Ezz Steel Company (SAE)

Consolidated Financial Statements For The Year ended December 31, 2023

&

Auditor Report

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Independent Auditor's Report On Consolidated Financial Statements

TO: THE SHAREHOLDERS OF EZZ STEEL (S.A.E)

Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ezz Steel Company (S.A.E), which are represented in the consolidated statement of financial position in December 31, 2023, as well as the consolidated statements of income and other comprehensive income, the changes in equity and the consolidated cash flows for the financial year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility For The Consolidated Financial Statements

These consolidated financial statements are the responsibility of the company's management, as the management is responsible for preparing and presenting the consolidated financial statements in a fair and clear presentation in accordance with Egyptian accounting standards and in light of the Egyptian laws in force. Significant and effective misstatements, whether resulting from fraud or error, and this responsibility includes selecting and applying appropriate accounting policies and making accounting estimates appropriate to the circumstances.

Auditor's Responsibility

Our responsibility is limited to expressing an opinion on these consolidated financial statements in the light of our review of them. We have been audited in accordance with the Egyptian auditing standards and in light of the Egyptian laws in force. These standards require us to comply with the requirements of professional conduct and to plan and perform the audit to obtain appropriate assurance that the financial statements are free from any errors. important and influential.

The audit includes performing procedures to obtain audit evidence regarding values and disclosures in the consolidated financial statements. Internal control related to the entity's preparation of the consolidated financial statements and their fair and clear presentation in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the efficiency of the internal control in the entity. in which the consolidated financial statements are presented.

We believe that the audit evidence that we have obtained is sufficient and appropriate and is an appropriate basis for expressing our opinion on the consolidated financial statements.

Our Opinion

In our opinion, the consolidated financial statements referred to above express fairly and clearly, and in all their important aspects, the financial position of Ezz Steel Company (S.A.E) on December 31, 2023 and its financial performance and cash flows for the financial year ending on that date, in accordance with Egyptian accounting standards In light of the Egyptian laws and regulations related to the preparation of these consolidated financial statements.

Emphasis Of Matters

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

1- Note No. (1-3) in the notes to the Consolidated Financial Statements, Al Ezz Flat Steel company (EFS) 'a subsidiary company' achieved a net profit of EGP 2.5 Billion for the year ended December 31, 2023, which led to an decrease in the total retained losses until December 31, 2023 to EGP 5.1 Billion. Further to this, Al Ezz Rolling Mills Company (ERM) 'a subsidiary company' has incurred a retained losses balance of EGP 2.2 Billion for the year ended December 31, 2023, which increased the company's total retained losses to EGP 8.9 billion; the company's deferred tax asset at yearned amounted to EGP 1.3 billion.

   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.

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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- Note No. (36-3) in the notes to the consolidated financial statements; Al Ezz Dekheila Steel- Alexandria Company (SAE) one of the company's subsidiaries was delisted from the Egyptian Stock Exchange on October 4, 2023. Its share capital amounted to EGP 1.9 billion distributed over 19 million shares with a par value of EGP 100 per share. On December 28, 2023 the company transferred EGP 8.7 billion to Hermes Securities Brokerage for the purchase of 6.9 million treasury stocks with a value of EGP 1,250 per stock. The transaction was finalized on October 2, 2023.

4- Note No. (36-1) in the notes to the financial statements; the current global and local economic conditions and the geopolitical risks and their consequences are detailed in this note along with the Central Bank of Egypt's recent monetary policy decisions. Our opinion is not modified in respect of this matter.

Report On Other Legal & Regulatory Requirements

The company holds treasury shares acquired more than a year ago with a value of EGP 10.4 million; this is in violation of Article No. 48 Of Companies Law No. 159 For The Year 1981, which stipulates that the company must dispose of treasury shares within one year from the date of purchasing them; if they are not disposed within a year of the acquisition date then the company's capital should be reduced by the par value of the treasury shared acquired.

The company keeps proper financial accounts include all that is required by law to be recorded therein and the accompanying financial statements are agreed with what was recorded in those accounts. The company also applies a costing system that meets its purpose, and the inventory has been physically counted by the company's management in accordance with the observed principles.

The financial information included in the Board of Director's report, is in compliance with the Companies Law No. (159) of the year 1981 and its executive regulations and is in agreement with the company's books of account.

Cairo, Egypt
April 8, 2024

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

Consolidated Statement Of Financial Position

	Note	31/12/2023	31/12/2022
		EGP	EGP
Non-Current Assets			
Fixed Assets	(11)	25 078 022	22 077 532
Projects Under Construction	(13)	2 147 541	3 272 036
Financial Assets At Fair Value Through OCI	(14)	2 499 985	2 504 081
Goodwill & intangible Assets	(15)	385 772	405 010
Deferred Tax Assets	(29-1)	5 998 933	1 785 385
Total Non-Current Assets		**36 110 253**	**30 044 044**
Current Assets			
Inventories	(16)	19 669 508	8 902 288
Trade Receivable & Debtors - Other Debit Balances	(17)	24 427 832	13 499 729
Investments In Treasury Bills	(38-7)	1 037 392	518 189
Cash & Cash Equivalents	(19)	32 125 539	13 249 886
Total Current Assets		**77 260 271**	**36 170 092**
Total Assets		**113 370 524**	**66 214 136**
Shareholders' Equity			
Issued & Paid - Up Capital	(20-2)	2 716 325	2 716 325
Reserves	(21)	182 090	182 090
Modification Surplus Of Fixed Assets	(12)	1 117 732	1 225 774
Retained (Losses)		(8 111 241)	(8 100 638)
Treasury Stocks	(22)	(82 302)	(82 302)
Deficit In Holding Company Shareholders' Equity		**(4 177 396)**	**(4 058 751)**
Non-Controlling Interest		5 473 657	6 085 266
Total Shareholders' Equity		**1 296 261**	**2 026 515**
Liabilities			
Non-Current Liabilities			
Long-Term Loans	(26)	24 743 415	15 561 212
Long-Term Liabilities	(28)	3 408 469	3 314 189
Finance Lease Liabilities	(27)	121 960	209 159
Deferred Tax Liabilities	(29-1)	4 143 743	3 942 682
Total Non-Current Liabilities		**32 417 587**	**23 027 242**
Current Liabilities			
Banks - Overdraft	(19)	4 326 392	638 717
Credit Facilities & Loan Installments Due Within One Year	(26)	40 550 919	16 981 569
Finance Lease Liabilities Due Within One Year	(27)	90 145	83 302
Trade Payable & Creditors & Other Credit Balances	(23)	30 026 857	20 130 360
Income Tax Liabilities		3 712 074	2 444 108
Provisions	(25)	950 289	882 323
Total Current Liabilities		**79 656 676**	**41 160 379**
Total Liabilities		**112 074 263**	**64 187 621**
Total Shareholder's Equity & Liabilities		**113 370 524**	**66 214 136**

- The accompanying notes and accounting policies are an integral part of these Consolidated financial statements and are to be read therewith.
- Auditor Report attached.
- Date: April 8, 2024

Managing Director
Mr. Hassan Ahmed Nouh

ezzsteel
Sadat City
شركة حديد عــز - ش.م.م
القطـاع المالـــى

Chairman
Acc./ Mamdouh Fakhr El Dien Hussein El Rouby

Consolidated Statement Of Income

All Amounts Are Shown In Thousands EGP	Note	2023	2022
		EGP,000	EGP,000
Sales (Net)	(38-17)	142 913 650	83 984 233
Less :			
Cost Of Sales	(3)	(103 608 177)	(65 206 255)
Gross Profit		**39 305 473**	**18 777 978**
Add / (Less):			
Other Operating Revenues	(4)	550 750	175 891
Selling & Marketing Expenses	(5)	(2 568 963)	(963 028)
General & Administrative Expenses	(6)	(2 580 812)	(1 742 647)
Other Operating Expenses	(7)	(1 066 212)	(901 199)
Operating Profit		**33 640 236**	**15 346 995**
Add / (Less):			
Financing Income	(8)	2 465 113	414 174
Financing Cost	(8)	(6 197 616)	(3 363 026)
Foreign Currency Exchange Losses	(8)	(30 891 091)	(3 472 150)
Net Finance Cost		**(34 623 594)**	**(6 421 002)**
Net (Loss) Profit For The year Before Income Tax		**(983 358)**	**8 925 993**
(Less)/Add:			
Income Tax		(3 745 659)	(2 484 140)
Deferred Tax	(29-2)	4 012 487	205 571
Total Incone Tax For The year		**266 828**	**(2 278 569)**
Net (Loss) Profit For The year After Tax		**(716 530)**	**6 647 424**
Attributable To:			
Owners Of The Holding Company		(113 036)	4 252 165
Non-Controlling Interest		(603 494)	2 395 259
		(716 530)	**6 647 424**
Basic / Diluted (Losses)/ Earnings Per Share For The year (EGP/Share)	**(9)**	**(0.21)**	**7.98**

- The accompanying notes and accounting policies are an integral part of these Consolidated financial statements and are to be read therewith.

Consolidated Statement Of Comprehensive Income

All Amounts Are Shown In Thousands EGP

	Note	2023	2022
		EGP,000	EGP,000
Net (Loss) Profit For The Year After Tax		**(716 530)**	**6 647 424**
(Less)/Add:			
Other Comprehensive Income Items			
Realized Portion Of Modification Surplus Of Fixed Assets (Transferred To Retained Losses During The year)	(12)	(166 801)	(169 527)
Actuarial (losses) / Earning From Pension Scheme		(4 133)	1 058
Total Comprehensive Income		**(887 464)**	**6 478 955**
Attributable To:			
Owners Of The Holding Company		(223 699)	4 142 928
Non-Controlling Interest		(663 765)	2 336 027
		(887 464)	**6 478 955**

- The accompanying notes and accounting policies are an integral part of these Consolidated financial statements and are to be read therewith.

Consolidated 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 / (Deficit In) Shareholders' Equity EGP,000
Balance At 1/1/2022	**2 716 325**	**182 090**	**1 335 620**	**(11 901 253)**	**(82 302)**	**(7 749 520)**	**4 162 472**	**(3 587 048)**
Comprehensive Income								
Net Profit For The year	--	--	--	3 681 852	--	3 681 852	2 026 611	5 708 463
Other Comprehensive Income								
Realized Portion Of Modification Surplus Of The Fixed Assets (Transferred To Retained Losses During The Year)	--	--	(109 846)	--	--	(109 846)	(44 768)	(154 614)
Actuarial Losses From Defined Benefits Pension Schemes	--	--	--	609	--	609	449	1 058
Total Comprehensive Income	--	--	**(109 846)**	**3 682 461**	--	**3 572 615**	**1 982 292**	**5 554 907**
Realized Portion Of Modification Surplus Of Fixed Asset (Transferred To Retained Losses During The Year)	--	--	--	**109 846**	--	**109 846**	**44 768**	**154 614**
Transactions With Company Shareholders								
The Non-Controlling Interest Share In the Company & Its Subsidaries For year 2021	--	--	--	(426 313)	--	(426 313)	(422 462)	(848 775)
The Share Of The Company And The Non-Controlling Interest In The Employees & Board Of Directors Dividends Of The Subsidiary Companies For Year 2021	--	--	--	(135 487)	--	(135 487)	(54 241)	(189 728)
The Non-Controlling Interest Share In Increasing The Capital Of Subsidiaries	--	--	--	--	--		3 000	3 000
Total Transactions With The Company Shareholders	--	--	**--**	**(561 800)**		**(561 800)**	**(473 703)**	**(1 035 503)**
Balance At 31/12/2022	**2 716 325**	**182 090**	**1 225 774**	**(8 670 746)**	**(82 302)**	**(4 628 859)**	**5 715 829**	**1 086 970**
Balance At 1/1/2023	**2 716 325**	**182 090**	**1 225 774**	**(8 100 638)**	**(82 302)**	**(4 058 751)**	**6 085 266**	**2 026 515**
Comprehensive Income								
Net Losses For The year	--	--	--	(113 036)	--	(113 036)	(603 494)	(716 530)
Other Comprehensive Income Items								
Realized Portion Of Modification Surplus Of The Fixed Assets (Transferred To Retained Losses During The Year)	--	--	(108 042)	--	--	(108 042)	(58 759)	(166 801)
Actuarial Gains From Defined Benefits Pension Schemes	--	--	--	(2 621)	--	(2 621)	(1 512)	(4 133)
Total Comprehensive Income	--	--	**(108 042)**	**(115 657)**	--	**(223 699)**	**(663 765)**	**(887 464)**
Realized Portion Of Modification Surplus Of The Fixed Assets (Transferred To Retained Losses During The year)	--	--	--	**108 042**	--	**108 042**	**58 759**	**166 801**
Transactions With Company's Shareholders								
Dividends To Shareholders Of The Company & Its Subsidiaries For The Year 2022	--	--	--	--	--	--	(4 386)	(4 386)
Shareholders Of The Holdings Company & Non-Controlling Interest Share In The Employee & Boards Of Directors Dividends Paid By The Company & Its Subsidiaries For Year Ended 2022	--	--	--	(2 988)	--	(2 988)	(2 217)	(5 205)
Total Transactions With The Company Shareholders	--	--	--	**(2 988)**	--	**(2 988)**	**(6 603)**	**(9 591)**
Balance At 31/12/2023	**2 716 325**	**182 090**	**1 117 732**	**(8 111 241)**	**(82 302)**	**(4 177 396)**	**5 473 657**	**1 296 261**

- The accompanying notes and accounting policies are an integral part of these Consolidated financial statements and are to be read therewith.

Consolidated Statement Of Cash Flows

All Amounts Are Shown In Thousands EGP

	Note	31/12/2023	31/12/2022
		EGP,000	EGP,000
Cash Flows From Operating Activities			
Net Profit For The year Before Income Tax		(983 358)	8 925 993
Adjustments To Reconcile Net Profit To Net Cash Provided By (Used In) Operating Activities			
Depreciation	(11-1)	1 579 747	1 444 965
Amortization Of Other Intangible Assets	(15)	19 447	18 223
Amortization Of Accrued Interest On Treasury Bills		(149 090)	(35 728)
Capital Losses	(7)	6	490
Impairment Loss On Assets	(7)	25 080	35 164
Decreasing On inventories	(7)	20 494	45 000
Interest & Finance Costs	(8)	6 197 616	3 363 026
Provisions Formed During The year	(7)	88 558	228 817
Differences Of Changing In Liability Of The Supplementary Pension Scheme	(24)	35 202	48 352
Foreign Currency Exchange Differences		27 629 578	4 109 410
		34 463 280	**18 183 712**
Changes In:			
Inventories		(10 787 713)	571 666
Trade Receivables & Other Debit Balances		(958 387)	(2 502 480)
Trade Payables & Other Credit Balances		1 104 229	6 787 110
Liability Of The Supplementary Pension Scheme		(16 753)	(11 913)
Cash Flows Provided By Operating Activities		**23 804 656**	**23 028 095**
Finance Interests Paid		(5 576 833)	(3 212 815)
Income Tax Paid		(1 984 081)	(200 880)
Used Provisions		(20 592)	(26 271)
Dividends Paid To Employees & Board Of Directors		(30 623)	(191 699)
Net Cash Flows Provided By Operating Activities		**16 192 527**	**19 396 430**
Cash Flows From Investing Activities			
Payments For Purchase Of Fixed Assets & Projects Under Construction		(3 456 121)	(2 090 218)
Proceeds From Sale Of Fixed Assets		166	146
Payments For Installments To Purchase Investments		(624 980)	(1 247 001)
Proceeds From Retrieval Of Investments		7 562	--
Proceeds From Investmtal Funds		13 000	--
Proceeds From Retrieval Of Financial Investments (Treasury Bills)		2 071 975	541 900
Payments For Purchase Of Financial Investments (Treasury Bills)		(2 455 088)	(892 099)
Net Cash Flows (Used In) Investing Activities		**(4 443 486)**	**(3 687 272)**
Cash Flows From Financing Activities			
(Payments) / Proceeds From/(To) Credit Facilities		9 782 701	(601 427)
(Payments) / Proceeds From/(To) Loans & Other Liabilities		686 827	(4 786 610)
Finance Lease Payments		(80 356)	(72 071)
Payment To Purchase NCI In Subsidiary		(8 705 858)	--
Change In Time-Deposits & Restricted Current Accounts		(5 039 872)	(965 149)
Paid Dividends To The Shareholders & Non-Controlling Interest		(4 385)	(848 775)
Net Cash Provided By (Used In) Financing Activities		**(3 360 943)**	**(7 274 032)**
Change In Cash And Cash Equivalents During The year		**8 388 098**	**8 435 126**
Foreign Currency Exchange Differences For Cash & Cash Equivalents		1 760 008	--
Cash & Cash Equivalents At The Beginning Of The year	(19)	11 513 961	3 078 835
Cash & Cash Equivalents At The End Of The year	(19)	**21 662 067**	**11 513 961**

- The accompanying notes and accounting policies are an integral part of these Consolidated financial statements and are to be read therewith.

Notes To The Consolidated 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 Activites & 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 Financial Statements:

	31/12/2023 Shareholding %	31/12/2022 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,000 8.111 Billion as of December 31, 2023 included in company's Consolidated statement of financial position, also the Shareholder's Equity amounted to EGP,000 1.3 Billion at that date, as Al Ezz Flat Steel company (EFS) -subsidiary company- achieved a net profit of EGP,000 2.5 Billion for The Year ended December 31, 2023, which led to a decrease in the total retained losses until December 31, 2023 to EGP,000 5.1 Billion, Also Al Ezz Rolling Mills company (ERM) -subsidiary company - has achieved a net loss of EGP,000 2.2 Billion for The Year ended December 31, 2023, which led to a increase in the total retained losses until December 31, 2023 to EGP,000 8.9 Billion, which deferred tax asset was recognized for it at that date with an amount of EGP,000 1.3 Billion. 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 Financial Statements

- These Consolidated Financial Statements were approved by the company's BOD for issuance on December 7, 2023.

2. Basis For The Preparation Of The Consolidated Financial Statements

2.1 Statement Of Compliance

These Consolidated 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 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. 39-2).

2.3 Functional & Presentation Currency

These Consolidated Financial Statements are presented in thousands of Egyptian pounds

2.4 Use Of Estimates & Judgments

The preparation of the Consolidated 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 Financial Statements (Continued)

2.6 Basis Of Consolidation

- The Consolidated 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 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 Financial Statements. Non-controlling share in profits and losses of the subsidiary companies are included in a separate line item in the Consolidated 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	2023	2022
		EGP,000	EGP,000
Raw Materials		79 525 897	44 452 101
Salaries & Wages		3 397 531	2 641 201
Fixed Assets Depreciation	(11-1)	1 555 414	14 18 768
Other Assets Amortization	(15-2)	5 123	5 123
Supplementary Pension Scheme Cost		27 515	38 056
Manufacturing Overhead Expenses		24 470 681	16 003 683
Manufacturing Cost		**108 982 161**	**64 558 932**
Change In Inventory–Finished Products And Work In Process		(5 373 984)	647 323
Total Cost Of Sales		**103 608 177**	**65 206 255**

4. Other Operating Revenues

	2023	2022
	EGP,000	EGP,000
Scrap Sales	239 662	123 638
Other Operating Revenues	311 088	52 253
Total Other Operating Revenues	**550 750**	**175 891**

5. Selling & Marketing Expenses

	Note	2023	2022
		EGP,000	EGP,000
Salaries & Wages		169 707	134 231
Advertising Expenses		679 647	120 192
Fixed Assets Depreciation	(11-1)	593	599
Supplementary Pension Scheme Cost		1945	2 691
Export Expenses		1 453 347	541 868
Other Expenses		263 724	163 447
Total Selling & Marketing Expenses		**2 568 963**	**963 028**

6. Administrative & General Expenses

	Note	2023 EGP,000	2022 EGP,000
Salaries & Wages		1 220 920	1 014 940
Spare Parts And Maintenance Expenses		30 364	10 754
Fixed Assets Depreciation	(11-1)	23 740	25 598
Intangible Assets Amortization		14 324	13 100
Supplementary Pension Scheme Cost		5 741	7 673
Other Expenses		1 285 723	670 582
Total Administrative & General Expenses		**2 580 812**	**1 742 647**

7. Other Operating Expenses

	Note	2023 EGP,000	2022 EGP,000
Donations		814 170	527 851
Impairment Of Assets		25 080	35 164
Provision For Slow-Moving inventory		20 494	45 000
Provisions Formed During The Year	(27)	88 558	228 817
Capital Loss		6	490
Other Expenses		117 904	63 877
Total Other Operating Expenses		**1 066 212**	**901 199**

8. Finance Income & Cost

	2023 EGP,000	2022 EGP,000
Finance & Interest Income	2 465 113	414 174
Interest & Finance Cost	(6 197 616)	(3 363 026)
Foreign Currency Exchange Differences Losses	(30 891 091)	(3 472 150)
Net Finance Costs	**(34 623 594)**	**(6 421 002)**

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

	2023	2022
Owners Of The Company Share		
Net (Losses) Profit For The Year (EGP,000)	(113 036)	4 252 165
Weighted Average Number Of Outstanding Shares During The Year (Share)*	532 891 832	532 891 832
Basic And Diluted (Losses) Earnings Per Share For The Year (EGP/ Share)	**(0.21)**	**7 .98**

* The 910,481 treasury shares were deducted from the weighted average shares outstanding used in calculating the earnings per basic and diluted shares above for the year ended on December 31, 2023 as per Note No. 23 in the notes to the separate financial statements.

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 Year ended December 31, 2023 amounted to EGP,000 67 601 K has been included in salaries and wages in the statement of income (against EGP,000 58 389 K For The year Ended December 31, 2022).

11. Fixed Assets

	Land	Buildings	Machinery & Equipment	Vehicles	Furniture & Office Equipment
	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000
Cost:					
At January 1, 2022	**782 141**	**10 021 982**	**36 079 232**	**308 903**	**359 552**
Additions During The year	2,603.00	12 371	317 877	-	35 721
The Effects Of Changes in Foreign Currency Exchange Rates	-	-	994 414	-	-
Disposals During The year	-	-	(26 481)	(954)	(1 107)
At December 31, 2022	**784 744**	**10 034 353**	**37 365 042**	**307 949**	**394 166**
At January 1, 2023	**784 744**	**10 034 353**	**37 365 042**	**307 949**	**394 166**
Reclassification	-	-	(6 455)	6 814	79
Additions During The year	-	16 354	4 435 470	1 573	54 614
Disposals During The year	-	(209)	(185 684)	(1 137)	(11 577)
At December 31, 2023	**784 744**	**10 050 498**	**41 608 373**	**315 199**	**437 282**
Accumulated Depreciation:					
At January 1, 2022	-	**3 332 358**	**21 615 152**	**299 750**	**270 565**
Depreciation For The year	-	228 042	1 152 841	5 349	27 346
Accumulated Depreciation Of Disposals	-	-	(25 844)	(954)	(1 107)
At December 31, 2022	-	**3 560 400**	**22 742 149**	**304 145**	**296 804**
At January 1, 2023	-	**3 560 400**	**22 742 149**	**304 145**	**296 804**
Reclassification			(5 416)	5 775	79
Depreciation For The year	-	226 467	1 282 583	3 270	27 979
Accumulated Depreciation Of Disposals	-	209	(185 566)	(1 137)	(11 577)
At December 31, 2023	-	**3 787 076**	**23 833 750**	**312 053**	**313 285**
Carrying Amount:					
At December 31, 2022	**784 744**	**6 473 953**	**14 622 893**	**3 804**	**97 362**
At December 31, 2023	**784 744**	**6 263 422**	**17 774 623**	**3 146**	**123 997**
Fixed Assets Fully Depreciated & Still In Use At December 31, 2023	-	**598 319**	**3 176 099**	**298 286**	**204 663**

11. Fixed Assets (Continued)

- The land item includes a piece of land with a total area of 928000 M^2 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	31/12/2023	31/12/2022
		EGP,000	EGP,000
Cost Of Sales	(3)	1 555 414	1 418 768
Selling & Marketing Expenses	(5)	593	599
Administrative & General Expenses	(6)	23 740	25 598
		1 579 747	**1 444 965**

11.2 Leased Fixed Assets:

Fixed assets include leased assets as of December 31, 2023 as follows:

	Cost At 31/12/2023	Accumulated Depreciation At 31/12/2023	Net At 31/12/2023	Net At 31/12/2022
	EGP,000	**EGP,000**	**EGP,000**	**EGP,000**
Land *	70 000	-	70 000	70 000
Building **	145 000	27 792	117 208	120 833
	215 000	**27 792**	**187 208**	**190 833**

* 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,000 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 year 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)
Net Modification Surplus Of Fixed Assets After Income Tax	**3 110 691**
Recognized Portion Till December 31, 2022	(1 210 522)
Net Modification Surplus Of Fixed Assets At December 31, 2022	**1 900 169**
Recognized Portion During The Year ended December 31, 2023	(166 801)
Net Modification Surplus Of Fixed Assets At December 31, 2023	**1 733 368**
Attributable To:	
Owners Of The Holding Company	1 117 732
Non-Controlling Interest	615 636
	1 733 368

13. Projects Under Construction

	31/12/2023	31/12/2022
	EGP,000	EGP,000
Constructions Expansion	34 906	15 729
Machinery Under Installation	248 026	3 232 999
Expansion license	1 820 000	-
Advance Payments For Purchase Of Fixed Assets	43 246	21 945
Other	1 363	1 363
Total Projects Under Construction	**2 147 541**	**3 272 036**

14. Financial Assets At Fair Value Through OCI

	31/12/2023	31/12/2022
	EGP,000	EGP,000
- Egyptian German Co. For Flat Steel Marketing (Franco) (L.L.C) (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
- Atlantic Pacific Transport Ltd. (5% Owned By Iron For Industrial, Trading And Constructing Steel Company (Contra Steel)).*	-	4 016
	2 504 419	**2 508 435**
Less:		
Impairment Loss In Investments (Note No.18)	4 434	4 354
	2 499 985	**2 504 081**

* On September 5, 2022, the General Assembly of Atlantic Pacific Shipping and Trade Company - a subsidiary company - decided to liquidate the company and appoint a liquidator for the company in accordance with the provisions of Law 159 of 1981, and the full value of the investment in US dollars was recovered on March 13, 2023.

15. Goodwill & Other Intangible Assets

	Note	31/12/2023	31/12/2022
		EGP,000	EGP,000
Goodwill	(38-8)	315 214	315 214
Software programs	(15-1)	50 068	64 183
Production license	(15-2)	20 490	25 613
		385 772	**405 010**

15-1 Software Programs

	Note	31/12/2023	31/12/2022
		EGP,000	EGP,000
Cost As At Begging Of The Year		135 504	134 660
Additions		209	844
Cost As At End Of The Year		**135 713**	**135 504**
Accumulated Amortization As At Begging Of The Year		71 321	58 221
Amortization During The Year	(6)	14 324	13 100
Accumulated Amortization As At End Of The Year		85 645	71 321
Net Book Value		**50 068**	**64 183**

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:

	31/12/2023	31/12/2022
	EGP,000	EGP,000
Cost At January 1, 2023	25 613	30 736
(Less):		
Amortization For The Year	(5 123)	(5 123)
Net At December 31, 2023	**20 490**	**25 613**

16. Inventories

	31/12/2023	31/12/2022
	EGP,000	EGP,000
Raw Materials And Supplies	7 126 781	4 275 038
Spare Parts And Supplies	3 560 447	2 326 617
Work In Process	1 800 590	533 249
Finished Products	5 852 258	1 745 615
Goods In Transit	961 136	3 785
Letters Of Credit	548 905	178 099
Total Inventories	**19 850 117**	**9 062 403**
Provision for Slow-Moving Inventory	(180 609)	(160 115)
Total Inventories	**19 669 508**	**8 902 288**

17. Trade Receivable & Debtors & Other Debit Balances

	Note	**31/12/2023**	31/12/2022
		EGP,000	EGP,000
Trade Receivables		2 485 201	2 029 061
Notes Receivable		727 998	4 642 084
Suppliers - Advance Payments		1 216 896	583 598
Deposits With Others		1 910 756	1 328 660
Tax Authority		2 881 049	1 711 268
Tax Authority – Vat		2 275 003	992 903
Customs Authority		1 394 726	366 811
Accrued Revenues		24 541	988
Prepaid Expenses		39 823	29 835
Employees' Loans And Advance Payments Due Within A Year		140 595	67 167
Letters Of Credit Cash Margin		36 804	598 243
Letters Of Guarantee Cash Margin		135	165
Due From Related Parties	(30-2)	936 829	37 795
Treasury shares purchasing debtors – Hermes	(36 -2)	8 705 858	-
Advance Payment Under The Account Of Employees' Dividends		59 522	34 099
Other Debit Balances*		1 788 042	1 247 998
		24 623 778	**13 670 675**
Less:			
Impairment Loss On Debtors & Other Debit Balances	(18)	(195 946)	(170 946)
Total Debtors & Other Debit Balances		**24 427 832**	**13 499 729**

* The other debit balances item includes an amount of EGP,000 49.5 Million represents 15% of the license related to the second production line which Ezz Rolling Mills Company- a subsidiary company- paid on February 2012.

18. Impairment Loss On Assets

	Note No.	31/12/2022 EGP,000	**31/12/2023 EGP,000**	31/12/2022 EGP,000
Long Term Investments	(14)	4 354	80	4 434
Provision For Slow-Moving Inventory	(16)	160 115	20 494	180 609
Impairment Loss On Debtors & Other Debit Balances	(17)	170 946	25 000	195 946
		335 415	**45 574**	**380 989**

19. Cash & Cash Equivalents

	31/12/2023 EGP,000	31/12/2022 EGP,000
Banks - Time Deposits	480 982	67 115
Banks – Current Accounts	30 011 643	12 858 691
Cheques Under Collection	73 095	234 779
Cash On Hand	559 819	89 301
	32 125 539	**13 249 886**
Less:		
Banks – Overdraft	(4 326 392)	(638 717)
Restricted Time Deposits And Current Accounts Within The Credit Conditions Granted By The Bank For The Group Companies	(6 137 080)	(1 097 208)
Cash & Cash Equivalents In The Statement Of Cash Flows	**21 662 067**	**11 513 961**

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,000 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,000 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 31/12/2023 EGP,000	Shareholding On 31/12/2023 %	Shareholding On 31/12/2022 %
- Engineer / Ahmed Abd El Aziz Ezz	360 986 470	1 804 932 350	66.448	65.701
- 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	32.557
	543 265 027	**2 716 325 135**	**100**	**100**

21. Reserves

	31/12/2023 EGP,000	31/12/2022 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)
	182 090	**182 090**

* **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,000 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,000 10 381 K.

So, the total number of treasury shares becomes 10 373 195 shares with a total cost of EGP,000 82,302 K.

23. Trade Payable & Other Credit Balances

	Note	**31/12/2023**	31/12/2022
		EGP,000	EGP,000
Trade Payables		13 455 770	14 043 690
Notes Payable		7 462 421	689 195
Advanced From Customers		4 246 427	1 829 753
Accrued Interest		1 017 497	415 186
Accrued Expenses		3 068 967	2 097 304
Tax Authority		331 316	467 258
Performance Guarantee Retention		96 130	96 747
Dividends Payable		1 566	1 612
Due To Related Parties	(30-3)	12	56 596
Current Portion Of Employee Benefit Obligation	(24)	32 344	26 715
Other Credit Balances		314 407	406 304
Total Creditors & Other Credit Balances		**30 026 857**	**20 130 360**

24. Liability Of The Supplementary Pension Scheme

The cost of the supplementary pension scheme during The Year ended December 31, 2023 amounted to EGP,000 35.2Million charged to the Consolidated financial statement according to the actuary's report issued annually.

	Note	**31/12/2023**	31/12/2022
		EGP,000	EGP,000
Balance At The Beginning Of January		**219 790**	**246 343**
Add:			
Present Service Cost		2 312	16 705
Return Cost		32 890	31 715
Amounts Recognized In The Consolidated Statement Of Income		**35 202**	**48 420**
		254 992	**294 763**
Actuarial Profits From The Defined Benefits Pension Scheme		4 133	(1 058)
Employees benefits (under reconciliation)		-	(61 933)
Employees Paid Subscriptions During The year		7 167	7 368
		266 292	**239 140**
Less:			
Paid Pensions During The Year		(24 263)	(19 350)
Total Liabilities Of Supplementary Pension Scheme		**242 029**	**219 790**
Distributed As Follows:			
Included In Current Liabilities	(23)	32 344	26 715
Included In Long-Term Liabilities	(28)	209 685	193 075
		242 029	**219 790**

25. Provisions

	1/1/2023	Formed During The Year	Used During The Year	31/12/2023
	EGP,000	EGP,000	EGP,000	EGP,000
Tax & Claims Provision	880 368	38 558	(20 592)	898 334
Employees Lawsuits Provision	1 955	50 000	-	51 955
Total Provisions	**882 323**	**88 558**	**(20 592)**	**950 289**

26. Loans & Credit Facilities

		Short Term	Long Term	Total
		EGP,000	EGP,000	EGP,000
Ezz Steel	Long Term Loans	363 974	-	363 974
	Credit Facilities	6 204 061	-	6 204 061
Al Ezz El Dekheila For Steel - Alexandria (Ezdk)	Long Term Loans	2 273 981	6 947 441	9 221 422
	Credit Facilities	19 629 629	14 419 025	34 048 654
Al Ezz Flat Steel (Efs)	Long Term Loans	1 179 989	-	1 179 989
	Credit Facilities	9 653 087	531 859	10 184 946
Al Ezz Rolling Mills Company (Erm)	Long Term Loans	1 051 446	2 845 090	3 896 536
	Credit Facilities	194 752	-	194 752
Total As Of 31/12/2023		**40 550 919**	**24 743 415**	**65 294 334**
Total As Of 31/12/2022		**16 981 569**	**15 561 212**	**32 542 781**

26.1 Ezz Steel Company (Holding Company)

On January 18, 2015, the company obtained a joint long term loan amounted to EGP,000 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 precautious 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,000 152 479 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,000 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.

26. Loans & Credit Facilities (Continued)

26.3 Al Ezz Flat Steel (Subsidiary)

- 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,000 10.184 Billion on 31/12/2023 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	
	31/12/2023	31/12/2022	**31/12/2023**	31/12/2022	**31/12/2023**	31/12/2022
	EGP,000	EGP,000	**EGP,000**	EGP,000	**EGP,000**	EGP,000
Due Within One Year	132 750	119 357	42 605	36 055	90 145	83 302
Add						
Long Term Liabilities	152 621	253 025	30 661	43 866	121 960	209 159
Total Finance Lease Liabilities	**285 371**	**372 382**	**73 266**	**79 921**	**212 105**	**292 461**

- 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 December 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 Capital Lease for a piece of land of the lands 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	31/12/2023	31/12/2022
		EGP,000	EGP,000
Notes Payable		16 195	580 654
Investment creditors (the rest of the investment dues in the Egyptian Steel Company)		-	624 980
Liability Of The Supplementary Pension Scheme	(24)	209 685	193 075
Lending From Others	(28-1)	1 705 966	915 604
Fixed Asset Purchase Creditors	(28-2)	1 476 623	999 876
Present Value For The Long-Term Liabilities		**3 408 469**	**3 314 189**

28.1 Al Ezz Flat Steel Company – (subsidiary company) borrowed USD 37 Million equivalent to EGP,000 1.706 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 Falt 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

	31/12/2023		31/12/2022	
	Assets	Liabilities	Assets	Liabilities
	EGP,000	EGP,000	EGP,000	EGP,000
Fixed Assets	-	(3 998 141)	-	(3 684 456)
Provisions & Assets Impairment	151 372	-	134 497	-
Finance Lease Liabilities	7 909	-	14 685	-
Tax Losses*	1 328 040	-	1 054 216	-
Losses (Gain) From Foreign Currency Translation	4 511 612	(306)	581 987	-
Tax On Unpaid Dividends	-	(145 296)	-	(258 226)
	5 998 933	**(4 143 743)**	**1 785 385**	**(3 942 682)**
Net Deferred Tax Asset (Liability)	**1 855 190**			**(2 157 297)**

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

	31/12/2023	31/12/2022
	EGP,000	EGP,000
Net Deferred Tax	1 855 190	(2 561 903)
Less/ (Add):		
Previously Charged Deferred Tax	(2 157 297)	(2 385 433)
Deferred Tax	**4 012 487**	**(176 470)**

29.3 Unrecognized Deferred Tax Assets

	31/12/2023	31/12/2022
	EGP,000	EGP,000
Impairment Loss On Receivables And Debtors	11 337	11 337
Provisions	127 629	132 341
Tax Losses	500 622	481 120
	639 588	**624 798**

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:

	Nature Of Transaction	Transaction Volume During The Year	Balance As Of 31/12/2023 Debit/(Credit)	Balance As Of 31/12/2022 Debit/(Credit)
		EGP,000	EGP,000	EGP,000
30.1 Items Included In Trade Receivable & Debtors & Other Debit Balances (Note no. 17)				
- Al Ezz For Trading And Distributing Building Materials (Affiliated Company)			9 451	9 297
- Gulf Of Suez Development Company (Affiliated Company)		-	62	11
- Al Ezz Group Holding Company For Industry & Investment			454 307	-
- Al Ezz for Investment			18 510	
- Al Ezz For Ceramics And Porcelain (GEMMA) (Affiliated Company)	Rent	1 024	37 564	28 487
	Sales	820		
	Purchases	335		
			936 829	**37 795**
30.3 Items Included In Creditors & Other Credit Balances (Note no. 23)				
- Al Ezz Group Holding Company For Industry & Investment			-	(56 584)
- Al Ezz For Trading And Distributing Building Materials (Affiliated Company)			(12)	(12)
			(12)	**(56 596)**

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:

	31/12/2023 Equivalent EGP,000	31/12/2022 Equivalent EGP,000
Letters Of Guarantee	131 515	343 769
Letters Of Credit	25 319 998	6 416 049

The letters of guarantee fully covered issued by the banks of the company and its subsidiaries in favour of others on December 31, 2023 amounted to EGP,000 36 939 K (against EGP,000 165 K as of December 31, 2022 fully covered) (Note no.17).

31.2 The settlement agreement with one of the foreign suppliers (Note no.30-2) 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 31/12/2023 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 El Ezz El Dekhaila as of December 31, 2023 amounted to EGP,000 116 Million, (whereas the amount as of December 31, 2022 is EGP,000 72.78 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 company submitted tax returns for the years 2018:2019 under Law No. 91 of 2005 on the due legal dates, currently the tax inspection is being inspected for those years.
- The company submitted the tax return for the years 2020-2022.

33. Tax Position (Continued)

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.
- 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 company deducts and paid taxes.

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 years 2021/2022 are being prepared for the tax inspection for those years.

33.1.5 Property Tax

- The tax assessment issued and paid up to 31/12/2021.

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,000 73 862 K in 2016 and EGP,000 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 on its legal date for years 2020 till 2022 according to the income tax law No. 91 for 2005 and its amendments.

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 summited on the legal due dates.

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.
- The company deducts and submits its tax in the legal due dates.

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.
- The company deducts and submits its tax.

33.2.5 Property Tax

- The tax assessment issued and paid up to 31/12/2021.

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 situation of tax disputes:**
- The period 2000-2004: for the exemption of flat steel project amounted to EGP,000 254 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 7/12/2011, 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 (5th year) amounted to EGP,000 215 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

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,000 108 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 financiers 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.

From 2017 Till 2020:

These years were inspected and the company has been informed by the form no 19 on 28/2/2022 with an amount EGP,000 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,000 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,000 17 million to EGP,000 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,000 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.

33.4 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 2022 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.
- The company deducts and submits the tax, and the Tax authority has not carried out the tax examination 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.
- The company submits the monthly tax return on the legal due.

33.4.4 Stamp Tax

- Tax inspection was issued and made until 2020 and there are no claims on the Company.
- The company submits the tax due on the legal dates.

33.4.5 Real Estate Tax

- 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,000 65 579 705 K as of December 31, 2023 (EGP,000 33 830 765 K as of December 31, 2022). Financing interest and expenses related to these balances amounted to EGP,000 6 197 616 K during the current year (EGP,000 3 363 026 K during the previous year). Restricted time deposits and current accounts and treasury bills amounted to LE 7 681 062 K as of December 31, 2023 (EGP,000 1 682 512 EGP,000 as of December 31, 2022), interest income related to these time deposits and current accounts amounted to EGP,000 2 465 113 K during the current year (EGP,000 414 174 K during 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	**31/12/2023** **EGP,000**	31/12/2022 EGP,000
Trade Receivables and Debtors & Other Debit Balances	(17)	24 427 832	13 499 729
Investments In Treasury Bills		1 037 392	518 189
Cash & Cash Equivalents	(20)	31 565 720	13 160 585

34.4 Foreign Currency Risk

Foreign currency risk is represented by the change in foreign exchange rates, which affects payments and receipts in foreign currencies, as well as the translation of assets and liabilities of a monetary nature in foreign currencies. The net value of obligations of a monetary nature in foreign currencies at the date of the financial position amounted to the equivalent of EGP 56.285Billion.

Due to the current economic conditions, the company's management faces market risks represented by the difficulty of procuring cash in foreign currencies at the official declared prices, as a result of the shortage in the supply of cash in foreign currencies in the banking markets. The company's management, within the framework of implementing exceptional policies to manage market and operational risks, has resorted to managing some of its cash needs in foreign currencies at exceptional exchange rates. The exchange rate used in these transactions has been used as the best estimate of the prevailing rate in translating the net value of obligations of a monetary nature in foreign currencies. At the date of the financial position,

The following is the value of the difference in the translation of net liabilities between the applied price and the prices announced in the banking markets:

		Equivalent To Egyptian Pound As Of Financial Position date	
Foreign Currency	**(Deficit)/Surplus as of financial position date** **In Thousands**	**According To Bank Rate** **EGP,000**	**According to used Rate** **EGP,000**
US Dollars	(1 160 892)	(35 964 426)	(53 672 680)
Euro	(49 008)	(1 675 919)	(2 501 113)
Sterling Pound	(222)	(19 526)	(29 140)
Japanese Yen	(253 043)	(55 439)	(83 737)

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. Subsequent & Significant Events

36.1 On 6 March 2024, and proceeding in the policy of monetary compliance adopted by the Central Bank, the Monetary Policy Committee has resolved in its extraordinary meeting to increase its overnight deposit and lending rates along with the price of the main operation of the Central Bank by 600 basis points, to be 27.25%, 28.25%, and 27.75%, respectively. The credit and debit rates have been also raised by 600 basis points, to be 27.75%. Management is considering the impact on the subsequent financial statements .

On 6 March 2024, the Central Bank agreed to continue its hedging efforts towards a flexible inflation targeting framework by amending the interest rates on deposit, borrowing, and discount, as well as allowing the exchange rate to be determined according to the market mechanisms (free floating the EGP), including the consequent significant future financial impacts on the Company's financial position, future business results, and equity. In order to explain the impact of exchange rate risks, please refer to Note 34 .

Note (34) on financial risks shows the sensitivity of profit or loss and other components of equity to changes in foreign currency rates in light of the instruments held by the Company at the end of the financial year. These separate financial statements were not affected by the impacts of these subsequent events, as they are considered events that do not entail amendments in accordance with EAS (7) "Events After the Reporting Period ".

The impact of the current uncertain economic environment is discretionary, and management will continue to regularly assess the current situation and its related impact. It should be taken into consideration that the assumptions used about economic forecasts are subject to a high degree of inherent uncertainty and therefore the actual result may differ significantly from the forecast information.

The Company considered the potential effects of current economic fluctuations in determining the amounts reported for the Company's financial and non-financial assets, and they represent the best assessment of management based on available information. However, markets remain volatile and recorded amounts remain sensitive to market fluctuations .

Minister of Finance's Resolution No. 34 of 2024 was issued on 27 January 2024, regarding the adoption of the change percentage in price differences resulting from the management of foreign currencies when determining the income tax base for 2023. The percentages approved in accordance with such Resolution were used when estimating the income tax that was recognized for 2023.

On 3 March 2024, the Prime Minister's Resolution No. (636) of 2024 was issued amending certain provisions of accounting standards, where he agreed to replace the following standards: EAS (13) "Effects of Changes in Foreign Exchange Rates" with the revised EAS (13) "Effects of Changes in Foreign Exchange Rates", EAS (17) "Separate Financial Statements" with the revised EAS (17) "Separate Financial Statements," and EAS (34) "Real Estate Investment" with the revised EAS (34) "Real Estate Investment", of the aforementioned Egyptian accounting standards, enclosed with such Resolution. Further, the Egyptian Accounting Interpretation (2) "Carbon Emission Reduction Certificates" enclosed with such Resolution has been added.

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.

36.3 on October 4, 2023, Al Ezz Dekheila Steel- Alexandria Company (SAE) - one of the company's subsidiaries - was delisted from the Egyptian Stock Exchange. Its share capital amounted to EGP 1.9 billion distributed over 19 million shares with a par value of EGP 100 per share. On December 28, 2023 the company transferred EGP 8.7 billion to Hermes Securities Brokerage for the purchase of 6.9 million treasury stocks with a value of EGP 1,250 per stock. The transaction was finalized on October 2, 2023

37. Comparative figures

Some comparative figures have been reclassified to be consistent with the current classification of the consolidated financial statements.

38. Significant Accounting Policies For The Consolidated Financial Statements

The following accounting policies have been applied consistently by the group's companies during all presented periods in these Consolidated 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 statement of income at the financial position date in consolidated 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. Significant Accounting Policies For The Consolidated Financial Statements (Continued))

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 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).

The estimated useful life for each type of assets is as follows:

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

Profits or losses resulting from fixed assets disposal are charged to the consolidated 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 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. Significant Accounting Policies For The Consolidated Financial Statements (Continued)

38.6 Investments Available-For-Sale

Available-for-sale investments are initially measured at fair value and as of the Consolidated 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 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.

38.10 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 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 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. Significant Accounting Policies For The Consolidated Financial Statements (Continued)

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.

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.

38. Significant Accounting Policies For The Consolidated Financial Statements (Continued)

38.13 Impairment Loss On Assets (Continued)

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 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.

38. Significant Accounting Policies For The Consolidated Financial Statements (Continued)

38.17 Revenues (Continued)

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.

38.18 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 Financial Statements.

38. Significant Accounting Policies For The Consolidated Financial Statements (Continued)

38.23 Financial Risk Management (Continued)

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.

38.23.1 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 And 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. Significant Accounting Policies For The Consolidated Financial Statements (Continued)

38.23 Financial Risk Management (Continued)

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 & 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 Or Reissued Standards	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".	1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets. - 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: - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 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. The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian	The change doesn't have an impact on the financial statement of the Company.	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. 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 osses at the beginning**

	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. 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.		**of the financial period in which the Company. applies this treatment 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. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	3- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets. - 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: - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 4- 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. 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	The change doesn't have an impact on the financial statement of the Company.	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. 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**
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	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. 5- 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. 6- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets. - 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:	The change doesn't have an impact on the financial statement of the Company.	or losses at the beginning of the financial period in which the Company applies this treatment for the first time. 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

New Or Reissued Standards	Summary Of The Most Significant Amendments	Impact On The Financial Statements	Effective Date
	- Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 7- 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. 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. 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.		which the Company applies this model for the first time. 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.

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 ".	1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property. 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: - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting " - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" 1- Egyptian Accounting Standard No. (49) "Leasing Contracts".	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement of the Company.	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**</u> **retrospectively,** 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"	2- This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets. **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.**	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement of the Company.	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 Amended Standards	Summary Of The Most Significant Amendments	Potential 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 of the Company.	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.**
Egyptian Accounting Standard No. (50) "Insurance Contracts".	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. 2-Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50). 3-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: - Egyptian Accounting Standard No. (10) "Fixed Assets ". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) " Investment property ".	The Company is currently assessing the impact of applying this new standard on its financial statements.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting **on or after July 1, 2024**, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the Company should disclose that fact. 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	Potential Impact On The Financial Statements	Effective Date
Accounting Interpretation No. (2) "Carbon Reduction Certificates"	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".	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.