Machinery And Equipment	5 – 25
- Rolling Rings (Machinery And Equipment)	According to actual use (ERM 5-6)
<b>Vehicles</b>	2 – 5
<b>Furniture &amp; Office Equipment</b>	
- Furniture And Office Equipment	3 – 10
- Central Air Conditioning And Fixtures	8
<b>Tools &amp; Appliances</b>	4 – 5
<b>Improvements On Leased Buildings</b>	The lower of lease term or assets' useful lives

Profits or losses resulting from fixed assets disposal are charged to the Consolidated Interim Statement Of income.

**38.3 Cost Subsequent To Acquisition**

The replacement cost of an asset component is recognized in the asset cost after the elimination of the cost of this component when such cost is incurred by the company and in case it is probable that future economic benefits shall inflow to the group as a result of the replacement of this component conditional on the ability to measure its cost with a high level of accuracy. However, the other costs are to be recognized in the Consolidated Interim Statement Of income as an expense when incurred.

**38.4 Projects Under Construction**

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to fixed assets at its cost when they are completed and are ready for their intended use.

**38.5 Other Assets**

- Other assets are licenses cost which are capable of generating future economic benefits.
- Other assets are stated at purchased cost including any expenses that are directly attributable to preparing the asset for its intended use, net of accumulated amortization and impairment losses.

**38.6 Investments Available-For-Sale**

Available-for-sale investments are initially measured at fair value and as of the Consolidated Interim Financial Statements date, the change in the fair value whether gain or loss is recognized directly in equity, except for impairment losses which are transferred to profit or loss. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss.

The fair value for available-for-sale investments is identified based on the quoted price of the exchange market in an active market at the consolidated financial position date, except for investments which are not quoted in a stock exchange in an active market, in this case they are measured at cost net of impairment loss.

**38.7 Investments In Treasury Bills**

Investments in treasury bills are stated in the financial statements are initially measured at fair value and subsequently measured by depreciated cost, the difference between acquiring cost and the realizable value during the period is amortized from acquiring date to maturity date using actual interest rate.

**38.8 Goodwill**

Goodwill represents the excess of the acquisition cost over the fair value of the identifiable assets acquired at the date of acquisition. Goodwill is tested for impairment at consolidated financial position date. If events or changes in circumstances indicate that the goodwill might be impaired, impairment loss "If any" is charged to the Consolidated Interim Statement Of income for the period.

**38.9 Inventory**

Inventory is valued at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

- Raw materials: is valued at its cost up to bringing them to warehouses, and the outgoing is evaluated using the first in first out method.
- Spare parts, materials, and supplies are valued at cost up to bringing them to warehouses, and the outgoing is evaluated using the weighted average method.
- Work in process: according to the actual manufacturing cost which includes direct materials and labor cost in addition to share of indirect manufacturing cost incurred until the last production stage reached.
- Finished products: according to the actual manufacturing cost according to costs' statements.

**38. Significant Accounting Policies For The Consolidated Interim Financial Statements (Continued)****38.10 Trade & Notes Receivables & Debtors**

Trade and notes receivable and debtors are initially stated at their fair value and subsequently measured by depreciated cost using the effective interest rate and reduced by estimated impairment losses from its value.

**38.11 Cash & Cash Equivalents**

Cash and cash equivalents in the Consolidated Interim Statement Of cash flows comprise cash balances, banks current accounts, time deposits, market money fund bills and treasury bills which do not exceed three months and banks overdrafts that are repayable on demand and form an integral part of the Group's cash management preparing are included as a component of cash equivalents. The Consolidated Interim Statement Of cash flows is prepared and presented according to indirect method.

**38.12 Trade & Notes Payable & Creditors**

Trade and notes payable and creditors are primary stated at fair value and subsequently measured by depreciated cost using the actual interest rate.

**38.13 Impairment Loss On Assets****A. Non-Derivative Financial Assets****Financial Instruments & Assets Arising From The Contract**

The company recognizes loss allowances for expected credit losses for the following:

- financial assets measured at amortized cost;
- investments in debt instruments that are measured at fair value through other comprehensive income; And the Assets arising from the contract.

The company measures loss allowances at an amount equal to the lifetime ECL, except for the following, which are measured at an amount equal to the 12-month ECL:

- debt instruments that are identified as having low credit risk at the reporting date; And the
- Other debt instruments and bank balances in which the credit risk (ie the risk of default over the expected life of the financial instrument) has not increased significantly since the first recognition.

Provisions for losses of commercial customers and contract assets are always measured at an amount equal to the expected credit losses over their life.

- In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and known credit assessment, including forward-looking information.
- The company assumes that the credit risk of the financial asset has increased significantly if it is more than 30 days past due.

**The Company Considers A Financial Asset To Be In Default When:**

It is unlikely that the borrower will pay its credit obligations to the group in full, without resorting to the company by measures such as liquidating the guarantee (if any); Or the financial asset is more than 90 days old.

The Company considers debt instruments to have low credit risk when their credit risk rating is equal to the globally understood definition of "investment grade".

Life expectancy credit losses are the expected credit losses that result from all possible failure events over the expected life of the financial instrument.

12-month ECL is the portion of ECL that results from failure events that are possible within a 12-month period after the reporting date (or a shorter period if the instrument has an expected life of less than 12 months). The maximum period considered when estimating Expected credit losses and the maximum contractual period in which the company is exposed to credit risk.

**Measuring Expected Credit Losses**

It is a probability-weighted estimate of credit losses. The present value of all cash shortfalls is measured (that is, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

Expected credit losses are discounted at the financial asset's effective interest rate.

**Credit Impaired Financial Assets**

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instruments measured at FVOCI are credit impaired. The financial asset is considered "credit impairment",

When one or more events that have a detrimental effect on the estimated future cash flows of the financial asset occur.

**38. Significant Accounting Policies For The Consolidated Interim Financial Statements (Continued)****38.13 Impairment Loss On Assets (Continued)**

**Evidence that financial assets are credit impaired includes observable data.**

- Significant financial difficulty for the lender or issuer and
  - Breach of contract such as failure or overdue for a period greater than 90 days and
  - the restructuring of a loan or advance by the company on terms that the company will not take into account in one way or another; And the
  - It is possible that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active stock market due to financial difficulties.

**Disclosure The Provision For Expected Credit Losses In The Statement Of Financial Position**

The loss allowance for financial assets measured at amortized cost is deducted from the total carrying amount of the assets. For securities in debt securities that are measured at fair value through other comprehensive income, the loss allowance is charged to the profit or loss and is recognized in other comprehensive income.

**Execution of Debt**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering all or part of the financial asset. For individual clients, the Company has a policy of writing off the total gross book value when the financial asset is more than two years past due based on previous experience in recovering similar assets. For corporate clients, the Company makes an independent assessment of the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company does not expect any significant refund of the amount written off. However, financial assets that have been written off may still be subject to liability activities in order to comply with the Company's procedures for recovering amounts due.

**38.14 Interest-Bearing Borrowings**

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost on an effective interest basis with any difference between cost and redemption value being recognized in the Consolidated Interim Statement Of income.

Borrowing cost of financing fixed assets are capitalized to finance qualified fixed assets during the construction period till the asset is reachable for use from the economical view.

**38.15 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. The provisions balances are reviewed on a going basis at the financial position date to disclose the best estimate on the current period.

**38.16 Share Capital****Repurchase Of Share Capital**

Upon the repurchase of issued capital shares of the company (whether direct way or by using one of its subsidiaries), it is recognized with the amount paid in return for the repurchase, process which includes all direct costs and all costs related to repurchasing, as a reduction in owners' equity, and it shall be classified as treasury stock deducted from the total owners' equity side.

**38.17 Revenues****a) Sales Revenue Recognition.**

- Revenue is recognized when the Company has transferred to the customer the significant risks and rewards of ownership of the goods and invoice issuance. And it is probable that the economic benefits associated with the transaction will flow to the Company, and determine the costs related to selling and returned goods in trusted way with the inability of the company's management to make any letter effects on selling goods with the possibility of trusted revenue measuring. In the case of export sales, the transfer of control is extended to the goods sold in accordance with the shipping conditions.

**Egyptian Accounting Standard No. (48) - Revenue From Contracts With Trade Receivables**

- Egyptian Accounting Standard No. (48) defines a comprehensive framework for determining the value and timing of revenue recognition, and this standard replaces the following Egyptian accounting standards (Egyptian Accounting Standard No. (11) "Revenue" and Egyptian Accounting Standard No. (8) "Construction Contracts").
- Revenue is recognized when the Trade Receivables is able to control the goods or services. Determining when to transfer control over a period of time or at a point in time requires a degree of personal judgment.
- The incremental costs of obtaining a contract with a Trade Receivables are recognized as an asset if the company expects to recover those costs.

**b) Dividends**

Dividends income is recognized in the consolidated income statement on the date where the company has the right to receive investees' dividends occurred after the date of acquisition.

**c) Interest Income**

Interest income is recognized in the profit or loss as it accrues using the effective interest rate method.

**38. Significant Accounting Policies For The Consolidated Interim Financial Statements (Continued)****38.18 Lease Contracts****Finance Lease Contracts**

A leased asset is recognized in the company's assets, also recognize a liability that represents the present value of the unpaid finance lease installments in the company's liability.

**Finance Lease Contracts (Sell And Lease Back)**

If the entity (the lessee) transfers the asset to the other entity (the lessor) and leased back the asset, the entity must determine whether the asset is being accounted for sales transaction or not, in case of not being sales transaction the lessee must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer.

**Operating Lease Contracts**

Leases are classified as operating leases. Payments in respect of operating leases are charged to statement of income as expenses payments in on a straight-line basis over the lease term. (Net of value of any lease discount incentive and rent-free periods).

**38.19 Earnings Per Share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

**38.20 Income Tax**

Income tax on the profit or loss for the period comprises current income tax and deferred tax. Income tax is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income, using tax rates enacted or substantially enacted at consolidated financial position date.

Deferred tax is provided using the financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized during the upcoming periods.

**38.21 Grants Related To Assets**

Grants related to fixed assets are recognized as deferred income and are recognized as income in accordance with the terms of the grant. Deferred income balance is presented in long-term liabilities after deduction of deferred income due during the period, which is shown under current liabilities.

**38.22 Employee Benefits**

The company contributes inside Egypt in Social Insurance under the Social Insurance Authority for the benefits of its personnel in pursuance to the Social Insurance Authority law No. 79 of 1975 and its amendments. These contributions recorded in the 'salaries and wages' accounts, in addition to end of service benefits as shown in note no.(10).

**38.23 Financial Risk Management**

The Group has exposure to the following risks from its use of financial instruments:

- \* Credit risk
- \* Liquidity risk
- \* Market risk

This note presents information about the Group's exposure to each of the above risks, the Group objectives, policies and processes for measuring and managing risks, and the Group management of capital. Further quantitative disclosures are included throughout these Consolidated Interim Financial Statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group risk management framework.

The Group risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**38. Significant Accounting Policies For The Consolidated Interim Financial Statements (Continued)****38.23 Financial Risk Management (Continued)****38.23.1 Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss.

This risk is mainly resulting from the Group's trade and other debtors.

- **Trade Receivable & Other Debtors**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk has less of an influence on credit risk.

Most of Group's revenue is represented in sales transaction with many customers with close values for each customer, hence, there is no concentration of credit risk on specific customers.

- **Cash & Cash Equivalents**

Credit risk relating to cash and cash equivalents - except cash on hand - and financial deposits arises from the risk that the counterparty becomes insolvent and accordingly is unable to return the deposited funds. To mitigate this risk, whenever possible, the Group conducts transactions and deposits funds with financial institutions with high investment grade.

**38.23.2 Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that the sufficient cash on demand to meet expected operational expenses for a suitable period, including the service of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

**38.23.3 Market Risk**

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

- **Currency Risk**

The Group is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of the Group, primarily the U.S. Dollars (USD) and Euro. In respect of monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level through purchase or sale of the foreign currencies with current prices when that is necessary to face un-balanced short term.

- **Interest Rate Risk**

The Group is exposed to market risks as a result of changes in interest rates particularly in relation to borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The basic strategy of interest rate risk management is to balance the debt structure with an appropriate mix of fixed and floating interest rate borrowings based on the Group's perception of future interest rate movements.

- **Other Market Prices Risk**

This risk arises from changes in the price of available-for-sale investments held by the Group, the Group's management monitors the equity instruments in the investments' portfolio according to the market and objective valuation of the financial statements related to these shares. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximize investment returns and the management consults external advisors in this regard.

**38.23.4 Capital Management**

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Boards of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, the Board also monitors the level of dividends paid to shareholders. There were no changes in the Group's approach to capital management during the period. The Group is not subject to externally imposed capital requirements.



## 39- New Editions &amp; Amendments to Egyptian Accounting Standards

On 6 March 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian accounting standards, and on 3 March 2024, another decision was issued by the Prime Minister No. (636) of 2024 amending some other provisions of the Egyptian accounting standards, and the following is a summary of the most important of those amendments:

New / Amended	Summary Of The Most Significant Amendments	Impact On The Financial Statements	Effective Date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets" and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	<p>1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <ul style="list-style-type: none"> <li>- This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows:</li> <li>- Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors".</li> <li>- Egyptian Accounting Standard No. (24) "Income Taxes"</li> <li>- Egyptian Accounting Standard No. (30) "Financial Reporting"</li> <li>- Egyptian Accounting Standard No. (31) "Impairment of Assets"</li> <li>- Egyptian Accounting Standard No. (49) "Leasing Contracts"</li> </ul> <p>2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets" have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested.</p> <p>The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented.</p> <p>The Company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the Company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented.</p>	The change doesn't have an impact on the financial statement.	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the Company applies this model for the first time.</p> <p>These amendments are effective for annual financial periods starting on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the Company applies this treatment for the first time.</p>

New Or Reissued Standards	Summary Of The Most Significant Amendments	Impact On The Financial Statements	Effective Date
Egyptian Accounting Standard No. (34) amended 2023 "Investment property".	<p>1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property.</p> <p>2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements"</li> <li>- Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors".</li> <li>- Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates"</li> <li>- Egyptian Accounting Standard No. (24) "Income Taxes"</li> <li>- Egyptian Accounting Standard No. (30) "Financial Reporting "</li> <li>- Egyptian Accounting Standard No. (31) "Impairment of Assets"</li> <li>- Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations"</li> <li>- Egyptian Accounting Standard No. (49) "Leasing Contracts".</li> </ul>	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement.	The amendments of adding the option to use the fair value model are effective for financial periods starting <u>on or after January 1, 2023 retrospectively</u> , cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the Company applies this model for the first time.
Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"	<p>1- This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets.</p> <p>2-The Company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.</p>	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement.	The amendments of adding the option to use the revaluation model are effective for financial periods starting <u>on or after January 1, 2023, retrospectively</u> , cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the Company applies this model for the first time.

New Or Reissued Standards	Summary Of The Most Significant Amendments	Impact On The Financial Statements	Effective Date
Egyptian Accounting Standard No. (35) amended 2023 "Agriculture".	This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets " was amended accordingly).	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement.	These amendments are effective for annual financial periods starting <b><u>on or after January 1, 2023 retrospectively</u></b> , cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be <b>added to the balance of retained earnings or losses at the beginning of the financial period in which the Company applies this treatment for the first time.</b>
Egyptian Accounting Standard No. (50) "Insurance Contracts".	<p>1-This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the Company provides appropriate information that truthfully reflects those contracts. This information provides users of financial statements with the basis for assessing the impact of 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 to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</p> <p>4-The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows:</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (10) "Fixed Assets ".</li> <li>- Egyptian Accounting Standard No. (23) "Intangible Assets".</li> <li>- Egyptian Accounting Standard No. (34) " Investment property ".</li> </ul>	This doesn't apply to the company's financial statements.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting <b><u>on or after July 1, 2024</u></b> , and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the Company should disclose that fact.

New Or Reissued Standards	Summary Of The Most Significant Amendments	Impact On The Financial Statements	Effective Date
Egyptian Accounting Standard No. (34) amended 2024 "Investment Property"	The Egyptian Accounting Standard No.(34) "Investment Property" was reissued in 2024, to amend the fair value application mechanism by the mandate of recognizing the gain or loss arising from the change in the fair value of the investment property in the statement of profit or loss for the period in which the 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.	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement.	The amendments to the amendment of addition of the option to use the fair value model apply to financial periods commencing on or after <b>January 1, 2024</b> with early adaption allowed retrospectively by recognizing the cumulative impact of the application of the fair value model initially by adding it to the opening balance of retained earnings/losses as 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 "Separate Financial Statements"	Egyptian Accounting Standard No. (17) "Separate Financial Statements" was reissued in 2024, adding the option to use <u>the equity method</u> as described in Egyptian Accounting Standard No. (18) "Investments in Sister Companies" when accounting for investments in associates, sister companies and jointly controlled companies.	Management is currently studying the possibility of changing the accounting policy followed and instead use the equity method to account for investments in subsidiaries, associated companies and jointly controlled companies, and assessing the potential impact on the financial statements if this method has been used.	The amendments shall apply to financial periods commencing on or after <b>January 1, 2024</b> with early adaption allowed retrospectively by recognizing the cumulative impact of the application of the equity method by adding it to the opening balance of retained earnings/losses as at the beginning of the financial period in which the Company applies this method for the first time.
Egyptian Accounting Standard No. (13) amended 2024 "Effects of changes in foreign exchange rates"	This standard was reissued in 2024, to add how to determine the spot exchange rate when exchange between two currencies is difficult and what are the conditions that must be met for determining the spot exchange rate at the measurement date. An appendix to the application guidelines has been added, which includes guidelines for assessing whether a currency is exchangeable for another currency, and guidelines for applying the required treatments in case of non-exchangeability.	The Company has assessed the impact of applying the amendments of this standard on its financial statements.	Amendments regarding the determination of spot exchange rate when it is difficult to exchange between two currencies is applicable to financial periods commencing on or after January 1, 2024 with early adaption allowed. If the entity made an early application, this has to be disclosed. Entity shall not be modifying comparative information and instead should: · When the entity reports foreign currency transactions to its functional currency, any effect of the initial application is recognized as an adjustment to the opening balance retained earnings/losses on the date of initial application. · When an entity uses presentation currency different than its functional currency or translates the results and balances of foreign operation, the resulting differences and financial position of a foreign transaction, any effect of the initial application is recognized as an adjustment to the cumulative translation adjustment reserve - accumulated in equity section on the date of initial application

New Or Reissued Standards	Summary Of The Most Significant Amendments	Impact On The Financial Statements	Effective Date
			A temporary additional choice has been placed which enables entities with foreign currency liabilities in the date of exchange rate modifications related to fixed assets and/or Real estate and/or intangible assets (except: goodwill) and/or exploration assets and/or right of use assets of lease contracts acquired before the date of exchange rate modifications which still exist and operate and the entity recognizes the debit foreign differences resulting from the paid part of these liabilities during the financial period to implement this special accounting treatment. In addition to currency difference resulting from translating the remaining balance of these liabilities at the end of day 6/3/2024 or at the end of the financial statements closing day date if previously used during these dates and included in the cost of these assets .
Accounting Interpretation No. (2) "Carbon Reduction Certificates"	<p>Carbon Credits Certificates: Are financial instruments subject to trading that represent units for reducing greenhouse gas emissions. Each unit represents one ton of equivalent carbon dioxide emissions, and are issued in favor of the reduction project developer (owner/non-owner), after approval and verification in accordance with internationally recognized standards and methodologies for reducing carbon emissions, carried out by verification and certification bodies, whether local or international, registered in the list prepared by the Financial Regulatory Authority "FRA" for this purpose. Companies can use Carbon Credits Certificates to meet voluntary emissions reduction targets to achieve carbon trading or other targets, which are traded on the Voluntary Carbon Market "VCM".</p> <ul style="list-style-type: none"> <li>- Accounting treatments vary according to the nature of the arrangement and the commercial purpose of purchasing or issuing certificates by project developers. Therefore, companies must identify the facts and understand the difference circumstances to determine the appropriate accounting treatment and the accounting standard that must be applied.</li> <li>- The interpretation addresses the accounting treatment of different cases in terms of initial measurements and subsequent measurement, exclusion from the books, and necessary disclosures.</li> </ul>	The management is currently studying the financial implications of applying the accounting interpretation to the Company's financial statements.	The application starts on or after the first of January 2025, early adaption is allowed.