

Galaxy Chemicals (Egypt) S.A.E.
Financial Statements
Together With
Auditor's Report
For the year ended
March 31, 2025



Saleh, Barsoum & Abdel Aziz

Grant Thornton

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INDEPENDENT AUDITORS'REPORT

To: The Shareholders of Galaxy Chemicals (Egypt) S.A.E.

Report on the Financial Statements

We have audited the accompanying financial statements of Galaxy Chemicals (Egypt) S.A.E., which are comprised of the statement of financial position as of March 31, 2025, and the statements of profit or loss, other comprehensive income, cash flows and changes in equity for the year from April 1, 2024, till March 31, 2025, and summary of the significant accounting policies and other notes.

Management Responsibility on the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards and in light of the relevant Egyptian laws. Those standards require that we should plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

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

We believe that the audit evidence we obtained are sufficient and appropriate and provide a reasonable basis for our opinion



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Opinion



In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Galaxy Chemicals (Egypt) S.A.E. as of March 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the applicable Egyptian laws and regulations relating to the preparation of these financial statements.

Report on the Legal and Other Organizational Requirements

The company maintains proper books of accounts, which include all that is required by law and by the statutes of the company. The company maintains proper cost accounts. The physical inventory was held by the company on a consistent basis.

The financial information referred to in the Board of Directors report is prepared in compliance with Law No. 159 of 1981 and its executive regulation thereto and is in accordance with what is recorded in the company's books of account.

Cairo, May 5, 2025



Kamel M. Saleh, FCA
F.E.S.A.A. (R.A.A. 8510)
(Grant Thornton - Saleh, Barsoum, & Abdel Aziz)

Galaxy Chemicals (Egypt) S.A.E.
Statement of Financial Position
As of March 31, 2025

	<u>Note No.</u>	<u>31/3/2025</u>	<u>31/3/2024</u>
		<u>USD</u>	<u>USD</u>
<u>Assets</u>			
<u>Non-Current Assets</u>			
Property, plant and equipment (net)	5	25 999 221	28 769 676
Projects under construction	7	286 879	292 661
Right of use asset (net)	6	3 315 806	3 664 839
Other Non-Current Debit balance	8	379 310	214 637
Total non-current assets		29 981 216	32 941 813
<u>Current Assets</u>			
Inventories	9	22 839 022	18 106 817
Trade receivables	10 & 20	16 254 987	12 838 658
Other debit balances	11	1 961 771	2 266 626
Cash on hand and at banks	12	13 295 494	17 457 207
Total current assets		54 351 274	50 669 308
Total assets		84 332 490	83 611 121
<u>Owners' Equity and Liabilities</u>			
<u>Owners' Equity</u>			
Issued and paid-up capital	19	20 000 000	30 000 000
Legal reserve		1 942 099	1 459 530
Retained earnings		30 233 223	24 397 736
Net profit for the year		11 005 039	9 651 389
Total owners' equity		63 180 361	65 508 655
<u>Current Liabilities</u>			
Banks overdraft	13	576 764	605 239
Short term loan	17	--	444 444
Trade payables	14	7 204 817	4 661 011
Due to parent and affiliates companies	15 & 20	2 687 441	2 578 910
Provisions		168 851	159 284
Other credit balances	16	6 014 003	4 922 350
lease liability- current	18	239 293	336 220
Total current liabilities		16 891 169	13 707 458
<u>Non-Current Liabilities</u>			
Long term loan	17 & 20	640 356	640 356
lease liability non-current	18	3 620 604	3 754 652
Total non-current liabilities		4 260 960	4 395 008
Total liabilities and owners' equity		84 332 490	83 611 121

The accompanying notes form an integral part of the financial statements and to be read therewith.

Chairman
Vaijanath Kulkarni

General Manager
Dhaneshwar Patil

* Auditor's report attached.

Galaxy Chemicals (Egypt) S.A.E.

Statement of Profit or Loss

For the year from April 1, 2024 till March 31, 2025

		<u>For the year</u> <u>From 1/04/2024</u> <u>To 31/03/2025</u> <u>USD</u>	<u>For the year</u> <u>From 1/04/2023</u> <u>To 31/03/2024</u> <u>USD</u>
Revenue		126 208 620	109 593 611
Other Income	21	889 256	1 818 826
		<u>127 097 876</u>	<u>111 412 437</u>
(Less)/ Add			
Cost of Raw Materials		(104 512 973)	(89 808 978)
Salaries, Wages and Employee Benefits		(3 567 832)	(3 798 003)
Depreciation & Amortization		(4 111 318)	(3 629 215)
Changes in Inventory of Finished & Semi Finished Goods		2 724 462	(131 437)
Other Expenses		(6 338 134)	(5 406 142)
Formed provisions and impairment		(9 567)	(29 525)
Gain from Fixed assets disposals		--	4 511
GAFI Expenses		(255 197)	(460 947)
Foreign Exchange Gain		42 497	2 436 027
Finance Income (Expenses)	22	150 228	(772 047)
Inventory Write-Off		(119 633)	(62 317)
Lease Interest Expense		(95 370)	(102 975)
Net Profit for the year		<u><u>11 005 039</u></u>	<u><u>9 651 389</u></u>

Chairman

Vaijanath Kulkarni

General Manager

Dhaneshwar Patil

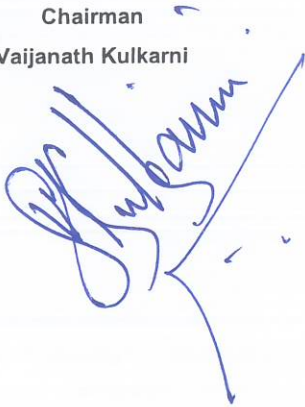
Galaxy Chemicals (Egypt) S.A.E.

Statement of Other Comprehensive Income

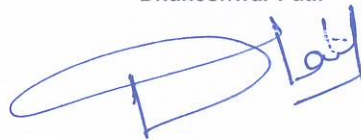
For the year from April 1, 2024 till March 31, 2025

	<u>For the year</u> <u>From 1/04/2024</u> <u>To 31/03/2025</u> <u>USD</u>	<u>For the year</u> <u>From 1/04/2023</u> <u>To 31/03/2024</u> <u>USD</u>
Profit for the year	11 005 039	9 651 389
Other comprehensive income	--	--
Net profit for the year	<u>11 005 039</u>	<u>9 651 389</u>

Chairman
Vaijanath Kulkarni



General Manager
Dhaneshwar Patil



Galaxy Chemicals (Egypt) S.A.E.

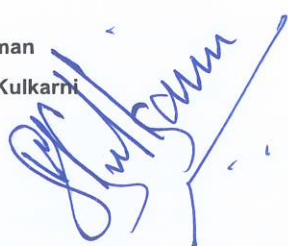
Statement of Cash Flows

For the year from April 1, 2024 till March 31, 2025

	<u>Note No.</u>	<u>For the year</u> <u>From 1/04/2024</u> <u>To 31/03/2025</u> <u>USD</u>	<u>For the year</u> <u>From 1/04/2023</u> <u>To 31/03/2024</u> <u>USD</u>
<u>Cash Flows From Operating Activities</u>			
Net Profit For The Year		11 005 039	9 651 389
<u>Adjustments for:</u>			
Depreciation & Amortization	5 & 6	4 111 318	3 629 215
Formed Provision		9 567	29 525
Provision used		--	(47 369)
inventory Write-Off		119 633	62 317
lease interest expense		95 370	102 975
Operating cash flows before movement in working capital		15 340 927	13 428 052
Decrease other Non-Current Debit balance		(164 673)	--
(Increase) / Decrease In Inventory		(4 851 838)	1 348 596
(Increase) / Decrease In Receivables		(3 416 329)	3 840 246
Decrease In Other Debit Balances		304 855	1 503 387
Increase / (Decrease) In Due to Related Parties		108 531	(3 602 162)
Increase In Trade payables		2 543 806	1 955 435
Increase In Other Credit Balances		1 091 653	623 566
Net Cash generated from operating Activities		10 956 932	19 097 120
<u>Cash Flows From Investment Activities</u>			
(Payments) For The Purchasing Of Fixed Assets*		(783 726)	(1 307 368)
(Payments) For Projects In Progress		(202 322)	(1 216 743)
Net Cash (used in) Investing Activities		(986 048)	(2 524 111)
<u>Cash Flows From Financing Activities</u>			
Bank Overdraft Payments /Receipts		(28 475)	(7 952 367)
Loan payment		(444 444)	(1 786 470)
Dividends paid		(3 333 333)	(3 333 334)
Payments lease liability - principal		(230 975)	(286 393)
Payments lease liability - interest		(95 370)	(102 975)
Capital Reduction	19	(10 000 000)	--
Net Cash (used in) From Financing Activities		(14 132 597)	(13 461 539)
Net Cash During the year		(4 161 713)	3 111 470
Cash & Cash Equivalents at the beginning of the year	12	17 457 207	14 345 737
Cash & Cash Equivalents at the end of the year	12	13 295 494	17 457 207

* The effect of non-cash transactions represented in the value of projects under construction transferred to fixed assets amounted to USD 208,104 have been eliminated, in order to reach the amounts paid in cash in the purchase of fixed assets.

Chairman
Vaijanath Kulkarni



General Manager
Dhaneshwar Patil



Galaxy Chemicals (Egypt) S.A.E.

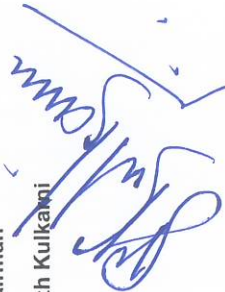
Statement of Change in equity

For the year from April 1, 2024 till March 31, 2025

	<u>Issued and paid-up capital</u>	<u>Legal reserve</u>	<u>Retained earnings</u>	<u>Profit for year</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Balance as of April 1, 2023	30 000 000	939 267	17 846 082	10 405 251	59 190 600
Transferred to Retained earnings	--	--	10 405 251	(10 405 251)	--
Dividends distribution	--	--	(3 333 334)	--	(3 333 334)
Transferred to Legal reserve	--	520 263	(520 263)	--	--
Profits for the year	--	--	--	9 651 389	9 651 389
Balance as of March 31, 2024	30 000 000	1 459 530	24 397 736	9 651 389	65 508 655
Balance as of April 1, 2024	30 000 000	1 459 530	24 397 736	9 651 389	65 508 655
Capital Reduction (See Note 19)	(10 000 000)	--	--	--	(10 000 000)
Transferred to Retained earnings	--	--	9 651 389	(9 651 389)	--
Dividends distribution	--	--	(3 333 333)	--	(3 333 333)
Transferred to Legal reserve	--	482 569	(482 569)	--	--
Profits for the year	--	--	--	11 005 039	11 005 039
Balance as of March 31, 2025	20 000 000	1 942 099	30 233 223	11 005 039	63 180 361

Chairman

Vaijanath Kulkarni



General Manager

Dhaneshwar Patil



1- The Company's Background

Galaxy Chemicals (Egypt) S.A.E. established under the provisions of law No.8 of Investment Guarantees & Incentives for the year 1997, and it is Executive Regulations.

Company's Activities

The company was established as a Free Zone Company as manufacturer of surfactants and specialty chemicals for use in the personal and home care industry. The company may have an interest or be involved in any kind of activities with other companies or entities performing similar activities might assist it to fulfill its objectives in Egypt or Overseas. The company may also merge into those entities or acquire the same according to the provisions of the commercial law and its executive regulations.

2- Statement of compliance

The financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment's Decree No. (110) of 2015 and applicable laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRS", when no Egyptian Accounting Standard or legal requirement exists to address certain types of transaction or treatment.

3- Basis of Preparing the Financial Statements

The financial statements have been prepared on the historical cost basis. In the application of the company's accounting policies, the company's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and any other factors that may be considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period during which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Note No. (4) indicates the significant accounting estimates used and the judgments applied in the preparation of the company's independent financial statements.

New amendments have been made to the Egyptian accounting standards

On October 22, 2024, the Prime Minister issued Decree No. 3527 of 2024, adding a new standard (EAS 51), "Financial Statements in Hyperinflationary Economies," to the Egyptian Accounting Standards and the standard requires companies operating in economies with hyperinflation to adjust their financial statements to reflect the current purchasing power of their currency. The standard must be applied when the Egyptian economy is declared as a hyperinflationary economy and ordered by the Prime Minister.

a- Property, plant and equipment and their depreciation

Property, plant and equipment are stated at historical cost and depreciated according to the straight-line method over their estimated useful lives. Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment losses.

Cost of an asset comprises its purchase price, including import duties, non-refundable purchase taxes, professional fees and any directly attributable costs of bringing the asset to its working condition and location for its use intended by management. Depreciation of these assets commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any resulting changes accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income statement.

Depreciation is calculated on a straight-line basis according to the following estimated annual rates:

<u>Description</u>	<u>Rates</u>
Buildings	4.55%- 10.34%
Plant machinery	5%- 17%
Furniture and Fixture	10%
Office Equipment	10.34%
Computers and IT Equipment	33.33%
Vehicles& transportation	10.34%- 11%

b- Projects under construction

Projects under construction are stated at cost, which comprise all direct costs related to the preparation of the assets to be held for its intended use. The projects under construction are transferred to the property, plant and equipment when it becomes available for its intended use.

c- Revenue recognition

Revenue from contract with customers is recognized when the Company satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognized based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

Galaxy Chemicals (Egypt) S.A.E.

Notes to the Financial Statements

For the year ended March 31, 2025

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other revenues

Other revenues are recognized on accrual basis, when it is certain that these revenues are recognized.

d- Inventory

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realizable value. Cost is determined on the basis of the weighted average method.

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost or net realizable value whichever is lower.

Stores, spares and tools other than obsolete and slow-moving items are carried at cost. Obsolete and slow-moving items are valued at cost or estimated net realizable value, whichever is lower.

e- Foreign Currency Transactions

Functional and Reporting Currency

The company's records are maintained in US dollar which is the functional currency of the primary economic environment in which the entity operates. The US dollar has been designated as the functional and reporting currency of the company.

Transactions in Foreign Currencies

Transactions denominated in foreign currencies are translated into US dollar at the rates prevailing at the transaction date. At the financial statements date, monetary assets and liabilities denominated in foreign currencies are translated to US dollar at the exchange rates prevailing on the financial statements date, the company uses the rate of free market as it will be the rate used at which the future cash flows represented by the transaction or balance could have been settled of those cash flows had occurred at the measurement date. For non-monetary assets and liabilities denominated in foreign currencies and stated at fair value, they are retranslated to the US dollar according to the prevailing rates on the date the fair value is determined, while the non-monetary assets and liabilities stated at historical cost are not retranslated. Foreign exchange gains and losses resulting from translation and settlement of transactions in foreign currencies are recognized in the income statement for the year except for the differences resulting from the non-monetary balances of assets and liabilities stated at fair value, which are recognized as part of the changes in fair value.

f- Taxation

The Company exempted from corporate income tax under the law No.8 of Investment Guarantees & Incentives Year 1997, and its Executive Regulations.

g- **Provisions**

Provisions are recognized when the company has a present obligation, legal or constructive, as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate for the amount of obligation can be made. Provisions are reviewed at each financial statement date and adjusted to management best estimate. Changes in the carrying amount of provisions are recognized in the income statement in the year during which a change in estimate arises.

h- **Impairment loss**

1. **Impairment of non-financial assets**

At each balance sheet date, the Company reviews the carrying amounts of its cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses the carrying amount of the cash-generating unit is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. **Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss (FVTPL) are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

i- **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets and financial liabilities are recognized on the company's balance sheet when the company becomes a party to the contractual rights and obligations of the financial instrument.

Financial liabilities or part of a financial liability are removed from the financial statements when, and only when the obligation specified in the contract is discharged, cancelled or expired.

The difference between the carrying amount of a financial liability (or the completed portion or the transferred to another party) and the cash flows, including any transferred non-cash assets or estimated liabilities, is recognized in the statement of profit or loss.

Accounts receivable

Accounts receivable balance represents sales not collected as of the date of the balance sheet. Accounts receivables are shown net of accumulated impairment losses and deferred revenue, which represents issued and uncollected invoices.

Cash

Cash and bank balances include cash on hand, current accounts with banks, short-term deposits with an original maturity of three months or less.

Treasury bills

Treasury bills balances represent short-term treasury bills issued by government promises to pay a fixed amount to the company "face value" at the maturity date of each Treasury Bill.

Accounts payable

Accounts payable are recognized for amounts to be paid in the future for goods received or services rendered during the year.

j- **Statement of cash flows**

The statement of cash flows is prepared applying the indirect method. For the purpose of preparing the statement of cash flows, cash and the cash equivalents represents cash on hand and at banks and deposits with banks less any bank overdraft balance.

k- **Leases:**

The Company as a lessee

The Company's lease asset classes primarily comprise of lease for land .The Company assesses whether contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a Right of use Asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense over the term of the lease.

The Right of use Assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement, date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right of use Assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a Lessor

Lease for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

4- Critical accounting estimates and judgments

The preparation of financial statements in conformity with EAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed at the end of each reporting period. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements and key source of estimation uncertainty

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

Useful lives of property, plant and equipment and intangible assets

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. Useful lives of intangible assets is determined on the basis of estimated benefits to be derived from use of such intangible assets. These reassessments may result in change in the depreciation /amortization expense in future periods.

5- Property, Plant, and Equipment (net)

<u>Cost</u>	<u>Buildings & Infrastructures</u>	<u>Machinery and equipment</u>	<u>Furniture & Fixture</u>	<u>Office Equipment</u>	<u>Computer & IT Equipment</u>	<u>Vehicles</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Balance as at April 1, 2023	12 486 453	38 496 099	202 922	759 541	761 711	136 804	52 843 530
Additions	1 177 369	6 745 681	7 099	645 845	231 677	54 108	8 861 779
Disposals	--	--	--	--	--	(40 006)	(40 006)
Balance as of March 31, 2024	13 663 822	45 241 780	210 021	1 405 386	993 388	150 906	61 665 303
Additions	26 219	648 138	37 269	305 290	88 562	--	1 105 478
Balance as of March 31, 2025	13 690 041	45 889 918	247 290	1 710 676	1 081 950	150 906	62 770 781
<u>Accumulated Depreciation</u>							
Balance as at April 1, 2023	6 027 619	22 427 563	169 712	288 682	667 569	50 502	29 631 647
Year charge	623 085	2 447 999	6 540	85 641	103 678	13 238	3 280 181
Accumulated Depreciation of disposales	--	--	--	--	--	(16 201)	(16 201)
Balance as of March 31, 2024	6 650 704	24 875 562	176 252	374 323	771 247	47 539	32 895 627
Year charge	692 017	2 797 355	6 329	231 338	136 462	12 432	3 875 933
Balance as of March 31, 2025	7 342 721	27 672 917	182 581	605 661	907 709	59 971	36 771 560
<u>Net carrying amount</u>							
As of March 31, 2025	6 347 320	18 217 001	64 709	1 105 015	174 241	90 935	25 999 221
As of March 31, 2024	7 013 118	20 366 218	33 769	1 031 063	222 141	103 367	28 769 676

Galaxy Chemicals (Egypt) S.A.E.
Notes to the Financial Statements
For the year ended March 31, 2025

6- <u>Right of use assets (net)</u>	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
Cost at Beginning of the year	4 711 936	4 711 936
Addition during the year	--	--
Disposal during the year	--	--
Cost at Ending of the year	4 711 936	4 711 936
Accumulated depreciation at Beginning of the year	1 047 097	698 064
Amortization during the year	349 033	349 033
Disposal during the year	--	--
Accumulated depreciation at Ending of the year	1 396 130	1 047 097
Net at Ending of the year	3 315 806	3 664 839
7- <u>Projects under construction</u>	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
Projects under construction*	286 879	292 661
	286 879	292 661
*Projects under construction represent amounts paid to acquire expansion in buildings and production lines.		
8- <u>Other Non-Current Debit balance</u>	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
Advance payments to suppliers (PUC)	216 138	214 637
General Authority for Investment and Free Zone (GAFI) (See Note 26)	163 172	--
	379 310	214 637
9- <u>Inventories</u>	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
Raw Materials	6 240 985	5 415 790
Raw Materials (Goods in transit)	5 423 444	4 254 901
Semi-finished products	4 360 612	2 782 530
Packing & Packaging Materials	403 711	315 226
Finished Goods	3 227 298	2 416 615
Finished Goods (Goods in transit)	1 993 389	1 657 692
Spare parts	1 189 583	1 264 063
	22 839 022	18 106 817

Galaxy Chemicals (Egypt) S.A.E.
Notes to the Financial Statements
For the year ended March 31, 2025

10- Trade receivables

	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
<u>Receivables from related parties</u>		
TRI-K INDUSTRIES, INC. (USA)	130 511	647 753
GALAXY SURFACTANTS AMERICAS INC	555 082	--
GALAXY SURFACTANTS LIMITED	64 634	419 897
	<u>750 227</u>	<u>1 067 650</u>
Trade receivable third party – Local	4 220 276	3 087 150
Trade receivable third party – Foreign	11 284 484	8 683 858
	<u>16 254 987</u>	<u>12 838 658</u>

11- Other debit balances

	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
Advance payments to suppliers	1 328 243	1 545 591
Prepaid expenses	200 775	235 891
Deposit with others	118 080	182 801
Employees petty cash custodian	2 668	536
Letter of Guarantee	28 918	42 665
General Authority for Investment and Free Zone (GAFI)	265 640	207 404
(See Note 26)		
Other debit balances	550 979	585 270
	<u>2 495 303</u>	<u>2 800 158</u>
Less: Impairment in other debit accounts	(533 532)	(533 532)
	<u>1 961 771</u>	<u>2 266 626</u>

12- Cash on hand and at banks.

	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
Banks current accounts	2 694 660	2 047 833
Time Deposit	10 600 000	15 400 900
Cash on hand	834	8 474
	<u>13 295 494</u>	<u>17 457 207</u>

13- Bank overdraft

The balance of this account amounting to USD 576 764as of March. 31, 2025 represent the outstanding balance of banks overdraft.

Bank over draft *

<u>3/31/2025</u>	<u>3/31/2024</u>
<u>USD</u>	<u>USD</u>
576 764	605 239
<u>576 764</u>	<u>605 239</u>

* The company obtained short-term credit facilities from its banks as follows:

<u>Lender</u>	<u>Contract Date</u>	<u>Granted Facility</u>	<u>Interest rate</u>	<u>Utilization Purpose</u>	<u>3/31/2025</u>	<u>3/31/2024</u>
					<u>USD</u>	<u>USD</u>
QNB- Over draft	September 30, 2024	USD 15.7 Million or Equivalent in Other Currencies	EGP: 1.25% over CBE corridor, Other Currencies: 1.5% over SOFR 6 months	Multi purpose line	572 284	583 081
Attijari Wafa Bank- Revolving	September 30, 2022	USD 6.5 Million or Equivalent in Other Currencies	EGP: 0.75% over CBE corridor, Other Currencies: 1.5% over SOFR 3 months	Multi purpose line	4 480	22 158
					<u>576 764</u>	<u>605 239</u>

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Notes to the Financial Statements
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14- Trade payables

	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
Trade payables– Local	1 712 869	1 956 080
Trade payables– Foreign	5 491 948	2 704 931
	<u>7 204 817</u>	<u>4 661 011</u>

15- Due to parent and affiliates companies

	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
Galaxy Surfactants Limited "The Ultimate Parent"	2 687 441	2 578 910
	<u>2 687 441</u>	<u>2 578 910</u>

16- Other credit balances

	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
Advance payment from customers	3 015 303	1 781 980
Accrued expenses	2 862 787	3 115 535
Accrued interest	59 582	13 951
Tax authority- withholding tax	25 431	10 871
Tax authority- salaries tax	33 258	--
Social Insurance	17 642	13
	<u>6 014 003</u>	<u>4 922 350</u>

17- Long term loan

<u>Lenders</u>	<u>Original Loan Amount</u>	<u>No. of Quarterly Installments Outstanding</u>	<u>First Installment Due After the reporting date</u>	<u>Avg Interest rate</u>	<u>Utilized amount</u>	<u>Total Outstanding Balance 31-Mar-25 USD</u>	<u>Total Outstanding Balance 31-Mar-24 USD</u>
Galaxy Holdings (Mauritius) Ltd *	USD 5 000 000	Fully at the end	March 31, 2029	2.5% Plus 6M of SOFR up to 8%	USD 5 000 000	640 356	640 356
ICICI Bank Ltd , Bahrain**	USD 5 000 000	Quarterly	--	2.25% plus 6M SOFR	USD 5 000 000	--	444 444
			<u>Utilized amount</u>			<u>640 356</u>	<u>1 084 800</u>
			<u>Due within two to five years</u>			<u>640 356</u>	<u>640 356</u>
			<u>Total long term loans liability</u>			<u>640 356</u>	<u>640 356</u>
			<u>Due within one year</u>			<u>--</u>	<u>444 444</u>
			<u>Total short-term credit facilities</u>			<u>--</u>	<u>444 444</u>

Galaxy Holdings (Mauritius) Ltd *

On May 15, 2015 the company entered into a formal loan agreement with Galaxy holding company "the parent company" to finance the company through a credit facility amounting to USD 5 Million. As agreed between the two parties the loan will be used to finance the company's activities. Originally, the loan has 4 years term. The company has the right to withdraw additional amounts under the same agreement with a maximum of USD 15 million. The loan agreement has been amended to expedite re-payment of the loan to 31/3/2029. Interest rate is fixed to SOFR plus 2.5% per annum with a maximum of 8%.

ICICI Bank Ltd , Bahrain**

On December 25, 2019 the company entered into a formal long term loan agreement with ICICI Bank Ltd through its Bahrain branch to finance the company through a credit facility amounting to USD 5 Million. As agreed with the ICICI Bank Ltd, the loan will be used to finance the repayment of Galaxy Holdings (Mauritius) Ltd loan and up to USD 5 Million. Originally, the loan have 5 years repayment terms from the date of first utilization date and fixed interest rate of 6M SOFR plus 2.53% per annum. This loan is totally paid as on 31 March 2025.

The following pledges, guarantees and commitments are granted to the lenders in conjunction with the loan agreements

- 1- Unconditional and irrevocable corporate guarantee covering 100% of the loan amount in a manner and format acceptable to the lender and valid for at least 6 Months beyond the facility tenor.
- 2- Commitments to meet certain Environment and financial covenants.

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Notes to the Financial Statements
For the year ended March 31, 2025

18- Lease Liabilities

<u>Description</u>	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
Opening balance	4 090 872	4 377 266
<u>Movement during current</u>		
Payment	(326 345)	(389 369)
Additions	--	--
Disposals	--	--
Accretion of interest	95 370	102 975
Total at ending year	3 859 897	4 090 872
 lease liabilities – Current (within one year)	 239 293	 336 220
lease liabilities – non-current (from 2 to 5 years)	3 620 604	3 754 652

19- Capital

The authorized capital amounted to USD 140 million. Issued and paid-up capital amounted to USD 20 million, distributed among 20 million shares with a par value of USD 1 each, fully paid as follows:

<u>Shareholder Name</u>	<u>No. of shares</u>	<u>% of Shares</u>	<u>Amount in</u> <u>USD</u>
Galaxy Holdings (Mauritius) LTD	19 999 998	99.99%	19 999 998
VAIJANATH SAKHARAM KULKARNI	1	.005%	1
RAMAKRISHNAN GOPALKRISHNAN	1	.005%	1
	20 000 000	100%	20 000 000

- On 30 January 2024 the Extra Ordinary General Assembly meeting of the company decide to reduce the Issued and Paid-by USD 10 million
- ON 1 May 2024 the chairman of BOD of Suez Public Free Zone approved on capital reduction and amending the articles nos. 6 & 7 of the company's articles of association,
- On 4 June 2024 FRA approved capital reduction and amended articles nos. 6 & 7 of the company's articles of association,
- On 7th July the legal process of capital reduction was completed and updated on commercial register
- On 31 July 2024 Misr for Central Clearing, Depository and Registry (MCDR) approved on the capital reduction and transfer money.
- On 15 August 2024 the (MCDR) transfer money to Galaxy Holdings (Mauritius) LTD

20 Related parties transactions

<u>Nature of transaction</u>	<u>Year</u>	<u>Galaxy Surfactants Limited</u> (Ultimate Parent) <u>USD</u>	<u>Galaxy Holdings (Mauritius)- Limited</u> (Parent) <u>USD</u>	<u>Galaxy Surfactants Americas INC.</u> (Affiliate) <u>USD</u>	<u>TRI-K INDUSTRIES, INC. (USA)</u> (Affiliate) <u>USD</u>
Revenues	3/31/2025	1 151 046	--	841 734	5 548 207
	3/31/2024	1 507 821	--	--	4 559 636
Purchase of goods	3/31/2025	25 617 659	--	--	--
	3/31/2024	28 894 413	--	--	--
Financing (i)- Interest	3/31/2025	--	46 816	--	--
	3/31/2024	--	51 052	--	--
Corporate Guarantee	3/31/2025	1 948	--	--	--
	3/31/2024	9 412	--	--	--
<u>Balances reported within current assets</u>					
Trade receivables	3/31/2025	64 634	--	555 082	130 511
	3/31/2024	419 897	--	--	647 753
<u>Balances reported within current liabilities</u>					
Due to parent and affiliates companies	3/31/2025	2 687 441	--	--	--
	3/31/2024	2 578 910	--	--	--
Accrued Interest	3/31/2025	--	59 582	--	--
	3/31/2024	--	12 766	--	--

(i) The amounts outstanding are as per the Inter-Corporate Credit Facility agreement signed between Galaxy Holdings- Mauritius (Limited) 'the lender' and Galaxy Chemicals- Egypt (SAE) the borrower, The company has been granted shareholders' loan amounting to 5,000,000 USD. The loan is subject to an interest rate of (SOFR+ 2.5%) which is within the maximum of 8% .

Transactions with related parties are recorded by the Company within its daily routine transactions and on the same bases for transactions with others.

Galaxy Chemicals (Egypt) S.A.E.
Notes to the Financial Statements
For the year ended March 31, 2025

21- Other Income

	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
Export Supporting Fund (ESF) Incentives*	827 970	1 805 907
Other income**	61 386	12 919
	<u>889 256</u>	<u>1 818 826</u>

* During 1st April 2024 till 31st March 2025, ESF incentives received were amounting to EGP 39,428,002 and during the corresponding previous period 1st April 2023 to 31st March 2024, ESF incentives received were amounting to EGP 55,737,815.

** Other income mainly consists of income from sales of scrap items.

22- Finance Income / (expenses)

	<u>31/3/2025</u>	<u>31/3/2024</u>
	<u>USD</u>	<u>USD</u>
Interest On Bank Deposit	613 596	563 827
Interest On Term Loans	(66 998)	(108 954)
Interest On Banks overdraft	(162 580)	(1 018 642)
Other Bank & Financial Charges	(233 970)	(208 278)
	<u>150 228</u>	<u>(772 047)</u>

23- Financial instruments fair value

Financial instruments represent balances of cash in hand and at banks, debtors, creditors and related party balances. The carrying amounts of these financial instruments represent a reasonable estimate for their fair values. Note (3) includes significant accounting policies applied in recognition and measurement of those financial instruments, and its related revenues and expenses.

24- Financial risk management

The company is exposed to the following risks, due to its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Foreign currencies risk
- Interest rate risk

Credit risk

Credit risk is represented in the failure of the customers to discharge their obligations at the due date, the company deals with customers who has a good reputation.

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Notes to the Financial Statements
For the year ended March 31, 2025

Liquidity

This risk represents the Company's inability to settle its financial liabilities on maturity dates. The Company's risk liquidity management policy requires that sufficient cash is maintained to meet short-term funding requirements, to avoid an unacceptable loss that may affect the Company's reputation.

Market risk

The market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holding of financial instruments.

Foreign currencies risk

Foreign currency Fluctuation risk represented in the risk of change in foreign currencies exchange rates, which in turn affects payments and receipts in foreign currencies as well as the value of monetary assets and liabilities reported in foreign currency.

Interest rate risk

This risk represents the effect of changes in interest rate, which might adversely affect the results of operations and the value of the financial assets and liabilities. In order to minimize the interest rate risk, the company tends to reduce interest rates on facilities obtained from its banks on an ongoing basis.

25- Tax Position

The Company exempted from corporate income tax under law No.8 of Investment Guarantees &Incentives for the Year 1997, and its Executive Regulations.

- **Corporate tax**

The company has an ultimate Tax exemption as a free zone company. The tax department didn't notify the company for any corporate tax inspection requests up to date.

- **VAT**

The company has an ultimate VAT exemption as a free zone company. The company did not receive any VAT Inspection request up to date.

- **Salaries tax**

The company calculates and withholds the appropriate salaries tax dues from all employees and pays the related payments on monthly basis and on the time stated by the Egyptian tax laws and regulations

The salaries tax inspection for the years till 31/3/2017 was finalized and all related taxes were paid in full

The company received from the tax authorities Form # 38 which indicates a random assessment of salaries tax dues for years from 1/4/2017 to 31/3/2019 with an amount of EGP 33,726,856. The company filed an appeal on timely basis, this random assessment which is processed without any audit to the company's records and documents has been transferred to the external appeals committee which took the decision of returning the file back for actual and documentary salaries tax audit, accordingly, the records and documents were audited, this audit resulted a tax difference with an amount of EGP 1,368,334. The company filed an appeal on a timely basis and the file is transferred to the external appeal committee

Galaxy Chemicals (Egypt) S.A.E.

Notes to the Financial Statements

For the year ended March 31, 2025

The company received Form # 38 for the period from 1/4/2019 to 31/3/2021 based on actual audit of the records and documents. This form includes an assessment of tax differences with an amount of EGP 2,184,262. The company filed an appeal on a timely basis and the file was transferred to the external appeal committee.

On 10/23/2023, a decision was issued by the External Appeals Committee for the entire period from 4/1/2017 till 3/31/2021 resulting total dues of EGP 1,987,566 as tax differences and an amount of EGP 750,667 as late payment interest, the original tax dues and the interest were fully paid. The company filed an appeal in front of the competent court, the final decision has not been issued yet.

The company has been notified by the ETA for FY 2022/2023 tax inspection, the company is currently preparing the related documentation.

- **Withholding tax**

The company withholds the appropriate withholding tax from all companies and individuals subject to the withholding tax system. Amounts withheld paid to Tax Authority on quarterly basis as required by the Egyptian tax law. The Tax department didn't notify the company for any withholding tax inspection requests up to date.

- **Stamp duty tax.**

The company is exempted from the stamp duty tax as a free zone company; however, the tax department requested the payment of EGP 18,191 for years 2009/2017, we filed an appeal on this assessment which is still not yet resolved.

26- General Authority for Investment & Free Zones (GAFI)

On February 10, 2019, the head of GAFI Legal Advice and Legislation Department, issued a signed decree to a number of companies established under the Law No. 8 For the Year 1997 including Galaxy Chemicals (Egypt) S.A.E. allow them to pay GAFI fees based on the value-added services instead of the total revenue as required by Law no 72 for the year 2017 till the company's license expiration date by end of the year 2034.

27- Contingent liabilities

The balance of contingent liabilities is represented in the value of the uncovered portion of the letters of guarantee issued by the company to its suppliers which amounted to 2,421,400 USD on March 31, 2025.

28- Comparative figure

For comparison purposes only, some of the comparative figures for the previous year have been reclassified to conform to the presentation of the current year's financial statements and are shown as follows:

<u>Financial Statements</u>		<u>Before</u>	<u>After</u>
		<u>reclassified</u>	<u>reclassified</u>
		<u>USD</u>	<u>USD</u>
Other debit balances	Statement of Financial Position	2 481 263	2 266 626
Other Non-Current Debit balance	Statement of Financial Position	--	214 637
Other credit balances	Statement of Financial Position	4 997 613	4 922 350
lease liability non-current	Statement of Financial Position	3 679 389	3 754 652

29- Significant events during the current year.

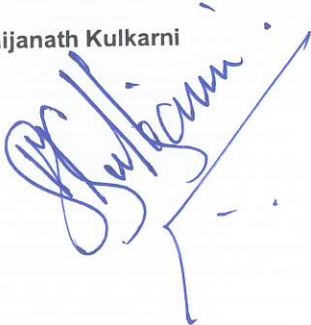
- On May 23, 2024, the Monetary Policy Committee of the Central Bank of Egypt decided to maintain the overnight deposit and lending rates and the Central Bank's main operation rate at 27.25%, 28.25%, and 27.75%, respectively. The credit and discount rate also remained at 27.75%.
- On July 18, 2024, the Monetary Policy Committee again opted to maintain the same rates, with the overnight deposit and lending rates, and the Central Bank's main operation rate remaining at 27.25%, 28.25%, and 27.75%, respectively. The credit and discount rate were also kept at 27.75%.
- On September 5, 2024, the Monetary Policy Committee held another meeting and decided to keep the overnight deposit and lending rates and the Central Bank's main operation rate at 27.25%, 28.25%, and 27.75%, respectively. The credit and discount rate remained at 27.75%.
- On October 17, 2024, the Monetary Policy Committee again maintained the rates at 27.25%, 28.25%, and 27.75% for the overnight deposit and lending rates, and the Central Bank's main operation rate. The credit and discount rate were also kept at 27.75%. This decision reflects the latest global and local developments and expectations from the previous meeting.
- On October 22, 2024, the Prime Minister issued Decree No. 3527 of 2024, adding a new standard (EAS 51), "Financial Statements in Hyperinflationary Economies," to the Egyptian Accounting Standards and the standard requires companies operating in economies with hyperinflation to adjust their financial statements to reflect the current purchasing power of their currency. The standard must be applied when the Egyptian economy declared as a hyperinflationary economy and ordered by the Prime Minister.
- On November 21, 2024, the Monetary Policy Committee decided to maintain the overnight deposit and lending rates, and the Central Bank's main operation rate at 27.25%, 28.25%, and 27.75%, respectively. The credit and discount rate was also kept at 27.75%. This decision reflects the latest developments and expectations at the global and local levels.
- On December 26, 2024, the Monetary Policy Committee decided once again to maintain the overnight deposit and lending rates, and the Central Bank's main operation rate at 27.25%, 28.25%, and 27.75%, respectively. The credit and discount rate were also maintained at 27.75%. In addition, the Committee decided to extend the time horizon for the targeted inflation rates to the fourth quarter of 2026 and the fourth quarter of 2028, with targets of 7% (± 2 percentage points) and 5% (± 2 percentage points) on average, respectively. This aligns with the Central Bank's gradual progress toward adopting an integrated inflation-targeting framework.
- On February 20, 2025, the Monetary Policy Committee decided once again to maintain the overnight deposit and lending rates, and the Central Bank's main operation rate at 27.25%, 28.25%, and 27.75%, respectively. The credit and discount rate were also maintained at 27.75%.

30- SIGNIFICANT SUBSEQUENT EVENTS

The Monetary Policy Committee of the Central Bank of Egypt (CBE) decided, in its meeting on Thursday, April 17, 2025, to reduce the overnight deposit and lending rates, and the rate of the central bank's main operation, by 225 basis points to 25.00%, 26.00%, and 25.50%, respectively. It was also decided to reduce the credit and discount rates by 225 basis points to 25.50%.

Chairman

Vaijanath Kulkarni



General Manager

Dhaneshwar Patil

