Fertiglobe

An ADNOC and OCI Company

# 2022 Financial Statements

# Director's report

## Company overview

Fertiglobe is the world's largest seaborne exporter of urea and ammonia combined, and an early mover in clean ammonia. Fertiglobe's production capacity comprises of 6.6 million tons of urea and merchant ammonia, produced at four subsidiaries in the UAE, Egypt and Algeria, making it the largest producer of nitrogen fertilizers in the Middle East and North Africa (MENA), and benefits from direct access to six key ports and distribution hubs on the Mediterranean Sea, Red Sea, and the Arab Gulf. Headquartered in Abu Dhabi and incorporated in Abu Dhabi Global Market (ADGM), Fertiglobe employs more than 2,700 employees and was formed as a strategic partnership between OCI N.V. ("OCI") and the Abu Dhabi National Oil Company ("ADNOC"). Fertiglobe was listed on the Abu Dhabi Securities Exchange ("ADX") on 27 October 2021 under the symbol "FERTIGLB" and ISIN "AEF000901015".

## Key assets within the Company perimeter include:

Egyptian Fertilizer Company (EFC): The largest private sector granular urea producer in Egypt, with a capacity to produce 1.7 million tons per annum of urea and 0.9 million tons per annum of ammonia.

Egypt Basic Industries Corporation (EBIC): Fertiglobe has a 75% stake in the ammonia plant EBIC, with a production capacity of 0.7 million tons per annum.

Sorfert Algeria S.P.A: Fertiglobe has a 51% stake in Sorfert, an Algerian producer of ammonia and urea, with a capacity of 1.6 and 1.3 million tons per annum, respectively.

Ruwais Fertilizers Industries LLC (Fertil): Headquartered in Abu Dhabi, Fertil is manufacturing ammonia and urea through two plants (Fertil-1 and Fertil-2). The business has a capacity to produce 2.1 million tons per annum of urea and 1.2 million tons per annum of ammonia.

Fertiglobe Distribution Limited and Fertiglobe Fertilizer Trading Limited (previously OCI Fertilizer Trading Limited): Fertiglobe established a trading platform based in the U.A.E., supported by an export logistics network, strategic partnerships / relationships in Brazil, Spain, France and the USA.

## Fertiglobe aims at achieving value through synergies which include:

Commercial synergies: Timing of sales and increased premiums over benchmark prices, reduced reliance on traders through a wider distribution network and access to key end markets (including Brazil, India and East Africa), re-routing of volumes through freight and logistics optimization, reduced freight rates, and sharing of best practices across the Group platform.

Technical synergies: Shared maintenance expertise, coordinated turnarounds, procurement optimization and spare parts pooling.

# **Director's report** continued

## Members of the Board of Directors:

The Board consists of 11 Directors of which there are two Executive Directors and nine Non-Executive Directors, six of whom are independent Directors, as follows:

- Dr. Sultan Ahmed Sultan Essa Al Jaber
- Nassef Onsi Naguib Sawiris
- Ahmed Khaled El Hoshy
- Hassan Hossam Hassan Badrawi
- Jeffrey Ubben
- Charles David Welch
- Khaled Salmeen Anber Salmeen
- Mohammad Saif Ali Abed Alaryani
- Wafa Ibrahim Ali Mohamed Al Hammadi
- Philippe Ryckaert
- Dr. Rainer Seele (appointed on 10 January 2022)

## Current year's results:

In 2022, Fertiglobe continued to show resilience despite the uncertain economic climate. The company achieved USD 5,027.5 million in revenues during the year (2021: USD 3,310.7 million) by selling 5.0 million tons of urea (2021: 5.2 million tons) and 1.5 million tons of ammonia (2021: 1.4 million tons), resulting in total net profit of USD 1,820.4 million on a consolidated basis (2021: USD 975.9 million). Total assets increased to USD 5,530.6 million at 31 December 2022 (2021: USD 5,168.5 million).

## Statement of disclosure to auditors:

The Directors of Fertiglobe certify that as far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**On behalf of the board,**

**Hassan Badrawi**
**Board member**

# Consolidated Statement of Financial Position

AS AT

| $ millions | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 2,837.9 | 2,942.2 |
| Right-of-use assets | 17 | 76.8 | 81.6 |
| Goodwill | 8 | 604.8 | 604.8 |
| Trade and other receivables | 9 | 37.7 | 29.1 |
| **Total non-current assets** | | **3,557.2** | **3,657.7** |
| **Current assets** | | | |
| Inventories | 11 | 124.9 | 133.8 |
| Trade and other receivables | 9 | 406.5 | 477.9 |
| Cash and cash equivalents | 12 | 1,442.0 | 899.1 |
| **Total current assets** | | **1,973.4** | **1,510.8** |
| **Total assets** | | **5,530.6** | **5,168.5** |

The notes on pages 142 to 200 are an integral part of these consolidated financial statements.

# **Consolidated Statement of Financial Position** continued
## AS AT

| $ millions | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 13 | 1,328.2 | 1,328.2 |
| Reserves | 14 | (1,135.1) | (37.6) |
| Retained earnings | 14 | 1,865.1 | 555.6 |
| **Equity attributable to owners of the Company** | | **2,058.2** | **1,846.2** |
| Non-controlling interests | 15 | 1,110.1 | 659.8 |
| **Total equity** | | **3,168.3** | **2,506.0** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Loans and borrowings | 16 | 1,065.6 | 1,326.1 |
| Lease obligations | 17 | 73.7 | 79.9 |
| Trade and other payables | 18 | 19.5 | 17.7 |
| Deferred tax liabilities | 10 | 382.6 | 540.7 |
| **Total non-current liabilities** | | **1,541.4** | **1,964.4** |
| **Current liabilities** | | | |
| Loans and borrowings | 16 | 89.6 | 59.6 |
| Lease obligations | 17 | 17.4 | 11.3 |
| Trade and other payables | 18 | 371.1 | 422.4 |
| Provisions | 19 | 107.4 | 134.2 |
| Income tax payables | 10 | 235.4 | 70.6 |
| **Total current liabilities** | | **820.9** | **698.1** |
| **Total liabilities** | | **2,362.3** | **2,662.5** |
| **Total equity and liabilities** | | **5,530.6** | **5,168.5** |

The notes on pages 142 to 200 are an integral part of these consolidated financial statements.

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H. Badrawi (Board Member)

# Consolidated Statement of Profit or Loss
## FOR THE YEAR ENDED

| $ millions | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| Revenues | 20 | 5,027.5 | 3,310.7 |
| Cost of sales | 21 | (2,675.4) | (1,903.7) |
| **Gross profit** | | **2,352.1** | **1,407.0** |
| Selling, general and administrative expenses | 21 | (168.8) | (102.4) |
| Other income | | 3.0 | - |
| Other expenses | | (0.9) | - |
| **Operating profit** | | **2,185.4** | **1,304.6** |
| Finance income | 22 | 67.1 | 19.6 |
| Finance cost | 22 | (192.9) | (52.7) |
| **Net finance cost** | | **(125.8)** | **(33.1)** |
| **Profit before income tax** | | **2,059.6** | **1,271.5** |
| Income tax | 10 | (239.2) | (295.6) |
| **Profit for the year** | | **1,820.4** | **975.9** |
| | | | |
| **Profit attributable to:** | | | |
| Owners of the Company | | 1,249.5 | 702.7 |
| Non-controlling interests | 15 | 570.9 | 273.2 |
| **Profit for the year** | | **1,820.4** | **975.9** |
| | | | |
| **Earnings per share (in USD)** | | | |
| Basic earnings per share | 24 | 0.151 | 0.085 |
| Diluted earnings per share | 24 | 0.151 | 0.085 |

The notes on pages 142 to 200 are an integral part of these consolidated financial statements.

# Consolidated Statement of Other Comprehensive Income
FOR THE YEAR ENDED

| $ millions | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **Profit for the year** | | **1,820.4** | **975.9** |
| | | | |
| **Other comprehensive income:** | | | |
| **Items that are or may be reclassified subsequently to profit or loss** | | | |
| Foreign operations - foreign currency translation differences | | 32.4 | (41.7) |
| **Other comprehensive income/(loss), net of tax** | | **32.4** | **(41.7)** |
| **Total comprehensive income** | | **1,852.8** | **934.2** |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | 1,264.9 | 680.9 |
| Non-controlling interests | 15 | 587.9 | 253.3 |
| **Total comprehensive income** | | **1,852.8** | **934.2** |

The notes on pages 142 to 200 are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED

| $ millions | Note | Share capital (Note 13) | Reserves (Note 14) | Retained Earnings (Note 14) | Equity attributable to owners of the Company | Non-controlling interests (Note 15) | Total Equity |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | | **3,328.2** | **(1,229.4)** | **436.1** | **2,534.9** | **527.5** | **3,062.4** |
| Profit for the year | | - | - | 702.7 | 702.7 | 273.2 | 975.9 |
| Other comprehensive (loss), net of tax | | - | (21.8) | - | (21.8) | (19.9) | (41.7) |
| **Total comprehensive income** | | - | **(21.8)** | **702.7** | **680.9** | **253.3** | **934.2** |
| Impact difference in profit sharing non-controlling interests | 15 | - | - | - | - | 109.6 | 109.6 |
| Share capital reduction | 13 | (2,000.0) | 2,000.0 | - | - | - | - |
| Dividends to non-controlling interests | 15 | - | - | - | - | (181.8) | (181.8) |
| Capital contribution | 14 | - | 63.6 | - | 63.6 | - | 63.6 |
| Non controlling interests acquisition | 15 | - | - | 10.4 | 10.4 | (48.8) | (38.4) |
| Dividends to shareholders | 14 | - | (850.0) | (593.6) | (1,443.6) | - | (1,443.6) |
| **Balance at 31 December 2021** | | **1,328.2** | **(37.6)** | **555.6** | **1,846.2** | **659.8** | **2,506.0** |
| Profit for the year | | - | - | 1,249.5 | 1,249.5 | 570.9 | 1,820.4 |
| Other comprehensive income, net of tax | | - | 15.4 | - | 15.4 | 17.0 | 32.4 |
| **Total comprehensive income** | | - | 15.4 | 1,249.5 | 1,264.9 | 587.9 | 1,852.8 |
| Impact difference in profit sharing non-controlling interests | 15 | - | - | - | - | 316.0 | 316.0 |
| Dividends to non-controlling interests | 15 | - | - | - | - | (453.6) | (453.6) |
| Reserves transfer | 14 | - | (1,150.0) | 1,150.0 | - | - | - |
| Capital contribution | 14 | - | 37.1 | - | 37.1 | - | 37.1 |
| Dividends to shareholders | 14 | - | - | (1,090.0) | (1,090.0) | - | (1,090.0) |
| **Balance at 31 December 2022** | | **1,328.2** | **(1,135.1)** | **1,865.1** | **2,058.2** | **1,110.1** | **3,168.3** |

The notes on pages 142 to 200 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows
## FOR THE YEAR ENDED

| $ millions | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| **Profit for the year** | | **1,820.4** | **975.9** |
| **Adjustments for:** | | | |
| Depreciation, amortization and impairment | 21 | 266.3 | 267.1 |
| Interest income | 22 | (1.5) | (1.0) |
| Interest expense | 22 | 83.2 | 49.2 |
| Net foreign exchange loss/(gain) and others | 22 | 44.1 | (15.1) |
| Impact difference in profit-sharing non-controlling interests | 15 | 316.0 | 109.6 |
| Income tax expense | 10 | 239.2 | 295.6 |
| **Changes in:** | | | |
| Inventories | | (21.1) | 8.3 |
| Trade and other receivables | | 54.1 | (175.7) |
| Trade and other payables | | (37.8) | 128.1 |
| Provisions | | 17.5 | (20.8) |
| **Cash flows:** | | | |
| Interest paid | | (67.5) | (37.9) |
| Lease interest paid | 17 | (4.5) | (4.5) |
| Interest received | | 1.5 | 1.0 |
| Income taxes paid | 10 | (217.5) | (145.4) |
| Withholding tax paid on subsidiary dividends[1] | 10 | (15.1) | (10.6) |
| **Cash flows from operating activities** | | **2,477.3** | **1,423.8** |
| Investments in property, plant and equipment | | (115.5) | (85.4) |
| **Cash used in investing activities** | | **(115.5)** | **(85.4)** |

[1] The comparative numbers have been reclassified to be consistent with the current year presentation.

The notes on pages 142 to 200 are an integral part of these consolidated financial statements.

## **Consolidated Statement of Cash Flows** continued
FOR THE YEAR ENDED

| $ millions | Note | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| Proceeds from borrowings | 16 | 86.0 | 1,260.1 |
| Repayment of borrowings | 16 | (326.3) | (523.1) |
| Acquisition of non-controlling interests | | - | (43.1) |
| Payment of lease liabilities | 17 | (8.0) | (9.4) |
| Transaction costs of new borrowings | 16 | - | (10.0) |
| Dividends paid to non-controlling interests[1] | 15 | (462.2) | (182.8) |
| Dividends paid to shareholders | 14 | (1,090.0) | (1,443.6) |
| **Cash used in financing activities** | | **(1,800.5)** | **(951.9)** |
| | | | |
| **Net cash flow** | | **561.3** | **386.5** |
| | | | |
| **Net increase in cash and cash equivalents** | | **561.3** | **386.5** |
| Cash and cash equivalents at 1 January | | 899.1 | 534.9 |
| Effect of exchange rate fluctuations on cash held | | (18.4) | (22.3) |
| **Cash and cash equivalents at 31 December** | | **1,442.0** | **899.1** |

[1] The comparative numbers have been reclassified to be consistent with the current year presentation.

The notes on pages 142 to 200 are an integral part of these consolidated financial statements.

# Notes to the consolidated Financial Statements
FOR THE YEAR ENDED 31 DECEMBER

## 1. General
Fertiglobe plc ("Fertiglobe" or "the Company") is a public company limited by shares pursuant to Abu Dhabi Global Markets ("ADGM") Companies Regulations 2020. The Company was re-registered from a private limited company to a public limited company on 5 September 2021. The Company was previously established on 23 December 2018 as a private company limited by shares under the name Fertiglobe Holding Limited.

The Company's registered office is located at 2475-2476, 20th floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The Company is registered in the ADGM commercial register under no. 000001911. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as "the Group").

The Group is consolidated by OCI N.V. ("ultimate Parent") that holds 50% + one of the total shares and voting rights in the Company as of 31 December 2022.

On 27 October 2021, Fertiglobe plc was listed on the ADX. The shareholders of the Company (OCI and ADNOC) sold 1.145 billion shares representing 13.8% of the company's share capital. Following the offering, the total issued share capital of the Company is USD 1,328,211,028 consisting of 8,301,318,925 shares at USD 0.16 each, of which 4,150,659,464 shares are owned by the OCI (representing 50% + one share of total issued share capital) and 3,005,077,450 shares are owned by ADNOC (representing 36.2% of total issued share capital).

The current shareholding structure is as follows;
- OCI N.V: 50% + one share of the total issued share capital
- ADNOC: 36.2%
- the free float on the Abu Dhabi Securities Exchange ("ADX") is 13.8%

The principal activity of the Group is the production and sale of nitrogen based products.

These consolidated financial statements were approved and authorized for issuance on 20 March 2023.

## 2. Basis of preparation
### General
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ("IASB") and in compliance with the applicable provisions of the Group's Article of Association and the requirements of the Abu Dhabi Global Market Companies Regulation of 2020. The laws and regulations applicable to the Company for the year have also been assessed in compliance with Abu Dhabi Accountability Authority ("ADAA") requirements. These have no material impact on the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost convention, except when otherwise indicated.

The financial year of the Group commences on 1 January and ends on 31 December.

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## 2. Basis of preparation continued
These consolidated financial statements are presented in US Dollar ("USD"), which is the Company's functional and presentation currency. All amounts have been recorded to the nearest USD 0.1 million except otherwise indicated.

### Going Concern
The Directors have, at the time of approving the annual consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

## 3. Summary of significant accounting policies
The Group has applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise in (note 4).

### 3.1 Consolidation
The consolidated financial statements include the financial statements of the Group, its subsidiaries and the Group's interests in associates and joint ventures.

### Subsidiaries
Subsidiaries are all companies to which the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee, generally accompanying a shareholding of more than half of the shares issued and related voting power. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. When the Group ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any investment retained in the former subsidiary is recognized at fair value. The fair value shall be regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Any resulting gain or loss is recognized in profit or loss including related cumulative translation adjustments accumulated in other comprehensive income. The subsidiaries of the Group are listed in note 27.

### Transactions eliminated in the consolidated financial statements
Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investees.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

### Non-controlling interests ("NCI")
NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Non-controlling interests is presented as a separate component in equity. 'Profit or loss' and 'Total comprehensive income' attributable to the non-controlling interests are presented as a separate line item in the consolidated statement of profit or loss and the consolidated statement of other comprehensive income.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued

### 3.1 Consolidation continued

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### 3.2 Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to contribute to the creation of outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Group of similar identifiable assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date, fair value of the assets and liabilities assumed and the amount of any non-controlling interests in the acquiree. For each business combination, the Group measures the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the classification of particular financial assets and financial liabilities assumed as, at fair value through profit or loss, or at amortized cost or as a financial asset measured at fair value through other comprehensive income. The Group makes an assessment of whether embedded derivatives of the acquiree should be separated from their host contracts.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

### 3.3 Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within net finance costs unless individually material and identifiable, in which case it is presented in the line it relates to.

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued

### 3.3 Foreign currency continued

#### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into USD at the exchange rates at the reporting date.

The income and expenses of foreign operations are translated into USD at the average exchange rates of the transaction's period. Foreign currency differences are recognised in other comprehensive income ("OCI") and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### 3.4 Financial instruments

#### Financial assets

IFRS 9 contains three principal classification categories for financial assets:

- measured at amortized cost,
- at fair value through profit or loss ("FVTPL")
- and at fair value through other comprehensive income ("FVOCI").

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

#### Gas purchase contracts

The Group has physical purchase contracts in place to procure natural gas for its production activities. These contracts are not accounted for as financial instruments as they are excluded from the scope of IFRS 9 through the "own use exemption". The own use exemption applies to contracts that are entered into and continue to be held for the receipt of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements and do not have a past practice of being net cash-settled.

#### i) Classification and subsequent measurement

#### Amortized cost

Trade and other receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the 'hold to collect' business model criteria for amortized cost measurement.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued
### 3.4 Financial instruments continued
Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss on derecognition is recognized directly in profit or loss.

#### Debt instrument at FVOCI
The Group sells certain portfolios of trade receivables under a securitization agreement to a third party. For these selected debtors the Group uses the 'hold-to-collect-and-sell business model' as defined under IFRS 9 and measure these receivables at FVOCI.

#### ii) Derecognition

#### Financial asset
The Group derecognizes a financial asset when:
- the contractual rights to the cash flows from the financial assets expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, in these cases, the transferred assets are not derecognized.

#### Financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Financial liabilities, like loans and borrowings and trade and other payables, are measured at amortized cost.

#### iii) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued

### 3.4 Financial instruments continued

#### Financial liabilities

Financial liabilities, like loans and borrowings and trade and other payables, are measured at amortized cost, unless the financial liability:

- is a derivative at FVTPL;
- arose from the transfer of a financial assets that does not qualify for derecognition or if the continuing involvement approach applies;
- is a financial guarantee contract;
- is a commitment to provide a loan at a below-market interest rate; and
- is a contingent consideration resulting from a business combination to which IFRS 3 applies, measured at FVTPL.

### 3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date (original maturity) that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Restricted cash comprises cash balances where specific restrictions exist on the Group's ability to use this cash. Restricted cash includes cash deposited as collateral for letters of credit issued by the Group. Restricted funds include bank balances reserved by the lending institution for installments of loan payments to be made in the near future.

### 3.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognized in equity as a deduction, net of tax, from the proceeds.

### 3.7 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes cost of material, direct labour, other directly attributable cost incurred to bring the asset ready to its intended use, cost of asset retirement obligation and any capitalized borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance costs are expensed as incurred.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued

### 3.7 Property, plant and equipment continued

Spare parts of property, plant and equipment are recognized under property, plant and equipment if the below applies, otherwise they are recognized within inventories:

- Average turn-over exceeds 12 months or more;
- Major spare parts and stand-by equipment, with an individual purchase price above a certain threshold; and
- Any strategic reserve equipment used in the production process.

#### Property, plant and equipment under construction

Expenditures incurred for purchasing and constructing property, plant and equipment are initially recorded as 'under construction' until the asset is completed and becomes ready for use. Upon the completion of the assets, the recognized costs are reclassified from 'under construction' to a final category of property, plant and equipment. Assets under construction are not depreciated and measured at cost less any impairment losses.

#### Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis through profit or loss over the estimated useful lives of each component, taking into account any residual values.

Land is not depreciated. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for intended use, or in respect of internally constructed assets, from the date that the asset is completed and ready for intended use.

| The estimated useful lives for items of property,plant and equipment are as follows: | Years |
|---|---|
| Buildings | 10-50 |
| Plant and equipment | 5-30 |
| Fixtures and fittings | 3-10 |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary, by the Group.

### 3.8 Leases

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

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued

### 3.8 Leases continued

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

The Group is not acting as a lessor.

#### Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued

### 3.9 Goodwill

Goodwill represents the excess of purchase price and related costs over the value assigned to the Groups' share of identifiable assets acquired and liabilities assumed of businesses acquired that were directly attributable to the legal entities comprising the Group.

Goodwill on acquisition of entities that qualify as subsidiaries is presented under "Goodwill". Goodwill on acquisitions of entities that qualify as associates or joint ventures is included in 'Equity-accounted investees'. Goodwill on acquisition of subsidiaries is allocated to cash-generating units for the purpose of impairment testing.

The allocation is made to those cash-generating units or group of units that are expected to benefit from the business combination through which the goodwill arose, based on past experience.

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is tested annually for impairment; an impairment loss is recognized for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of the cash-generating unit is determined by the higher of its fair value less cost to sell and its value in use. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold. All other expenditures on internally generated goodwill and other intangible assets is recognized in profit or loss as incurred.

### 3.10 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories of raw materials, spare parts and supplies are based on the weighted average principle or the first-in-first-out method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

In case the net realizable value ("NRV") is lower than the cost of inventory, a write-down is required. A write-down to NRV may be required when inventory is damaged; or becomes wholly or partially obsolete; or when the selling price for the product is reduced; or the estimated costs of completion, or the estimates costs to be incurred to make the sale, have increased.

### 3.11 Impairment of assets

#### Non-derivative financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a non- derivative financial asset or a group of non-derivative financial assets are impaired. A non-derivative financial asset is considered to be impaired if the counterparty does not meet the agreed payment terms or when evidence exists that the counterparty will not be able to do so. The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued

### 3.11 Impairment of assets continued

Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is recognized for the amount by which the carrying amount of a non-derivative financial asset exceeds its estimated discounted future cash flows using the original interest rate. Impaired non-derivative financial assets are tested periodically to determine whether the estimated future cash flows have increased and the impairment has to be reversed. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized.

#### Expected credit loss assessment

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit definitions from agencies *(Standard & Poor's)*.Exposure within each credit risk grade are segmented by geographic region classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

#### Non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, are not subject to amortization but are tested annually for impairment or more frequently when indicators arise. Assets with a finite useful life are subject to depreciation or amortization and are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by continued use. For the purposes of assessing impairment, assets are grouped based on the lowest level for which there are separately identifiable cash flows (cash-generating units). Impairment losses are recognized in profit or loss.

Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis. Non-financial assets, which are impaired, are tested periodically to determine whether the recoverable amount has increased and the impairment be (partially) reversed. Impairment losses on goodwill are not reversed.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued

### 3.11 Impairment of assets continued

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized.

### 3.12 Provisions

Provisions are recognized when a present legal or constructive obligation based on past events exists, and it is probable that an outflow of economic benefits is required to settle the obligation. If the outflow is probable, but cannot be determined reliably, the obligation is disclosed. The non-current part of provisions is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

#### Asset retirement obligations

The Group recognizes a provision if the Group has an obligation to restore a leased asset in its original condition at the end of its lease term and in case of legal requirements with respect to clean up of contamination of land, and the estimate can be made reliably. Based on the land lease terms of our production facilities, some entities in the Group have the obligation to restore their site upon decommissioning.

The Group has not recorded a liability for this conditional asset retirement obligation, as it does not believe there is currently a reasonable basis for estimating a date or range of dates of cessation of the operations, which is necessary to estimate the fair value of this liability.

Considering that regular maintenance, plant turn around and any other upgrades will be conducted on a regular basis and is typical for the industry, this will extend the physical life of the production facility (also taken into account the possible changes in technology and availability of raw materials).

#### Claims and contingencies

The Group is subject to legal and regulatory proceedings and commercial disputes in various jurisdictions. Such proceedings may result in criminal or civil sanctions, penalties or disgorgements against the Group. If it is probable that an obligation to the Group exists, which will result in an outflow of resources and the amount of the outflow can be reliably estimated, a provision is recognized.

#### Donation provision

The donation provision is recognized as a constructive obligation, the amount is undiscounted as the Group does not know the exact settlement date, as such the provision is classified as current.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued

### 3.12 Provisions continued

#### Onerous contracts

Onerous contracts are contracts for which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs and an allocation of other costs that relate directly to fulfilling contracts. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

### 3.13 Segment reporting

An operating segment is a component of an entity that engages in business activities for which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker ("CODM") to make decisions about resource allocation to the segment and to assess its performance and for which discrete financial information is available. The Group determines and presents operating segments on the basis of information that internally is provided to the CODM during the period. Operating segments are grouped into reporting segments based on similar economic environments and similar products.

### 3.14 Revenue from contracts with customers

Revenues are recognized to depict the transfer of goods or services to customers in the ordinary course of the Group's activities, in the amounts that reflect the considerations to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when the Group satisfies the performance obligations by transferring promised goods or services to customers.

The main performance obligation of the Group is the transfer of fertilizer products to customers. Goods are transferred when the customer obtains control of the asset. The timing of when control transfer depends on the sales and shipping terms agreed. Invoices are generated and revenue is recognized at that point in time. Invoices are usually payable within 30 days.

Revenue is recognized net of expected discounts and rebates to customers. Accumulated experience and management judgement is used to estimate and provide for the discounts and rebates revenue is only recognized to the extent that it is highly probably that a significant reversal will not occur. The Group does not have any contracts where the period of time between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, no adjustment is made to transaction prices for the time value of money.

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued

### 3.15 Finance income and cost

Finance income includes:

- interest income on funds invested (including on financial assets at fair value through other comprehensive income);
- gains on the disposal of financial assets at fair value through other comprehensive income;
- dividend income;
- fair value gains on financial assets at fair value through profit or loss;
- gains on hedging instruments related to foreign currency and interest rate derivatives that are recognized in profit or loss and reclassification of amounts previously recognized in other comprehensive income;
- interest income is recognized as it accrues in profit or loss, using the effective interest method; and
- foreign currency gain on financial assets and financial liabilities.

Finance cost includes:

- interest expense on borrowings;
- unwinding of the discount on provisions and contingent consideration;
- interest expense related to lease obligations;
- losses on disposal of financial assets at fair value through other comprehensive income;
- fair value losses on financial assets at fair value through profit or loss;
- foreign currency loss on financial assets and financial liabilities;
- loss on hedging instruments related to foreign currency and interest rate derivatives that are recognized in profit or loss and reclassification of amounts previously recognized in other comprehensive income; and
- impairment losses recognized on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss and expensed as incurred.

### 3.16 Employee benefits

#### Defined contribution plan

Certain Group subsidiaries provide pension plans, end of service remuneration plans and long-term service benefits. These pension plans qualify as defined contribution plans. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

#### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Long-term employee benefits

The Group long-term employee benefits are recognized if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably to determine its present value. The discount rate is the yield at the balance sheet date on triple-A ("AAA") credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. Re-measurements are recognized in profit or loss in the period in which they arise.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued
### 3.16 Employee benefits continued
#### Termination benefits
Employee termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or when the Group is providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

### 3.17 Income tax
#### Current tax
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax payable also includes any tax liability arising from the declaration of dividends. Current income tax receivable and payable are offset when there is a legally enforceable right to offset and when the current income tax relates to the same fiscal authority.

#### Deferred tax
Deferred income tax liabilities are recognized for all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements ('balance sheet' method). Deferred income tax assets are recognized for all deductible temporary differences, unused carry forward losses and unused carry forward tax credits, to the extent that it is probable that future taxable profit will be available against which the deferred income tax assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Also, no deferred income tax is recognized regarding the initial recognition of goodwill and regarding investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred income tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 3. Summary of significant accounting policies continued

### 3.17 Income tax continued

In cases where it is concluded it is not probable that tax authorities will accept a tax treatment, the effect of the uncertainty is reflected in the recognition and measurement of tax assets and liabilities or, alternatively, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

New information may become available that causes the company to change its judgment regarding the adequacy of existing tax assets and liabilities. such changes to tax assets and liabilities will impact the income tax expense in the period during which such a determination is made.

### 3.18 Consolidated statement of cash flows

The consolidated statement of cash flows has been prepared using the 'indirect' method. Cash flows in foreign currencies have been translated applying average exchange rates. Currency translation differences are shown separately in the consolidated statement of cash flows. Cash flows from investing activities consist mostly of investments and divestments in property, plant and equipment, intangible assets, and acquisitions insofar as these are paid for in cash. Acquisitions or disposals of subsidiaries are presented as acquisition/disposal of subsidiary, net of cash.

### 3.19 Earnings per share

Earnings per ordinary share are calculated by dividing the profit or loss (net) attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. In making this calculation the (ordinary) treasury shares are deducted from the number of ordinary shares outstanding. The calculation of the diluted earnings per share is based on the weighted average number of ordinary shares outstanding plus the potential increase as a result of the conversion of convertible bonds and the settlement of share-based compensation plans (share option plans). Anti-dilutive effects are not included in the calculation. An adjustment is made to profit or loss (net) to eliminate interest charges, whilst allowing for effect of taxation. The Group currently does not have any dilutive shares.

## 4. New accounting standards and policies

On a regular basis, the IASB issues new accounting standards, amendments and revisions to existing standards and interpretations. These new accounting standards, amendments and revisions to existing standards and interpretations are subject to endorsement by the Abu Dhabi Global Market Companies Regulation of 2020.

# Notes to the consolidated Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER

## 4. New accounting standards and policies continued

### 4.1 Standards, amendments, revisions and interpretations that became effective to the Group during 2022

The standards and interpretations that became effective in 2022 did not have a material impact on the consolidated financial statements of the Group.

| Standards | Amendements |
|---|---|
| Amendments to IFRS 3 Business Combinations | Reference to the Conceptual Framework |
| Amendments to IAS 16 Property, Plant and Equipment | Proceeds before Intented Use |
| Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts | Cost of Fulfulling a Contract |
| Annual Improvements to IFRS Standards 2018 - 2020 | Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture |
| Amendment to IFRS 16 | COVID-19-Related Rent Concessions beyond 30 June 2021 |

### 4.2 New revised IFRS in issue but not yet effective

IFRS standards and interpretations thereof not yet in force which may apply to the future Group's consolidated financial statements are being assessed for their potential impact. The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

| Standards | Amendments |
|---|---|
| Amendments to IAS 12 Income Taxes | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| IFRS 17 Insurance Contracts | IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts |
| Amendments to IAS 1 Presentation of Financial Statements | Classification of Liabilities as Current or Non-Current |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors | Definition of Accounting Estimates |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 5. Critical accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources.

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

Compared to the consolidated financial statements for the year ended 31 December 2021, there were no significant changes to the critical accounting judgements, estimates and assumptions that could result in significantly different amounts than those recognized in the financial statements. All our critical accounting judgments, estimates and assumptions have been reviewed and updated when necessary, following this situation.

The most critical accounting policies, involving a higher degree of judgment and complexity in applying principles of valuation and for which changes in the assumptions and estimates could result in significantly different results than those recorded in the financial statements, are the following:

### Goodwill and other intangible assets

Intangible assets with finite useful lives are carried at cost less cumulative amortization and any impairment. Amortization is calculated using the 'straight-line' method based on the estimated useful lives. Management makes estimates regarding the useful lives and residual values and assumes that amortization takes place on a 'straight-line' basis. The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

For intangible assets with indefinite useful lives, the Group assesses annually or more frequently whether indicators exist that suggest the intangible asset might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of intangible assets, the Group makes estimates and assumptions about future cash flows based on the value in use. In doing so, management also makes assumptions and estimates regarding the discount rates in order to calculate the net present value of the future cash flows. Management tests at least annually whether goodwill is impaired by comparing the recoverable amounts of cash-generating units with their carrying amounts. The recoverable amount is the higher of the fair value less cost of disposal and the value in use. In determining the recoverable amount, management makes estimates and assumptions concerning future revenues, future costs, future working capital, Weighted Average Cost of Capital ("WACC") and future inflation rate (note 8).

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 5. Critical accounting judgments, estimates and assumptions continued

### Property, plant and equipment
Depreciation is calculated using the 'straight-line' method based on the estimated useful lives, taking into account any residual values. Management makes estimates regarding the useful lives and residual values and assumes that depreciation takes place on a 'straight-line' basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Management assesses annually, or more frequently, whether indicators exist that suggest that an item of property, plant and equipment might be impaired by comparing the recoverable amounts with their carrying amounts.

In determining the recoverable amounts of property, plant and equipment, management makes estimates and assumptions about future cash flows based on the value in use. The discount rate to be used in order to calculate the net present value of the future cash flows in the impairment analysis is based on the WACC (note 7).

### Asset retirement obligations
The Group recognizes a provision if the Group has an obligation to restore a leased asset in its original condition at the end of its lease term and in case of legal requirements with respect to clean up of contamination of land, and the estimate can be made reliable. Based on the land lease of their production facilities, some entities have the obligation to restore their site upon decommissioning.

The Group has not recorded a liability for this conditional asset retirement obligation, as it does not believe there is currently a reasonable basis for estimating a date or range of dates of cessation of the operations, which is necessary to estimate the fair value of this liability. Considering that maintenance, turn arounds and any other upgrades will be conducted on a regular basis as was done in the past, this can extend the physical life of the production facility (also taken into account the possible changes in technology and availbility of raw materials).

### Control assessment subsidiaries
Subsidiaries that the Group controls are fully consolidated from the date that control commences until the date that control ceases. To determine whether the Group has control over its subsidiaries, an assessment of control is required. This assessment is based on the requirements of IFRS 10 and evaluates whether the Group is exposed or has rights to variable returns from its involvement with the investee and whether the Group has the ability to affect those returns through its control over the investee, generally accompanying a shareholding of more than half of the shares issued and related voting power. In certain circumstances, the control assessment may require the Group to evaluate the effect of ownership structures, determination of relevant activities and other arrangements including the rights of other shareholders that could have an impact on the assessment of control, this specifically relates to the control assessment of Sorfert. The significance of this evaluation is inversely correlated with Fertiglobe's shareholding in the subsidiary as shown in note 15.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 5. Critical accounting judgments, estimates and assumptions continued

### Control over investees

In determining whether the Group shall consolidate certain investments in joint arrangements, the Group makes assumptions about whether certain decision rights are substantive or protective in nature. In doing so, the Group applies judgment regarding shareholder agreements it has with those other investees. If the Group determines it holds the majority of the substantive decision rights, it assumes that it holds power over the investee. The Group also makes assumptions whether it is exposed to variable returns and whether these are linked to the power the Group holds. The linkage is tested by making assumptions whether the Group might be acting as a principal rather than an agent. If the Group meets all three criteria, the Group assumes it controls the investee.

### Inventories

In determining the net realizable value of inventories, the Group estimates the selling prices in the ordinary course of business less cost to sell. In doing so, the Group makes estimates and assumptions based on current market prices, historical usage of various product categories versus current inventory levels and specific identified obsolescence risks (e.g., end of life of specific goods and spare parts and the impact of new environmental legislation) determining the net realizable value of inventories, the Group estimates the selling prices in the ordinary course of business, cost of completion and cost to sell (note 11).

### Provisions

Recognition of provisions include significant estimates, assumptions and judgments. IFRS requires only those provisions to be recognized if there is an expected outflow of resources in the near future and if the cost of these outflows can be estimated reliably.

Accordingly, management exercises considerable judgment in determining whether it is more likely than not that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. These judgments are subject to change as new information becomes available.

The required amount of a provision may change in the future due to new developments in the matter. Revisions to estimates may significantly impact future profit or loss. Upon resolution, the Group may incur charges in excess of the recorded provisions for such matters. Due to the long time period over which future cash outflows are expected to occur, including the respective interest accretion, assumptions are required to be made. Amongst others, the estimated cash outflows could alter significantly if, and when, political developments affect future laws and regulation with respect to asset retirements. The Group has not recognized any asset retirement obligations because a reliable estimate of the amount of the obligations cannot be made.

With respect to legal cases, the Group has to estimate the outcome. Regulatory, legal proceedings, commercial disputes as well as government investigations often involve complex legal issues and are subject to substantial uncertainties. The Group periodically reviews the status of these proceedings with both the internal and external legal counsels (note 19).

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 5. Critical accounting judgments, estimates and assumptions continued

### Income taxes

The Group is subject to income taxes in several jurisdictions. Estimates are required in determining the group-wide provision for income taxes. There are some transactions and calculations for which the ultimate tax position is uncertain during the ordinary course of business. The Group recognizes provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. The Group recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available for the deferred tax asset to be recovered.

This is based on estimates of taxable future income by jurisdiction in which the Group operates and the period over which deferred tax assets are expected to be recoverable In the event that actual results or new estimates differ from previous estimates and depending on the possible tax strategies that may be implemented, changes to the recognition of deferred tax assets could be required, which could impact the financial position and profit or loss (note 10).

### Leases

The assessment of whether a contract is or contains a lease requires judgment with respect to whether the lessor has substantive substitution rights, who obtains economic benefits from use of the asset and who takes the 'how and for what purpose' decisions during the period of use.

Judgement is also applied in order to assess whether the entity will exercise any extension or cancellation options of a lease. The Group applies judgments in order to determine the incremental borrowing rate in order to calculate the lease liability (note 17).

### Liquidity risk

As part of the preparation of the financial statements, the Group has assessed its liquidity risk and going concern. Liquidity risk is the risk that the Group may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group has made a number of assumptions in assessing its ability to meet its covenant requirements (note 16) and satisfy obligations as they become due. Determining these assumptions requires significant judgment about future results and cash flows.

Key assumptions include product pricing, gas pricing, utilization rates and the ability to arrange financing and obtain waivers for potential covenant breaches.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 6. Financial risk and capital management

### Overview

The Group has exposure to credit, liquidity and market risks from financial instruments. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated group basis. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks, additionally it also includes the Group's management of capital.

### Risk management framework

The Board is responsible for the establishment and monitoring of the Group's risk management framework. Senior (local) management is responsible for the effective operation of the internal risk management and control systems.

The Finance department is responsible for the facilitation and supervision of the Risk Management function, compliance with the Group Internal Control Framework and supports the Board in the exercise of their risk management duties.

The Group's risk management policies and practices are established to identify and analyze 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 business activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

### 6.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The Group mitigates the exposure to credit risk on outstanding cash balances by placing funds at multiple financial institutions with a sufficient credit rating.

The Group's exposure to customer credit risk is monitored and mitigated by performing credit checks before selling any goods. The Group establishes an allowance, if needed, for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that are expected based on historical performance. IFRS 9 establishes a three-stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. As at 31 December 2022, management assessed any significant increase in credit risk based on internal and external factors related to the financial instruments and concluded no such significant credit risk was present (note 9).

# Notes to the consolidated Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER

## 6. Financial risk and capital management continued

### 6.1 Credit risk continued

With respect to transactions with financial institutions, the Group sets a minimum credit rating for the counterparties. The maximum exposure to credit risk is the carrying amount of financial instruments. There is no significant concentration of credit risk in trade and other receivables, financial assets at fair value through other comprehensive income or cash and cash equivalents. Significantly all of Fertiglobe trade and other receivables balances are with strategic customers that are collateralized by letters of credit, guarantees and securitization, or are due from government entities.

The maximum exposure to credit risk at the reporting date is as follows:

| $ millions | Note | 2022 | 2021 |
|---|---|---|---|
| Trade and other receivables[1] | 9 | 343.3 | 396.5 |
| Cash and cash equivalents | 12 | 1,442.0 | 899.1 |
| **Total** | | **1,785.3** | **1,295.6** |

[1] Excluding prepayments, supplier advance payments and other receivables related to indemnity. Tax related prepayments as at 31 December 2021 have been reclassified to be consistent with the current year presentation.

The maximum exposure to credit risk for trade and other receivables by geographic region is as follows:

| $ millions | 2022 | 2021 |
|---|---|---|
| Middle East and Africa | 32.4 | 57.0 |
| Asia and Oceania | 171.1 | 223.1 |
| Europe | 119.2 | 103.1 |
| America | 20.6 | 13.3 |
| **Total[1]** | **343.3** | **396.5** |

[1] Excluding prepayments, supplier advance payments and other receivables related to indemnity. Tax related prepayments as at 31 December 2021 have been reclassified to be consistent with the current year presentation.

### 6.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

# Notes to the consolidated Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER

## 6. Financial risk and capital management continued

### 6.2 Liquidity risk continued

The following are undiscounted contractual maturities of financial liabilities, including estimated interest payments and exclude the impact of netting agreements:

| 2022<br>$ millions | Note | Carrying amount | Contractual cash flow | Less than 1 year | Between 1 and 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | |
| Loans and borrowings | 16 | 1,155.2 | 1,168.9 | 89.6 | 1,079.3 | - |
| Lease obligations | 17 | 91.1 | 329.0 | 18.7 | 36.3 | 274.0 |
| Trade and other payables[1] | 18 | 326.1 | 326.1 | 320.4 | 5.7 | - |
| Trade and other payables to related parties | 18 | 50.7 | 50.7 | 50.7 | - | - |
| **Total** | | **1,623.1** | **1,874.7** | **479.4** | **1,121.3** | **274.0** |

[1] Excluding employee benefits

| 2021<br>$ millions | Note | Carrying amount | Contractual cash flow | Less than 1 year | Between 1 and 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | |
| Loans and borrowings | 16 | 1,385.7 | 1,394.4 | 65.5 | 1,328.9 | - |
| Lease obligations | 17 | 91.2 | 327.9 | 12.7 | 40.3 | 274.9 |
| Trade and other payables[1] | 18 | 367.7 | 367.7 | 350.1 | 17.6 | - |
| Trade and other payables to related parties | 18 | 58.4 | 58.4 | 58.4 | - | - |
| **Total** | | **1,903.0** | **2,148.4** | **486.7** | **1,386.8** | **274.9** |

[1] Excluding employee benefits

The interest on floating rate loans and borrowings is based on forward interest rates at the year-end. This interest rate may change as the market interest rate changes.

Callable loan amounts are classified as 'Less than one year'. The future obligations will be managed by the future incoming cash from operations, currently available and unused amounts on credit facility agreements, reference is made to note 16.

The Group's approach to managing liquidity risk is to ensure 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. This is also safeguarded by using multiple financial institutions in order to mitigate any concentration of liquidity risk.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 6. Financial risk and capital management continued

### 6.2 Liquidity risk continued

Liquidity risk is monitored internally at a Group level. On an ongoing basis, the Group prepares liquidity forecasts to verify whether the Group is able to meet its future debt obligations. The Group has also carefully evaluated the funding of its Business Plan for at least the next 12 months from the date of issuance of the financial statements, taking into account the measures mentioned below and has applied sensitivities to the forecast level of liquidity headroom available. Key assumptions include product pricing, natural gas pricing and utilization rates. Management has applied these assumptions to the forecasts it prepares, demonstrating sufficient liquidity headroom.

### 6.3 Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices that 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 optimizing the return.

The Group is exposed to foreign currency risk arising in the following ways:

#### Foreign exchange translation risk

Due to the Group's international presence, the Group is exposed to foreign exchange fluctuations as these affect the translation of the Group's business entities with functional currencies that are different from the US dollar (which is the Group's functional currency). The currency concerned is mainly the Algerian dinar. Foreign exchange translation exposure is considered a part of doing business on an international level; this risk is not hedged. The Group seeks to mitigate translation risk to our credit metrics by broadly matching the currency of debt with cash flows.

#### Foreign exchange transaction risk

The Group entities predominantly execute their activities in their respective functional currencies. The Group is however exposed to foreign exchange transaction risk to the extent that there is a discrepancy between the currencies in which sales, purchases, investments and borrowings are denominated and the respective functional currencies of the Group entities. The Group monitors the exposure to foreign currency risk arising from operating activities and enters selectively into foreign exchange contracts (if required) to hedge foreign currency exposures. The functional currencies of the Group entities are primarily the US dollar, the Algerian dinar and the Euro. EFC and EBIC have exposure to fluctuations in the USD/EGP exchange rates.

The summary of balances of the Group's exposure to foreign exchange transactions, where the main exposure currencies are different from the functional currencies, including intercompany balances, is as follows:

| 2022<br>$ millions | USD | EUR | EGP |
|---|---|---|---|
| Trade and other receivables | 25.5 | 20.0 | 72.9 |
| Trade and other receivables intercompany | 29.5 | 245.1 | 0.1 |
| Trade and other payables | (0.1) | (3.4) | (7.4) |
| Trade and other payables intercompany | (0.4) | (247.5) | (0.5) |
| Provisions | - | - | (76.9) |
| Cash and cash equivalents | 864.0 | 7.2 | 16.5 |

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 6. Financial risk and capital management continued
### 6.3 Market risk continued

| 2021<br>$ millions | USD | EUR | EGP |
|---|---|---|---|
| Trade and other receivables | 4.9 | 6.3 | 93.1 |
| Trade and other receivables intercompany | 1,114.0 | 19.9 | 0.3 |
| Trade and other payables | (1.9) | (11.4) | (8.0) |
| Trade and other payables intercompany | (3.0) | (19.9) | (0.5) |
| Loans and borrowings intercompany | (1,058.3) | - | - |
| Provisions | - | - | (121.1) |
| Cash and cash equivalents | 408.8 | 13.9 | 24.0 |

The Algerian dinar is not included in the above table of foreign exchange transaction exposure, since there are no entities in the Group which have monetary items denominated in Algerian dinars, except for Sorfert, which has the Algerian dinar as its functional currency.

### Significant rates
The following significant exchange rates applied during the year:

| | Average 2022 | Average 2021 | Closing 2022 | Closing 2021 |
|---|---|---|---|---|
| Euro | 1.0533 | 1.1828 | 1.0711 | 1.1370 |
| Egyptian pound | 0.0530 | 0.0637 | 0.0404 | 0.0636 |
| Algerian dinar | 0.0070 | 0.0074 | 0.0073 | 0.0072 |

The following tables demonstrate the sensitivity to a reasonably possible change in USD foreign exchange rate against EUR, EGP and DZD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

| 2022<br>$ millions | Change in FX rate | Effect on profit before tax | Effect on other comprehensive income |
|---|---|---|---|
| EUR – USD | 10 percent | 2.3 | - |
| | (10) percent | (2.3) | - |
| EGP - USD | 10 percent | 0.5 | - |
| | (10) percent | (0.5) | - |
| DZD - USD | 4 percent | 36.7 | - |
| | (4) percent | (36.7) | - |

| 2021<br>$ millions | Change in FX rate | Effect on profit before tax | Effect on other comprehensive income |
|---|---|---|---|
| EUR – USD | 8 percent | 2.2 | - |
| | (8) percent | (2.2) | - |
| EGP - USD | 3 percent | (0.4) | - |
| | (3) percent | 0.4 | - |
| DZD - USD | 3 percent | 13.1 | - |
| | (3) percent | (13.1) | - |

The figures in the above overview are determined based on the currency volatility of the respective years. A significant part of the Group's exposure to foreign currency transaction risk relates to intercompany balances.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 6. Financial risk and capital management continued
### 6.3 Market risk continued
#### Interest rate risk
The Group's cash flow interest rate risks arise from the exposure to variability in future cash flows of floating rate financial instruments and refinancing fixed rate borrowings. The Group regularly reviews its exposure to the global interest rate environment. The Group has not entered into any interest rate derivatives.

The Group analyses its interest rate exposure on a dynamic basis. The Group calculates the impact on profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings plus refinancing of fixed rate borrowings, as follows:

| $ millions | In basis points | 2022 | 2021 |
|---|---|---|---|
| Effect on profit before tax for the coming year | +200 bps | (18.0) | (21.8) |
| | - 200 bps | 18.0 | 21.8 |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market data, showing a higher volatility compared to prior years. The interest rate sensitivity calculation is based on the interest-bearing liabilities, reference is made to note 16.

A fundamental reform of major interest rate benchmarks has been undertaken globally, including the replacement of some interbank offered rates (IBOR), with alternative nearly risk-free rates. The Group's main IBOR exposure was USD LIBOR on its loans. The alternative reference rate for LIBOR is the Secured Overnight Financing Rate (SOFR). All significant agreements already take into account the IBOR reform and include updated terms of borrowings following the rate switch. The USD LIBOR will cease on 30 June 2023.

#### Financial assets and liabilities
The following table represents the financial assets and financial liabilities of the Group:

| $ millions | Note | 2022 | 2021 |
|---|---|---|---|
| **Assets** | | | |
| Trade and other receivables[1] | 9 | 343.3 | 396.5 |
| Cash and cash equivalents | 12 | 1,442.0 | 899.1 |
| **Total** | | **1,785.3** | **1,295.6** |
| **Liabilities** | | | |
| Loans and borrowings | 16 | 1,155.2 | 1,385.7 |
| Trade and other payables[2] | 18 | 376.8 | 426.1 |
| **Total** | | **1,532.0** | **1,811.8** |

[1] Excluding prepayments, supplier advance payments and other receivables related to indemnity. Tax related prepayments as at 31 December 2021 have been reclassified to be consistent with the current year presentation.

[2] Excluding employee benefits

The Group does not have any derivative financial instruments at 31 December 2022 and 31 December 2021.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 6. Financial risk and capital management continued

### 6.4 Capital management

The Board's 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. Capital consists of ordinary shares, retained earnings, reserves and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Group is required by external financial institutions to maintain certain capital requirements in relation to its debt. Reference is made to note 16 for a description of financial covenants.

The Group's net (cash)/debt to equity ratio at the reporting date was as follows:

| $ millions | Note | 2022 | 2021 |
|---|---|---|---|
| Loans and borrowings | 16 | 1,155.2 | 1,385.7 |
| Less: cash and cash equivalents | 12 | 1,442.0 | 899.1 |
| **Net (cash) / debt** | | **(286.8)** | **486.6** |
| Total equity | | 3,168.3 | 2,506.0 |
| **Net (cash) / debt to equity ratio at 31 December** | | **(0.09)** | **0.19** |

## 7. Property, plant and equipment

As at 31 December 2022, the Group has land with a carrying amount of USD 22.2 million (2021: USD 22.2 million). The additions of USD 111.1 million mainly relate to Sorfert for USD 17.6 million, Fertil for USD 47.7 million, EBIC for USD 19.7 million, EFC for USD 19.3 million and Fertiglobe plc for USD 6.8 million. The effect of movement in exchange rates in 2022 mainly relates to Sorfert, which has a different functional currency (Algerian dinar), to the Group's presentation currency. The Algerian dinar appreciated by 1.4% against the US dollar in 2022.

### Spare parts reclassification

In 2021, the Group performed a detailed assessment of the spare parts which resulted in the reclassification of some low value items into inventory. Accordingly, the value of Stores, Spares and Tools transferred out of Property, Plant and Equipment amounted to USD 19.0 million (net of accumulated depreciation), and the value of Stores, Spares and Tools recognized as Inventories amounted to USD 13.7 million (net of provision for obsolescence). The difference in accounting treatment resulted in a charge of USD 5.3 million in the consolidated statement of Profit or Loss in 2021.

### Impairment of ship loader

In April 2021, during regular maintenance, a ship loader in Ruwais collapsed. The inspection report showed that the main components of the loader were severely impacted which put the ship loader in a halt position. An impairment was recorded for the full net book value of the ship loader of USD 10.5 million.

# Notes to the consolidated Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER

## 7. Property, plant and equipment continued

| $ millions | Land and buildings | Plant and equipment | Fixtures and fittings | Under construction | Total |
|---|---|---|---|---|---|
| **At 1 January 2022** | **182.1** | **2,691.9** | **6.7** | **61.5** | **2,942.2** |
| **Movements in the carrying amount:** | | | | | |
| Additions | 0.3 | 30.6 | 1.1 | 79.1 | 111.1 |
| Disposals | - | - | - | - | - |
| Depreciation and impairment | (8.7) | (242.3) | (2.2) | - | (253.2) |
| Transfers | 0.1 | 103.2 | 0.8 | (73.5) | 30.6 |
| Effect of movement in exchange rates | 0.5 | 6.4 | - | 0.3 | 7.2 |
| **At 31 December 2022** | **174.3** | **2,589.8** | **6.4** | **67.4** | **2,837.9** |
| Cost | 296.8 | 5,386.1 | 45.8 | 67.4 | 5,796.1 |
| Accumulated depreciation & impairment | (122.5) | (2,796.3) | (39.4) | - | (2,958.2) |
| **At 31 December 2022** | **174.3** | **2,589.8** | **6.4** | **67.4** | **2,837.9** |

| $ millions | Land and buildings | Plant and equipment | Fixtures and fittings | Under construction | Total |
|---|---|---|---|---|---|
| Cost | 298.0 | 5,314.1 | 43.5 | 70.6 | 5,726.2 |
| Accumulated depreciation and impairment | (108.6) | (2,409.4) | (36.2) | - | (2,554.2) |
| **At 1 January 2021** | **189.4** | **2,904.7** | **7.3** | **70.6** | **3,172.0** |
| **Movements in the carrying amount:** | | | | | |
| Additions | 1.8 | 24.1 | 1.4 | 57.3 | 84.6 |
| Depreciation and impairment | (6.3) | (247.7) | (1.8) | - | (255.8) |
| Spare parts reclassification (Cost) | - | (40.1) | - | - | (40.1) |
| Spare parts reclassification (Depreciation) | - | 21.1 | - | - | 21.1 |
| Disposals | - | (0.1) | - | - | (0.1) |
| Transfers | - | 65.0 | - | (65.0) | - |
| Effect of movement in exchange rates | (2.8) | (35.1) | (0.2) | (1.4) | (39.5) |
| **At 31 December 2021** | **182.1** | **2,691.9** | **6.7** | **61.5** | **2,942.2** |
| Cost | 295.2 | 5,257.0 | 44.4 | 61.5 | 5,658.1 |
| Accumulated depreciation and impairment | (113.1) | (2,565.1) | (37.7) | - | (2,715.9) |
| **At 31 December 2021** | **182.1** | **2,691.9** | **6.7** | **61.5** | **2,942.2** |

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## 8. Goodwill

| $ millions | 2022 | 2021 |
|---|---|---|
| Cost | 1,942.4 | 1,942.4 |
| Accumulated impairment | (1,337.6) | (1,337.6) |
| **Total** | **604.8** | **604.8** |

Goodwill has been allocated to the cash generating units as follows:

| $ millions | 2022 | 2021 |
|---|---|---|
| Egyptian Fertilizers Company ("EFC") | 440.0 | 440.0 |
| Ruwais Fertilizer Industries LLC. ("Fertil") | 164.8 | 164.8 |
| **Total** | **604.8** | **604.8** |

### Goodwill impairment testing

The determination of the recoverable amount for the cash generating unit EFC and Fertil requires significant judgments and estimates, including projections of future cash flows from the businesses. The recoverable amounts have been estimated based on value in use.

The tests were carried out by discounting future cash flows to be generated from the continuing use of the cash-generating units to which the goodwill applies and on the assumption of an indefinite life. Key assumptions used in the calculation of recoverable amounts are the discount rate, the terminal value growth rate, selling price outlook per product, natural gas prices and the number of expected operating days per plant.

Selling price assumptions are based on a published independent price outlook prepared by global experts. The other assumptions used are based on past experience and external sources, but that are unpredictable and inherently uncertain.

The impairment tests are based on specific estimates for the US dollar cash flow projections for the years 2023 to 2027 (this period captures the cyclical nature of the industry). For the subsequent years the residual values were calculated based on the average EBITDA margin of the projection period and whereby a perpetual growth rate of 4.08% (2021: 2.02%) was taken into account. The estimated pre-tax cash flows are discounted to their present value using pre-tax discount rates.

The following rates were applied in performing the impairment test:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **Percentage** | **Fertil** | **EFC** | **Fertil** | **EFC** |
| Pre-tax discount rate | 13.7% | 19.9% | 10.3% | 12.6% |
| Perpetual growth rate | 4.08% | 4.08% | 2.02% | 2.02% |

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## 9. Trade and other receivables

In 2018, the Group entered into a securitization agreement to sell without recourse certain portfolios of trade receivables to an external financial institution. By doing so, the Group is able to receive cash flows from selected debtors sooner than would normally be the case. Fertiglobe derecognizes the trade receivables, since substantially all risks and rewards of ownership are transferred. Further the Group has pass through arrangement with financial institution as per which all the amounts collected from customer are paid back to financial institution without material delay.

For the year ended 31 December 2022, an amount of USD 414.2 million (2021: USD 227.4 million) of trade receivables were transferred under the securitization agreement. Furthermore, the total amount charged by securitization company amounted to USD 1.8 million during the year (2021: USD 0.6 million). The portfolio of trade receivable which is held for collect and sale at reporting date amounted to USD 67.3 million (2021 USD 12.2 million).

The other tax receivable contains an amount of EGP 900 million (USD 36.4 million) relating to a payment made to the Egyptian Tax Authorities as part of the tax claim which will be refunded upon settlement of the tax claim. Reference is made to note 26 "OCI S.A.E. tax dispute".

Non-current trade and other receivables have not been discounted as the effect is immaterial to the consolidated financial statements.

The carrying amount of trade and other receivables as at 31 December 2022 approximates its fair value.

| $ millions | Note | 2022 | 2021 |
|---|---|---|---|
| Trade receivables (net) | | 205.3 | 261.1 |
| Trade receivables (net) from related parties | 25 | 2.6 | 13.8 |
| Prepayments[1] | | 43.3 | 24.8 |
| Other tax receivables | | 90.9 | 112.3 |
| Supplier advance payments | | 12.3 | 22.1 |
| Other receivables (net) | | 37.2 | 3.7 |
| Other receivables related parties | 25 | 52.6 | 69.2 |
| **Total** | | **444.2** | **507.0** |
| Non-current | | 37.7 | 29.1 |
| Current | | 406.5 | 477.9 |
| **Total** | | **444.2** | **507.0** |

[1] Tax related prepayments as at 31 December 2021 have been reclassified from prepayments into other tax receivables to be consistent with the current year presentation.

The aging of current trade receivables at the reporting date were as follows:

| $ millions | 2022 | 2021 |
|---|---|---|
| Neither past due nor impaired | 206.8 | 274.0 |
| Past due 1 - 30 days | - | - |
| Past due 31 - 90 days | 0.8 | 0.6 |
| Past due 91 - 360 days | 0.2 | 0.2 |
| More than 360 days | 0.1 | 0.1 |
| **Total** | **207.9** | **274.9** |

# Notes to the consolidated Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER

## 9. Trade and other receivables continued

Management believes that the unimpaired amounts that are past due by more than 30 days are collectible in full, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

| $ millions | 2022 | 2021 |
|---|---|---|
| **At 1 January and 31 December** | **(0.2)** | **(0.2)** |

## 10. Income taxes

### 10.1 Income tax in the statement of profit or loss and other comprehensive income

| $ millions | 2022 | 2021 |
|---|---|---|
| Current tax | (214.1) | (220.8) |
| Deferred tax | (25.1) | (74.8) |
| **Total income tax in profit or loss** | **(239.2)** | **(295.6)** |

### 10.2 Reconciliation of effective tax rate

The Group's operations are subject to income taxes in various foreign jurisdictions. The statutory income tax rates vary from 0.0% to 25.0%, which results in a difference between the weighted average statutory income tax rate and the UAE's statutory income tax rate of 25.0%.

Reconciliation of the statutory income tax rate in the UAE with the effective tax rate can be summarized as follows:

| $ millions | 2022 | % | 2021 | % |
|---|---|---|---|---|
| Profit before income tax | 2,059.6 | | 1,271.5 | |
| Enacted income tax rate | 25% | | 25% | |
| **Tax calculated at the enacted tax rate** | **(514.9)** | **25.0** | **(317.9)** | **25.0** |
| Effect of tax rates in foreign jurisdictions | 93.7 | (4.5) | 39.4 | (3.1) |
| Income not subject to tax | 177.6 | (8.6) | 112.0 | (8.8) |
| Non-deductible expenses | (24.8) | 1.2 | (17.6) | 1.4 |
| Dividend withholding tax | (17.0) | 0.8 | (17.1) | 1.3 |
| Unrecognized tax assets | (3.3) | 0.2 | 2.2 | (0.2) |
| Uncertain tax positions | 1.4 | (0.1) | (96.9) | 7.6 |
| Foreign exchange impact | 47.4 | (2.4) | - | - |
| Expired/ adjustments | 0.7 | - | 0.3 | - |
| **Total income tax in profit or loss** | **(239.2)** | **11.6** | **(295.6)** | **23.2** |

The effective tax rate is 11.6% (2021: 23.2%), mainly due to (i) income not subject to tax for an amount of USD 177.6 million (2021 USD 112.0 million) (ii) foreign exchange impact of 47.4 million and (iii) non-deductible expenses for an amount of USD (24.8) million (2021 USD (17.6) million). The income not subject to tax mainly relates to the tax-free status of some entities in the Group.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 10. Income taxes continued

### 10.3 Deferred income tax assets and liabilities

Changes in deferred tax asset and liabilities (net):

| $ millions | Note | 2022 | 2021 |
|---|---|---|---|
| **At 1 January** | | **(540.7)** | **(467.1)** |
| Profit or loss | | (25.1) | (74.8) |
| Uncertain tax position reclassification | | 182.9 | - |
| Effect of movement in exchange rates | | 0.3 | 1.2 |
| **At 31 December** | | **(382.6)** | **(540.7)** |

Recognized deferred tax assets and liabilities:

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| **$ millions** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Intangible assets | - | - | (62.6) | (62.6) | (62.6) | (62.6) |
| Property, plant and equipment | - | - | (286.2) | (311.9) | (286.2) | (311.9) |
| Trade and other payables | 4.5 | 4.6 | - | - | 4.5 | 4.6 |
| Uncertain tax positions | - | - | (14.3) | (148.6) | (14.3) | (148.6) |
| Provision for withholding tax | - | - | (24.0) | (22.2) | (24.0) | (22.2) |
| **Total** | **4.5** | **4.6** | **(387.1)** | **(545.3)** | **(382.6)** | **(540.7)** |
| Netting of fiscal positions | (4.5) | (4.6) | 4.5 | 4.6 | - | - |
| **Total** | **-** | **-** | **(382.6)** | **(540.7)** | **(382.6)** | **(540.7)** |

Deferred tax liabilities relating to intangible assets mainly consist of goodwill of EFC for USD 62.6 million (2021: USD 62.6 million). This deferred tax liability will be reversed if the asset is impaired. Deferred tax liabilities recognized in relation to property, plant and equipment will be realized over the depreciation period of the related asset, and mainly relate to Fertil for USD 231.4 million (2021: USD 247.6 million) and EFC for USD 56.7 million (2021: USD 64.3 million).

### Uncertain tax positions ("UTP")

The Group is subject to the application of complex tax laws in multiple jurisdictions. Application of these complex tax laws may lead to uncertainties in determining tax positions. We aim to resolve these uncertainties in discussions with the tax authorities. The financial effect of the existing uncertainties per balance sheet date are determined in accordance with IAS 12 and IFRIC 23, which requires us to estimate the potential outcome of any tax position. Our estimate for the potential outcome of any uncertain tax position is judgmental (the most likely amount or expected value depending on the circumstances).

As at 31 December 2022, the Group recorded non-current uncertain tax positions of USD 14.3 million (2021: USD 148.6 million) which are classified as a deferred tax liability and current uncertain tax positions of USD 219.9 million (2021: USD 40.3 million) which are classified as income tax payables. The decrease in the non-current UTP position relates to the reclassification of USD 182.9 million from non-current to current uncertain tax positions. This is due to the fact that the Group is currently under examination of the tax authorities in the respective jurisdiction and a conclusion on the treatment is expected within the next twelve months.Expected interest and penalties related to uncertain income tax liabilities have been accrued for and are included in the uncertain tax positions and in the income tax expense.

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## 10. Income taxes continued

### 10.3 Deferred income tax assets and liabilities continued

In addition to the uncertain tax liability, the Group also has a contingent tax asset that currently does not meet the recognition criteria of IAS 12 and IFRIC 23 (refer to note 26).

Expiration scheme of unrecognized carry forward tax losses, tax credits and deferred temporary tax assets:

| $ millions | Less than 1 year | Between 1 and 5 years | Between 5 and 10 years | Between 10 and 15 years | Between 15 and 20 years | Unlimited | Total |
|---|---|---|---|---|---|---|---|
| Unrecognized operating losses carry forward, tax credits and temporary differences in 2022 | 10.2 | 39.1 | - | - | - | 0.6 | **49.9** |

| $ millions | Less than 1 year | Between 1 and 5 years | Between 5 and 10 years | Between 10 and 15 years | Between 15 and 20 years | Unlimited | Total |
|---|---|---|---|---|---|---|---|
| Unrecognized operating losses carry forward, tax credits and temporary differences in 2021 | 10.5 | 46.6 | - | - | - | - | **57.1** |

The unrecognized operating losses carry forward of USD 49.9 million (2021: USD 57.1 million) mainly relate to OCI S.A.E.

### 10.4 Income tax payables

Changes in income tax payables:

| $ millions | Note | 2022 | 2021 |
|---|---|---|---|
| **At 1 January** | | **(70.6)** | **(8.7)** |
| Profit or loss | | (214.1) | (220.8) |
| Payments | | 217.5 | 145.4 |
| Uncertain tax position reclassification | | (182.9) | - |
| Withholding tax not recoverable | | 15.1 | 10.6 |
| Effect of movement in exchange rates | | (0.4) | 2.9 |
| **At 31 December** | | **(235.4)** | **(70.6)** |
| Uncertain tax position - current | | (219.9) | (40.3) |
| Income tax payables | | (15.5) | (30.3) |
| **Total** | | **(235.4)** | **(70.6)** |

### Sorfert tax reinvestment case

On 29 December 2020 the Large Multinationals Directorate of the Algerian Tax Authorities ("DGE") issued a letter to Sorfert in which its initial claim of DZD 7,296 million (USD 53.3 million) was maintained relating to the alleged non-compliance with the reinvestment obligations under a tax exemption as granted in 2014 by the Agency Nationale de Developpement de l'Investissement ("ANDI"). The DGE is of the opinion that Sorfert did not carry out the reinvestment obligation timely as required under ANDI exemption. As a result, the DGE required Sorfert to repay the full assumed tax benefit it enjoyed in relation herewith. On 1 February 2021, Sorfert appealed to this decision and as part of the appeal process made an initial payment of DZD 2,189 million (USD 16.4 million), representing 30% of the total tax claim.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 10. Income taxes continued

### 10.4 Income tax payables continued

On 31 October 2021, the appeal of Sorfert to the initial claim was rejected by the Internal Appeals Committee of the DGE (and the total exposure was increased with a 25% penalty) and it had to pay DZD 1,824 million (USD 13.3 million) (20% of the initial claim and penalties including penalties on the amount already paid in February 2021). Although Sorfert is of the opinion that it has complied with its reinvestment obligations, the DGE applied a different interpretation of the reinvestment law. Since there is no detailed guidance on the interpretation, the ability to firmly assess the technical merits of this case is limited. Due to this lack of detailed guidance and negative outcome of the first appeal, management is currently of the opinion that when weighing all the current facts and circumstances and application of interpretive guidance of IFRIC 23, it has become probable that Sorfert will be required to settle the remainder of the disputed tax amount.

As a result, the Group recorded the full impact of the reinvestment case as an income tax expense amounting to USD 65.8 million in 2021.

On 24 February 2022, Sorfert pursued, supported by its external advisors, the next instance of appeal to the Central Appeals Commission as Sorfert management continues to have the view that Sorfert has satisfied the reinvestment obligations under the ANDI regime and therefore the grounds of the claim should be ruled as unfounded.

As at 31 December 2022, the remaining uncertain tax position in relation to this matter is DZD 5,108 million (USD 37.3 million), included in income tax payables.

### Sorfert tax audit 2017

On 30 December 2021, Sorfert received a notification from Algerian tax authority in relation to the 2017 tax audit which challenged the deductibility of various expenses. Sorfert made certain assumptions in the 2017 tax declaration based on its historical interpretation of the Algerian tax code, which is highly complex and ambiguous. In 2021, external advice was obtained, after the notification was received, upon which management recorded an uncertain tax position resulting from a difference in interpretation of Algerian tax code of USD 3.6 million related to 2017 and USD 6.0 million related to 2018, 2019 and 2020 recorded as a deferred tax liability, resulting in a total uncertain tax expense of USD 9.6 million in 2021. On 15 December 2022, Sorfert received the final assessment of the 2017 tax audit from the Algerian tax authority which reduced the liability to USD 0.1 million for 2017, consequently the exposure for 2018, 2019 and 2020 reduced to USD 0.2 million using the same interpretations. As a result, USD 9.3 million (DZD 1,284.3 billion) of uncertain tax position has been released to the Profit and Loss statement in 2022.

### Compliance with laws and regulations

### UAE Tax Law

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax ("CT") regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 10. Income taxes continued

### 10.4 Income tax payables continued

A rate of 9% will apply to taxable income exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance), a rate of 0% will apply to taxable income not exceeding this threshold and a rate of 0% on qualifying income of free zone entities. In addition, there are several other decisions that are yet to be finalized by way of a Cabinet Decision that are significant in order for entities to determine their tax status and taxable income. Therefore, pending such important decisions, the Group has considered that the Law, as it currently stands, is not substantively enacted as at 31 December 2022 from the perspective of IAS 12 – Income Taxes. The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Group is currently in the process of assessing the possible impact on the consolidated financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.

### Global Minimum Tax Law

On 20 December 2021, the jurisdictions of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting ("OECD BEPS") released the so-called Pillar Two Model Rules (also referred to as the “Anti Global Base Erosion” or “GloBE” Rules) which are designed to ensure that large multinational enterprises ("MNEs") pay a minimum level of tax of 15% on the aggregated qualifying income arising in each jurisdiction where they operate ("Pillar Two"). On 15 December 2022, the EU Member States unanimously adopted an EU directive ensuring a global minimum level of taxation and agreed to apply these rules for fiscal years starting on or after 31 December 2023.

The UAE is a member of the OECD BEPS Inclusive Framework and is committed to addressing the challenges faced by tax jurisdictions internationally. The UAE Federal Tax Authority ("FTA") has published the Corporate Tax FAQs and confirmed that until such time as the Pillar Two rules are adopted by the UAE, multinationals will only be subject to CT under the regular UAE CT regime.

A taxpayer will fall within the scope of the Pillar Two rules if it has foreign presence, more than EUR 750 million in consolidated revenues and is not listed as an out-of-scope entity. A qualifying taxpayer calculates its effective tax rate for the aggregated activities in each jurisdiction where it operates, and pays top-up tax for the difference between its effective tax rate per jurisdiction and the global minimum tax rate of 15%. Any resulting top-up tax is generally charged in the jurisdiction of the ultimate parent of the MNE (OCI N.V.).

However, as an intermediate holding jurisdiction under the Partially Owned Parent Entity rules, the Fertiglobe PLC group could instead be at risk of a top-up tax in case the effective tax rate in a relevant jurisdiction is below 15% as determined under the Pillar Two rules. As the Pillar Two rules also allow for a levy by the source jurisdiction under the so-called Qualifying Domestic Minimum Top-up Tax, it remains uncertain in which jurisdiction the top-up tax will need to be remitted as well as based on which ownership percentage. It is expected that in the course of 2023 the relevant jurisdictions will announce further guidance on the implementation of the Pillar II rules in their respective jurisdictions.

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## 11. Inventories

| | 2022 | | |
|---|---|---|---|
| **$ millions** | **Gross** | **Write down** | **Net** |
| Finished goods | 42.8 | (0.1) | 42.7 |
| Raw materials and consumables | 18.9 | (0.8) | 18.1 |
| Spare parts, fuels and others | 99.6 | (35.5) | 64.1 |
| **Total** | **161.3** | **(36.4)** | **124.9** |

| | 2021 | | |
|---|---|---|---|
| **$ millions** | **Gross** | **Write down** | **Net** |
| Finished goods | 28.3 | (0.3) | 28.0 |
| Raw materials and consumables | 17.9 | (0.7) | 17.2 |
| Spare parts, fuels and others[1] | 122.7 | (34.1) | 88.6 |
| **Total** | **168.9** | **(35.1)** | **133.8** |

[1] Refer to note 7- spare parts reclassification

The movement in the allowance during the year was as follows:

| **$ millions** | **2022** | **2021** |
|---|---|---|
| **At 1 January** | (35.1) | (3.0) |
| Provision recorded[1] | (1.3) | (32.1) |
| **At 31 December** | **(36.4)** | **(35.1)** |

[1] Provision recorded in 2021 includes the impact of spare parts reclassification (refer to note 7)

## 12. Cash and cash equivalents

| **$ millions** | **2022** | **2021** |
|---|---|---|
| Cash on hand | 0.1 | 0.2 |
| Bank balances | 1,360.4 | 887.1 |
| Restricted cash | 81.5 | 11.8 |
| **Total** | **1,442.0** | **899.1** |

The restricted balances of USD 81.5 million (2021: USD 11.8 million), included in the cash and cash equivalents for the consolidated statement of cash flows, are held as collateral against letters of credit and letters of guarantees issued, therefore not available for general use by the Group. Additionally, it includes USD 57.3 million (2021: nil) of cash in transit which was received in full in January 2023.

# Notes to the consolidated Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER

## 13. Share capital

The movements in the number of shares can be summarized as follows:

| Millions | 2022 | 2021 |
|---|---|---|
| **Number of shares (fully paid) at 1 January** | 8,301.3 | 3,328.2 |
| Capital reduction | - | (2,000.0) |
| Subdivision of shares | - | 6,973.1 |
| **Number of shares (fully paid) at 31 December** | **8,301.3** | **8,301.3** |
| **Par value per share (in $)** | **0.16** | **0.16** |
| **Value at 31 December (in $)** | **1,328.2** | **1,328.2** |

### Reduction of share capital

On 28 June 2021, the Company's Shareholders approved, through a special resolution, the reduction of the share capital from USD 3,328,211,028 to USD 1,328,211,028 by cancelling and extinguishing 2,000,000,000 ordinary shares in proportion to the number of shares held by each shareholder. Furthermore, the Shareholders approved crediting the capital reduction to other distributable reserve as proposed on 28 June 2021 by the Company's Board of Directors. The par value per share remained 1 USD per share subsequent to the capital reduction.

### Subdivision of ordinary shares

On 16 September 2021, the Company's Shareholders approved, through a special resolution, the subdivision of 1,328,211,028 ordinary shares with par value of USD 1.00 each in the share capital of the Company into 8,301,318,925 ordinary shares with a par value of USD 0.16 each

## 14. Reserves and retained earnings

| $ millions | Capital reduction reserve | Other reserves | Currency translation reserve | Total reserves | Retained earnings |
|---|---|---|---|---|---|
| **At 1 January 2021** | - | **(705.5)** | **(523.9)** | **(1,229.4)** | **436.1** |
| Share capital reduction | 2,000.0 | - | - | 2,000.0 | - |
| Profit for the year | - | - | - | - | 702.7 |
| Dividends to shareholders | (850.0) | - | - | (850.0) | (593.6) |
| Acquisition of non-controlling shares | - | - | - | - | 10.4 |
| Capital contribution | - | 63.6 | - | 63.6 | - |
| Currency translation differences | - | - | (21.8) | (21.8) | - |
| **At 31 December 2021** | **1,150.0** | **(641.9)** | **(545.7)** | **(37.6)** | **555.6** |
| Profit for the year | - | - | - | - | 1,249.5 |
| Dividends to shareholders | - | - | - | - | (1,090.0) |
| Capital Contribution | - | 37.1 | - | 37.1 | - |
| Reserves transfer | (1,150.0) | | | (1,150.0) | 1,150.0 |
| Currency translation differences | - | - | 15.4 | 15.4 | - |
| **At 31 December 2022** | **-** | **(604.8)** | **(530.3)** | **(1,135.1)** | **1,865.1** |

# Notes to the consolidated Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER

## 14. Reserves and retained earnings continued

### 2022 Dividends to shareholders

In April 2022, interim dividends for a total amount of USD 340 million related to the second half of the year ended 31 December 2021 were paid and was accounted for within equity on payment. These dividends were approved by the Board on 14 February 2022 and by the shareholders on 13 June 2022.

On 29 September 2022, the shareholders approved interim dividends of USD 750 million for the first half of the year ending 31 December 2022. This was approved by the Board on 1 August 2022 and paid in full on 13 October 2022.

### 2021 Dividends to shareholders

On 31 March 2021, the Board of Directors approved the declaration of interim dividends to shareholders of USD 55 million, which have been paid in full, and on 28 June 2021 the declaration of USD 130 million, which have been paid in full. Both declarations have been approved by the Shareholders on 28 June 2021.

On 25 August 2021, the Company paid an advance dividend of USD 93.6 million to OCI and ADNOC in relation to the Sorfert dividend. This amount was ratified during the Board meeting of 12 October 2021 and was approved by the Shareholders in November 2021.

On 12 September 2021, the shareholders approved interim dividends of USD 165 million, which was paid out on 5 October 2021. On 4 October 2021, the shareholders of the Company approved interim dividends for a total amount of USD 315 million (an additional USD 150 million compared to the USD 165 million that were already approved on 12 September 2021, the dividend was paid on 5 October 2021 to the shareholders).

### 2021 Special dividend

The Shareholders approved on 12 September 2021, the payment of a special dividend amounting to USD 850 million. This dividend was paid out to the Company's Shareholders on 5 October 2021.

### Capital contribution

On 15 June 2021, OCI S.A.E. and OCI N.V. entered into an agreement with Lafarge (the "Lafarge Settlement Agreement") for the full and final settlement of all claims made by and against OCI S.A.E. OCI N.V. made a payment of USD 22.4 million on behalf of OCI S.A.E., leading to a receivable between OCI N.V. and OCI S.A.E. The receivable in OCI N.V. was subsequently transferred to Fertiglobe plc which was approved on 10 January 2022. Given the transfer was on an unconditional and irrevocable basis and without consideration, this transaction has been classified as equity.

As part of the IPO, OCI agreed to indemnify all Fertiglobe shareholders in case certain claims occur, consequently, Fertiglobe recorded additional receivable of USD 14.7 million during the year (2021: USD 63.6 million).

### Reserves transfer

On 5 December 2022, the Board approved the transfer of USD 1,150 million, being the remaining undistributed amount from the share capital reduction exercise in 2021 (note 13), from other reserves to retained earnings.

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## 15. Non-controlling interests

| **2022 $ millions** | **Egyptian Basic Industries Corporation** | **Sorfert Algeria Spa** | **EFC** | **Total** |
|---|---|---|---|---|
| Non-controlling interests | 25% | 49.01% | 0.04% | |
| Non-current assets | 69.9 | 640.4 | 1.5 | 711.8 |
| Current assets | 26.5 | 565.3 | 0.5 | 592.3 |
| Non-current liabilities | (1.7) | (94.2) | (0.3) | (96.2) |
| Current liabilities | (14.9) | (82.8) | (0.1) | (97.8) |
| **Net assets** | **79.8** | **1,028.7** | **1.6** | **1,110.1** |
| Revenues | 130.8 | 640.4 | 0.9 | 772.1 |
| Profit for the year | 61.8 | 508.8 | 0.3 | 570.9 |
| Other comprehensive income | - | 17.0 | - | 17.0 |
| **Total comprehensive income** | **61.8** | **525.8** | **0.3** | **587.9** |
| **Dividend cash flows** | (87.4) | (374.8) | - | (462.2) |

| **2021 $ millions** | **Egyptian Basic Industries Corporation** | **Sorfert Algeria Spa** | **EFC** | **Total** |
|---|---|---|---|---|
| Non-controlling interests | 25% | 49.01% | 0.04% | 0 |
| Non-current assets | 69.8 | 339.9 | 1.5 | 411.2 |
| Current assets | 50.0 | 312.0 | 0.2 | 362.2 |
| Non-current liabilities | (1.8) | (8.9) | (0.2) | (10.9) |
| Current liabilities | (16.4) | (86.1) | (0.2) | (102.7) |
| **Net assets** | **101.6** | **556.9** | **1.3** | **659.8** |
| Revenues | 98.5 | 404.3 | 0.6 | 503.4 |
| Profit for the year | 42.5 | 230.5 | 0.2 | 273.2 |
| Other comprehensive expense | - | (19.7) | - | (19.7) |
| **Total comprehensive income** | **42.5** | **210.8** | **0.2** | **253.5** |
| **Dividend cash flows**[1] | (3.9) | (178.9) | - | (182.8) |

[1] The comparative numbers have been reclassified to be consistent with the current year presentation.

### Impact difference in profit sharing non-controlling interests

In the partnership agreement in Sorfert between the Group and the partner, a profit-sharing arrangement is agreed, where the other partner will receive a relatively higher portion of dividends in compensation for lower natural gas prices arranged for by the partner. As a result of this agreement the non-controlling interests increased by 316.0 million during 2022 (2021: USD 109.6 million).

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 15. Non-controlling interests continued

### Dividends to Non-controlling interests

Dividends to Non-controlling interests represent:

- EBIC declared dividends to NCI on 28 March 2022 and 14 August 2022 of USD 41.9 million and USD 41.8 million respectively. Both these dividends were paid in 2022.
- Dividends were declared to NCI by Sorfert Algeria SPA on 4 April 2022 for an amount of DZD 52.9 billion (USD 369.9 million based on a DZD exchange rate against the USD of 0.0070). This was paid in September 2022.

Total dividends paid during the year amounted to USD 462.2 million.

### Acquisition of additional 15% Stake in EBIC

In August 2021, Fertiglobe agreed with a KBR-led consortium (NYSE: KBR), which includes Mitsubishi, JGC and Itochu, to buy their combined 15% stake in Egypt Basic Industries Corporation ("EBIC") for a total consideration of USD 43.0 million. This brings the Group stake in EBIC to 75%, further streamlining the Group's ownership structure. The consideration transferred of USD 43.0 million includes a KBR's claim related to unpaid dividends amounting to USD 4.6 million, hence the net consideration for the acquisition of NCI shares' in EBIC amount to USD 38.4 million.

The following table summarizes the effect of the transaction on the Company's equity attributable to shareholders:

| $ millions | 2021 |
|---|---|
| Carrying amount of NCI acquired | 48.8 |
| Consideration paid to NCI in cash | (38.4) |
| **Effect on equity attributable to shareholders** | **10.4** |

## 16. Loans and borrowings

| $ millions | 2022 | 2021 |
|---|---|---|
| **At 1 January** | **1,385.7** | **670.5** |
| Proceeds from borrowings | 86.0 | 1,260.1 |
| Repayment of borrowings[1] | (326.3) | (523.1) |
| Amortization of transaction costs | 8.4 | 6.9 |
| Incurred transaction costs | - | (10.0) |
| Effect of movement in exchange rates | 1.4 | (18.7) |
| **At 31 December** | **1,155.2** | **1,385.7** |
| Non-current | 1,065.6 | 1,326.1 |
| Current | 89.6 | 59.6 |
| **Total** | **1,155.2** | **1,385.7** |

[1] Repayment of loans mainly represents the advance repayment of the bridge loan by the Group for an amount of USD 200.0 million during the year.

The effect of movement in exchange rate mainly relates to DZD denominated loans, which are different from the Group's presentation currency (note 6). The carrying amount of loans and borrowings approximates its fair value.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 16. Loans and borrowings continued

### 2022 Fertiglobe refinancing

On 22 December 2022, Fertiglobe refinanced its existing bridge loan facility as follows:

- Three-year facility amounting to USD 300 million with margin of SOFR + 1.50%.
- Five-year facility amounting to USD 600 million with margin of SOFR + 1.75%.

In addition, the Company updated the existing Revolving Credit Facility as follows:

- Increased the limit by USD 300 million to reach USD 600 million
- Extended the maturity to December 2027
- Updated the interest rate to SOFR + 1.40%

Total transaction costs for the refinancing amounted to USD 12.8 million, excluding VAT.

On 22 December 2022, Fertiglobe submitted notice to early settle the bridge loan facility and on 23 December 2022, the Group submitted the utilisation request to draw down the USD 900 million from the new term loan facilities. The drawdown from the new term loan facilities and the repayment of the bridge loan facility were executed on 4 January 2023 (Note 28). As the Company executed and has the discretion, to refinance the existing borrowings under bridge loan facility for at least twelve months after the reporting period under the new facilities, it classified the obligation as non-current.

### Working Capital facility

On 14 April 2022, the Group obtained a Working Capital facility arrangement of USD 50.0 million. The facility is at a rate of LIBOR/EIBOR/SOFR + 1.50% per annum and is available for a period of 364 days with an extension option for another 364 days.

### Trade Finance facility

The Trade Finance facility was amended and renewed in September 2022 to increase the available amount to USD 95.0 million.

### Covenants

Fertiglobe plc and Sorfert loan agreements include financial covenants. The definitions for calculating the financial covenants applicable to the facilities within the Group can be summarized as follows:

- Debt Service Coverage Ratio: Income Available (revenue earned less operating expenses) to Debt Service (net finance charges including the capital element of finance leases) or gross profit less change in working capital to interest and principal payments.
- Debt to Equity Ratio or leverage ratio: Gross Debt (current and long-term debt obligations) to total Equity (the sole capital of the borrower).
- Interest coverage ratio: net annual operating income to net finance charges. At 31 December 2022 all financial covenants were met. In the event the Group would not comply with the covenant requirements, the loans would become immediately due. Refer to (note 6.2) for additional discussion of the Group's liquidity risk. The external borrowings include change in control clauses that enable the lenders to call the financing provided.

### Undrawn facilities

As at 31 December 2022, the Group has the following undrawn facilities:

- Revolving cash facility of USD 600 million
- 2022 term loan of USD 900 million (will replace the bridge loan facility, note 28)
- Overdraft of USD 50 million
- Working capital facility of USD 50.0 million
- Trade finance facility USD 95 million (of which USD 23.3 million drawn)

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## 16. Loans and borrowings continued

| Borrowing company | Type of Loan | Principal amount ($ millions) | Interest rate | Date of maturity | Carrying amount ($ millions) | Long-term portion ($ millions) | Short term portion ($ millions) | Collateral / Guarantee given (if applicable) |
|---|---|---|---|---|---|---|---|---|
| Sorfert Algeria SPA ("Sorfert") | Term loan- Secured | USD 961.3<br>DZD 114,440.0 | Algerian bank interest rate plus rate of 1.95% per annum | June 2026 | 231.9 | 165.6 | 66.3 | Debt service reserve account, ban for any disposal or decrease of the Company shares and assets Collateral against the production facility in case of non-payment |
| Fertiglobe plc | Bridge loan- Unsecured | USD 1,100.0 | LIBOR + 1.05%[1] | February 2023 (extendable)[2] | 900.0 | 900.0 | - | The loan is guaranteed, jointly and severally, by a list of entities. Please see note below.[3] |
| Fertiglobe plc | Term loan- Unsecured | USD 300.0 (Facility A)<br>USD 600.0 (Facility B) | SOFR +1.50%<br>SOFR +1.75% | January 2026<br>January 2028 | - | - | - | The loan is guaranteed, jointly and severally, by a list of entities. Please see note below.[3] |
| Fertiglobe plc | Revolving Credit facility - Unsecured | USD 600.0 | SOFR + 1.40% | December 2027 | - | - | - | n/a |
| Fertiglobe Distribution Ltd. Fertiglobe Fertilizer Trading Ltd.[4] | Trade Finance facility | USD 95.0 | SOFR + 1.00% | Renewed annually | 23.3 | - | 23.3 | n/a |
| Fertiglobe Distribution Ltd. Ruwais Fertilizers Industries LLC Fertiglobe Fertilizer Trading Ltd[4] | Working Capital facility | USD 50.0 | LIBOR/EIBOR/ SOFR + 1.50% | April 2023 (extendable) | - | - | - | The loan is guaranteed, jointly and severally, by Fertiglobe Distribution Ltd. Ruwais Fertilizer Industries LLC and Fertiglobe Fertilizer Trading Ltd (previously OCI Fertilizer Trading Ltd.). |
| **Total 31 December 2022** | | | | | **1,155.2** | **1,065.6** | **89.6** | |

[1] For the first 12 months starting August 2021 increasing by 25 bps every 3 months thereafter

[2] Extendable for 6 months, then for an additional 6 month total combined tenor of 30 months

[3] Loan is guaranteed by Fertiglobe plc, Egyptian Fertilizers Company S.A.E., Ruwais Fertilizer Industries LLC, Fertiglobe Fertilizer Trading Ltd (previously OCI Fertilizer Trading Ltd), Fertiglobe Distribution Limited and OCI Fertilizer Trade & Supply B.V.

[4] Previously known as OCI Fertilizer Trading Ltd.

# **Notes to the consolidated Financial Statements** continued

FOR THE YEAR ENDED 31 DECEMBER

## 16. Loans and borrowings continued

| Borrowing company | Type of Loan | Principal amount ($ millions) | Interest rate | Date of maturity | Carrying amount ($ millions) | Long-term portion ($ millions) | Short term portion ($ millions) | Collateral / Guarantee given (if applicable) |
|---|---|---|---|---|---|---|---|---|
| Sorfert Algeria SPA ("Sorfert") | Term loan-Secured | USD 961.3<br>DZD 114,440.0 | Algerian bank interest rate plus rate of 1.95% per annum | June 2026 | 294.0 | 228.6 | 65.4 | Debt service reserve account, ban for any disposal or decrease of the Company shares and assets Collateral against the production facility in case of non-payment |
| Fertiglobe plc | Term loan-Unsecured | USD 1,100.0 | LIBOR + 1.05%[1] | February 2023 (extendable)[2] | 1,091.7 | 1,097.5 | (5.8) | The loan is guaranteed, jointly and severally, by a list of entities. Please see note below.[3] |
| Fertiglobe plc | Revolving Credit facility - Unsecured | USD 300.0 | LIBOR + 1.75% | August 2026 | - | - | - | n/a |
| Fertiglobe Distribution Ltd. Fertiglobe Fertilizer Trading Ltd.[4] | Trade Finance facility | USD 75.0 | LIBOR + 1.50% | Renewed annually | - | - | - | n/a |
| **Total 31 December 2021** | | | | | **1,385.7** | **1,326.1** | **59.6** | |

[1] For the first 12 months starting August 2021 increasing by 25 bps every 3 months thereafter

[2] Extendable for 6 months, then for an additional 6 month total combined tenor of 30 months

[3] Loan is guaranteed by Fertiglobe plc, Egyptian Fertilizers Company S.A.E., Ruwais Fertilizer Industries LLC, Fertiglobe Fertilizer Trading Ltd (previously OCI Fertilizer Trading Ltd), Fertiglobe Distribution Limited and OCI Fertilizer Trade & Supply B.V.

[4] Previously known as OCI Fertilizer Trading Ltd.

# **Notes to the consolidated Financial Statements** continued

FOR THE YEAR ENDED 31 DECEMBER

## 17. Leases

### Group as a lessee

The Group leases a number of office spaces, warehouses, land, employee accommodation, computers, machinery and vehicles. Lease terms vary from 1 year to indefinite renewal options. Calculations of the lease obligation for leases with indefinite renewal options are done using a lease term based on the expected renewal periods and can be more than 100 years.

### 17.1 Lease obligations

| $ millions | Non-current lease obligations | Current lease obligations | Total |
|---|---|---|---|
| **At 1 January 2021** | **80.9** | **12.4** | **93.3** |
| **Movement in the carrying amount:** | | | |
| Payments | - | (13.9) | (13.9) |
| Accretion of interest | 4.4 | 0.1 | 4.5 |
| Additions and reassessments | 7.3 | 0.3 | 7.6 |
| Transfers | (12.4) | 12.4 | - |
| Effect of movement in exchange rates | (0.3) | - | (0.3) |
| **At 31 December 2021** | **79.9** | **11.3** | **91.2** |
| **Movement in the carrying amount:** | | | |
| Payments | - | (12.5) | (12.5) |
| Accretion of interest | 4.4 | 0.1 | 4.5 |
| Additions and reassessments | 5.6 | 2.4 | 8.0 |
| Transfers | (16.1) | 16.1 | - |
| Effect of movement in exchange rates | (0.1) | - | (0.1) |
| **At 31 December 2022** | **73.7** | **17.4** | **91.1** |

| 2022 $ millions | Carrying amount | Contractual cash flow | Less than 1 year | Between 1 and 5 years | More than 5 years |
|---|---|---|---|---|---|
| Lease obligations | 91.1 | 329.0 | 18.7 | 36.3 | 274.0 |

| 2021 $ millions | Carrying amount | Contractual cash flow | Less than 1 year | Between 1 and 5 years | More than 5 years |
|---|---|---|---|---|---|
| Lease obligations | 91.2 | 327.9 | 12.7 | 40.3 | 274.9 |

### 17.2 Right-of-use assets

| $ millions | Land and buildings | Fixtures and fittings | Total |
|---|---|---|---|
| **At 1 January 2021** | **46.4** | **39.1** | **85.5** |
| **Movement in the carrying amount:** | | | |
| Additions | 6.4 | 1.9 | 8.3 |
| Disposals | (0.1) | - | (0.1) |
| Contract revaluation | - | (0.3) | (0.3) |
| Depreciation | (3.2) | (8.0) | (11.2) |
| Effect of movement in exchange rates | (0.5) | (0.1) | (0.6) |
| **At 31 December 2021** | **49.0** | **32.6** | **81.6** |
| **Movement in the carrying amount:** | | | |
| Additions and reassessments | 6.50 | 1.60 | 8.1 |
| Depreciation | (4.60) | (8.30) | (12.9) |
| **At 31 December 2022** | **50.9** | **25.9** | **76.8** |

# **Notes to the consolidated Financial Statements** continued

FOR THE YEAR ENDED 31 DECEMBER

## 18. Trade and other payables

| $ millions | Note | 2022 | 2021 |
|---|---|---|---|
| Trade payables | | 42.2 | 140.7 |
| Trade payables due to related parties | 25 | 18.8 | 13.4 |
| Other payables to related parties[1] | 25 | 31.9 | 45.0 |
| Amounts payable under the securitization program | | 26.2 | 19.5 |
| Dividends payable | | 0.3 | 4.1 |
| Accrued expenses | | 225.3 | 169.3 |
| Accrued interest | | 3.6 | 0.9 |
| Employee benefits | | 13.8 | 14.0 |
| Other payables | | 23.2 | 24.7 |
| Deferred income | | 4.7 | 7.8 |
| Other tax payable | | 0.6 | 0.7 |
| **Total** | | **390.6** | **440.1** |
| Non-current | | 19.5 | 17.7 |
| Current | | 371.1 | 422.4 |
| **Total** | | **390.6** | **440.1** |

[1] Accruals related to ADNOC have been reclassified from Accrued expenses to Other payables to related parties in 2021 to be consistent with the current year presentation.

The trade payables include amounts due to securitization company of USD 26.2 million (2021 USD 19.5 million). Information about the Group's exposure to currency and liquidity risk is included in note 6.

Non-current trade and other payables have not been discounted as the effect would be immaterial. The carrying amount of trade and other payables approximates its fair value.

## 19. Provisions

| $ millions | Claims and other provisions | Donation provisions | Total |
|---|---|---|---|
| **At 1 January 2022** | **13.1** | **121.1** | **134.2** |
| Provision made during the year | 27.1 | - | 27.1 |
| Provisions reversed/utilized | (7.8) | - | (7.8) |
| Effect of movement in exchange rates | (1.9) | (44.2) | (46.1) |
| **At 31 December 2022** | **30.5** | **76.9** | **107.4** |
| Non-current | - | - | - |
| Current | 30.5 | 76.9 | 107.4 |
| **Total** | **30.5** | **76.9** | **107.4** |

| $ millions | Claims and other provisions | Donation provisions | Total |
|---|---|---|---|
| **At 1 January 2021** | **34.5** | **120.9** | **155.4** |
| Provision made during the year | 3.3 | - | 3.3 |
| Provision used during the year | (0.5) | - | (0.5) |
| Provisions utilized[1] | (23.6) | - | (23.6) |
| Effect of movement in exchange rates | (0.6) | 0.2 | (0.4) |
| **At 31 December 2021** | **13.1** | **121.1** | **134.2** |
| Non-current | - | - | - |
| Current | 13.1 | 121.1 | 134.2 |
| **Total** | **13.1** | **121.1** | **134.2** |

[1] Please refer to Capital contribution section (Note 14)

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 19. Provisions continued

### Claim and other provisions

The Group is involved in a few litigations, arbitrations and commercial disputes. In cases where it is probable that the outcome of the legal proceedings and commercial disputes will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized. Reference is made to note 26 for detailed information with respect to major ongoing litigations and claims for which no provision has been recognized.

### Egypt National Training Fund

Articles 133 and 134 of the Egyptian Labor Law No. 12 of 2003 requires all businesses in Egypt with more than 10 employees to contribute 1% of their net profit into a National Training Fund ('Fund'). No application guidance was issued and its constitutionality was being challenged on multiple grounds including duplication of financial burden and contradiction to advantages under other laws.

As such, this Law was not applied in general by businesses in the region. Following a supreme court ruling which found the article to be constitutional in March 2022, the General Secretary of the National Training Fund issued a circular on 18 May 2022 which re-triggered the obligation on employers to pay such contribution of 1% of their annual net profit to the Fund in accordance with Article 134 of the Egyptian Labor Law.

External legal counsel assisted in analysing the key aspects in preparing a best estimate for such contribution. Key assumptions included i) the treatment of such contribution as tax, fee or other, ii) the statute of limitation and iii) how to consider forex translation. Other considerations included the applications for tax free zone entities (relevant for EBIC) and potential waiver or reduction as result of an internal training program (EFC) and impact of interest and penalties. The maximum exposure is estimated to be around USD 167.0 million. When taking a statute of limitation of five years into consideration the maximum exposure is limited to USD 31.9 million (excluding interest or penalties). Based on the most likely scenario according to external legal counsel, the Group has recognized a total provision of USD 17.7 million (USD 14.5 million for OCI SAE, USD 3.2 million for EFC and none for EBIC) considering the treatment as a fee, a statute of limitations of five years and translation at the respective year exchange rate.

Considering the current limited application guidance and as this is impacting majority of business in Egypt, there is an expectation that further application guidance will be issued by the regulator in due course.

### Donation provision

On 13 November 2014, the Company announced that it had decided to transfer the rights to the amounts receivable from the first installment already paid to the Egyptian Tax Authority in 2013 of EGP 2,500 million (approximately USD 360.0 million at the 2014 exchange rate) to an Egyptian development fund (reference is made to note 26 for the claim in relation to the OCI S.A.E. tax dispute). No formal agreement has been drafted with the fund yet and no payments have been made to the fund. The transfer of rights was previously approved by OCI's Board of Directors on 12 November 2014.

# Notes to the consolidated Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER

## 19. Provisions continued

Following the guidance under IAS 37 (constructive obligations), the Company has presented the transfer of rights to an Egyptian development fund as a donation provision. In March 2015, the Company received a cheque of EGP 1,904 million (approximately USD 266.2 million at the 2015 exchange rate) from the Egyptian Authorities.

At 31 December 2022, the carrying amount in US dollars had reduced to USD 76.9 million (2021: USD 121.1 million), due to the devaluation of the EGP since March 2015.

### Provision for indemnifications

As part of historical transactions, the Group has agreed with the transaction parties on certain indemnities related to potential tax and legal exposures for both parties. Potential outflows of economic resources related to these indemnities contain inherent uncertainties for which the Group engaged renowned local and international law firms to examine Fertiglobe's legal position (Note 14).

## 20. Segment reporting

In the governance structure within Fertiglobe, the Chief Operating Decision Maker ("CODM") is responsible for assessing the performance of the Group and its operating segments as well as for allocating resources. The CODM reviews the performance of the following operating segments:

1. Egypt Basic Industries Corporation ("EBIC")
2. Egyptian Fertilizers Company ("EFC")
3. Sorfert Algerie ("Sorfert")
4. Ruwais Fertilizers LLC ("Fertil")
5. Trading entities - Own produced volumes
6. Trading entities - Third party sales

The production and marketing of own produced volumes share the same characteristics:

- The nature of the products produced, the production processes (technology applied), output generated, pricing applied (based on international benchmark pricing), customers services are similar for all production plants within Fertiglobe;
- All entities are producing ammonia using gas as key input material. The largest part of this ammonia is used for the production of Urea. Both Ammonia and Urea are nitrogen-based Fertilizers and belong to the same product group. These products are sold into the international market and are subject to similar pricing conditions and market forces. The end customers for each of the plant are largely the same;

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 20. Segment reporting continued

- The majority of volumes produced by Fertiglobe's production entities are centrally marketed by various trading entities. As a result of the central marketing strategy, the cashflow and performance of each of the production entities is largely depended on the ability of trading entities to market the products;
- The production and marketing of own produced volumes have similar economic characteristics as the  high margin production and marketing of own produced volumes are bifurcated from the (lower) margin trading activities;
- The production entities are all exposed to the same international fertilizer market on the sell side;
- The production entities all benefit from long term gas offtake agreements with no/limited price exposure on the supply of natural gas. In addition, other raw materials used for production largely consist of utilities, which are widely available in all production locations;
- All production locations are located close to one or more international sea ports which simplifies the logistics of sourcing raw materials and shipping products to customers;
- Although the production entities are subject to local laws and regulations from a legal and environmental perspective these environments are largely based on the same fundamentals.

In the view of the above, aggregation will take place in two main reportable segments:

1. Production and Marketing of own produced volumes; comprises the operating segments EBIC, EFC, Sorfert, Fertil and trading entities – own produced volumes.
2. Third party trading (buy and sell of third-party volumes) comprises trading entities – third party sales.

Fertiglobe's reportable segments are consistent with how the CODM manages the business operations and views the markets it serves. This segmentation will provide investors further insight on product mix and price impact.

The Company derives the results of the business segments directly from its internal management reporting system. Both segments are reviewed separately by the management as they require different strategies and generate different margins. The entities grouped together in each segment have similar regulatory environments, macroeconomic conditions as they are trading in a global commodity market. The Group has one revenue stream from contracts with customers which is the sales of Fertilizers products (Ammonia and Urea).

A summary description of each reportable segment is as follows:

### Production and Marketing of own produced volumes

This segment includes the performance of all the manufacturing and trading operating companies that are producing Urea and Ammonia, but it excludes the third-party trading activities (see, second segment) as the own-produced volumes are limited by the production capacity of the plants, and their pricing strategy and margins are different. In addition, the level of assets and investments are high for production activities and generally low for trading activities (limited to working capital).

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 20. Segment reporting continued

### Third party trading (buy and sell of third-party volumes)

The third-party trading segment includes the fertilizer products that are bought from third parties and sold to third parties. This segment generally generates low margins, there is no volume limit on production capacity, and there is no need for material capital investments (if any).

### Other (corporate and other entities)

This segment consists of all remaining entities of the Group.

| 2022 $ millions | Production and marketing of owned produced volumes | Third party trading | Other | Elimination | Total |
|---|---|---|---|---|---|
| **Total external revenues** | **4,152.2** | **875.3** | **-** | **-** | **5,027.5** |
| Adjusted EBITDA | 2,504.0 | 17.3 | (48.3) | - | 2,473.0 |
| Depreciation, amortization and impairment | (265.4) | - | (0.9) | - | (266.3) |
| Finance income | 48.4 | 6.2 | 72.6 | (60.1) | 67.1 |
| Finance expense | (94.4) | (6.6) | (152.0) | 60.1 | (192.9) |
| Income tax | (220.9) | (0.2) | (18.1) | - | (239.2) |
| Other (including provisions) | (2.5) | - | (18.8) | - | (21.3) |
| **Profit for the year** | **1,969.2** | **16.7** | **(165.5)** | **-** | **1,820.4** |
| Capital expenditures | 104.3 | - | 6.8 | - | 111.1 |
| **Total assets** | **5,176.7** | **11.1** | **342.8** | **-** | **5,530.6** |

| 2021 $ millions | Production and marketing of owned produced volumes | Third party Trading | Other | Elimination | Total |
|---|---|---|---|---|---|
| **Total external revenues** | **2,764.1** | **546.6** | - | - | **3,310.7** |
| Adjusted EBITDA | 1,526.4 | 42.7 | (18.6) | - | 1,550.5 |
| Depreciation, amortization and impairment | (266.7) | - | (0.4) | - | (267.1) |
| Finance income | 34.9 | (0.1) | 5.3 | (20.5) | 19.6 |
| Finance expense | (40.2) | (1.9) | (31.1) | 20.5 | (52.7) |
| Income tax | (278.3) | (0.1) | (17.2) | - | (295.6) |
| Other (including provisions) | 20.1 | - | 1.1 | - | 21.2 |
| **Profit for the year** | **996.2** | **40.6** | **(60.9)** | **-** | **975.9** |
| Capital expenditures | 83.1 | - | 1.5 | - | 84.6 |
| **Total assets** | **4,958.6** | **25.0** | **184.9** | - | **5,168.5** |

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## 20. Segment reporting continued

### Geographical information of operations

The geographic information below analyses the Group's revenue (by destination of the goods) and non-current assets (by the Company where the activities are being operated).

| | Revenue | | Non-current assets | |
|---|---|---|---|---|
| **$ millions** | **2022** | **2021** | **2022** | **2021** |
| Europe | 2,000.2 | 947.0 | 9.5 | 0.8 |
| North America | 36.5 | 356.0 | 1.1 | 0.2 |
| South America | 412.4 | 475.5 | - | - |
| Africa | 889.8 | 294.4 | 668.1 | 693.4 |
| Middle East | 160.8 | 60.5 | 2,878.5 | 2,963.3 |
| Asia and Oceania | 1,527.8 | 1,177.3 | - | - |
| **Total** | **5,027.5** | **3,310.7** | **3,557.2** | **3,657.7** |
| Related parties | 396.4 | 176.6 | - | - |
| Third parties | 4,631.1 | 3,134.1 | 3,557.2 | 3,657.7 |
| **Total** | **5,027.5** | **3,310.7** | **3,557.2** | **3,657.7** |

Revenue to individual countries does not exceed 10% of the total Group revenue, except for India and Ethiopia (2021: India, Spain and USA).

The key performance obligation of the Group is the supply of products as specified in the contracts with customers. The Group has one revenue stream from contracts with customers which is the supply of Fertilizers products and all revenue is recognized at a point in time.

Time value of money is not considered to be relevant for the determination of the revenue amount, as the payment terms are short. Also, there are no non-cash considerations that would need to be disclosed separately.

### Major customers

Revenue from one major customer of the group belongs to the production and marketing of own produced volumes segment and represents USD 465 million in 2022. (2021: USD 205.4 million) of Group's total external revenues.

## 21. Development of cost of sales and selling, general and administrative expenses

### 21.1 Expenses by nature

| **$ millions** | **Note** | **2022** | **2021** |
|---|---|---|---|
| Raw materials and consumables and finished goods | | 2,034.6 | 1,257.8 |
| Raw materials and consumables and finished goods - related party | 25 | 212.3 | 208.5 |
| Employee benefit expenses | | 229.5 | 194.6 |
| Depreciation, amortization and impairment | | 266.3 | 267.1 |
| Maintenance and repair | | 31.6 | 38.3 |
| Consultancy expenses | | 8.2 | 8.1 |
| Other - related party | 25 | 1.4 | 0.1 |
| Other | | 60.3 | 31.6 |
| **Total** | | **2,844.2** | **2,006.1** |
| Cost of sales | | 2,675.4 | 1,903.7 |
| Selling, general and administrative expenses | | 168.8 | 102.4 |
| **Total** | | **2,844.2** | **2,006.1** |

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 21. Development of cost of sales and selling, general and administrative expenses continued

### 21.2 Employee benefit expenses

| $ millions | Note | 2022 | 2021 |
|---|---|---|---|
| Wages and salaries | | 149.7 | 122.4 |
| Employee profit sharing | | 32.0 | 29.8 |
| Pension cost | | 10.0 | 8.6 |
| Other employee expenses | | 37.8 | 33.8 |
| **Total** | | **229.5** | **194.6** |

During the financial year ended 31 December 2022, the average number of staff employed in the Group converted into full-time equivalents was 2,756 employees (2021: 2,680 employees).

## 22. Net finance cost

| $ millions | Note | 2022 | 2021 |
|---|---|---|---|
| Interest income on loans and receivables | | 1.5 | 1.0 |
| Foreign exchange gain | | 65.6 | 18.6 |
| **Finance income** | | **67.1** | **19.6** |
| Interest expense and other financing costs on financial liabilities measured at amortized cost | | (79.9) | (45.8) |
| Interest expense related parties | 25 | (3.3) | (3.4) |
| Foreign exchange loss | | (109.7) | (3.5) |
| **Finance cost** | | **(192.9)** | **(52.7)** |
| **Net finance cost recognised in profit or loss** | | **(125.8)** | **(33.1)** |

Foreign exchange movements in current year primarily relate to the devaluation of the EGP currency against the USD.

## 23. Capital commitments

| $ millions | 2022 | 2021 |
|---|---|---|
| UAE | 64.6 | 19.8 |
| Algeria | 6.7 | 19.1 |
| Egypt | 7.4 | 8.3 |
| **Total** | **78.7** | **47.2** |

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 23. Capital commitments continued
Capital commitments mainly relate to future costs on turnarounds and maintenance at our plants, the construction of a low-carbon ammonia plant in the MENA region and other green initiatives.

## 24. Earnings per share

| | 2022 | 2021 |
|---|---|---|
| **i. Basic** | | |
| Net profit attributable to shareholders ($ million) | 1,249.5 | 702.7 |
| Weighted average number of ordinary shares (million) | 8,301.3 | 8,301.3 |
| **Basic earnings per ordinary share ($)** | **0.151** | **0.085** |
| **ii. Diluted** | | |
| Net profit attributable to shareholders ($ million) | 1,249.5 | 702.7 |
| Weighted average number of ordinary shares (million) | 8,301.3 | 8,301.3 |
| **Diluted earnings per ordinary share ($)** | **0.151** | **0.085** |

### Weighted average number of ordinary shares calculation:

| $ millions | 2022 | 2021[1] |
|---|---|---|
| **Number of ordinary shares at 1 January** | **8,301.3** | **3,328.2** |
| Reduction of share capital | - | (2,000.0) |
| Subdivision of shares | - | 6,973.1 |
| **Ordinary shares outstanding at 31 December** | **8,301.3** | **8,301.3** |

[1] Given that the capital reduction and subdivision of shares, at the date of the transaction, adjusted the number of shares without a corresponding change in resources, such reduction in number of shares has been treated retrospectively, hence the weighted average number of shares was adjusted effective from the beginning of 2021. (Note 13)

There are no potential dilutive shares.

## 25. Related party transactions
### Transactions with related parties – normal course of business
Transactions with related parties occur when a relationship exists between the party and the Company, their directors and its key management personnel. In the normal course of business, the Company buys and sells goods and services from and to various related parties (including associates) within the Group.

Fertiglobe has related party transactions with its shareholders OCI group and also with ADNOC group through Ruwais Fertilizers Industries LLC ("Fertil"). Fertil uses ADNOC gas to produce its fertilizers and sells a small portion of its products to other subsidiaries.

# Notes to the consolidated Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER

## 25. Related party transactions continued

The transactions with the following entities of ADNOC group are presented in the financial statements as related party transactions:

- Abu Dhabi National Oil Company - "ADNOC"
- Abu Dhabi Oil Refining Company - ADNOC refining
- Abu Dhabi National Oil Company Gas Processing - ADNOC Gas processing
- Abu Dhabi Polymers Company Ltd. ("Borouge")
- Abu Dhabi National Oil Company Logistics and Services
- Abu Dhabi National Oil Company LNG
- Abu Dhabi Petroleum Ports Operating Company ("IRSHAD")
- Abu Dhabi National Oil Company Sour Gas ("Al Hosn")
- Abu Dhabi Company for Onshore Petroleum Operations Ltd

The Group applied IAS 24 exemption with regards to disclosure of transactions with Abu Dhabi Government, being the beneficial owner of ADNOC. During the year there was no significant transactions with the Government related entities (2021: no significant transactions).

The transactions with the following entities of the OCI Group are presented in the financial statements as related party transactions:

- OC PLC
- OCI N.V.
- OCI Fertilizer B.V.
- OCI Intermediate B.V.
- OCI Overseas Holding
- OCI MENA Fertilizers Ltd
- OCI Nitrogen
- OCI Fertilizers USA
- OCI Personnel B.V.
- OCI Egypt
- N-7 LLC
- OCI

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## **25. Related party transactions** continued
The following is a list of significant related party transactions and outstanding amounts as at 31 December 2022:

| 2022 Related party $ millions | Relation | Receivables outstanding at year end | Accruals/ Payables outstanding at year end | Revenue transactions during the year | Net recharges | Interest expense and other financing charges |
|---|---|---|---|---|---|---|
| OCI N.V | OCI Group | 0.1 | 5.9 | - | (0.8) | - |
| OCI Fertilizer BV | OCI Group | 45.5 | - | - | - | - |
| OCI Intermediate BV | OCI Group | - | - | - | - | - |
| OCI Personnel BV | OCI Group | - | 1.3 | - | (1.2) | - |
| OCI Nitrogen | OCI Group | 2.0 | 1.1 | 394.2 | 0.6 | - |
| N-7 LLC | OCI Group | - | - | - | - | - |
| ADNOC | ADNOC | 4.3 | 37.2 | - | (172.4) | - |
| Abu Dhabi Polymers Ltd. | ADNOC | 0.4 | - | 2.2 | - | (3.3) |
| ADNOC refining | ADNOC | - | 5.1 | - | (38.5) | - |
| ADNOC Gas Processing | ADNOC | - | 0.1 | - | (1.4) | - |
| ADNOC subsidiaries[1] | ADNOC | 0.1 | - | - | - | - |
| Orascom Construction Egypt | Others | 1.1 | - | - | - | - |
| Egypt Green Hydrogen | Others | 1.7 | - | - | - | - |
| **Total** | | **55.2** | **50.7** | **396.4** | **(213.7)** | **(3.3)** |

[1] Full list is disclosed in the previous paragraph.

The Group leases land, office space and employee accommodation from Abu Dhabi National Oil Company - "ADNOC", the lease obligation amount is USD 70.7 million in 2022 (USD 71.5 million in 2021).

In addition to the related party transactions in the table above, the Company incurs certain operating expenses for immaterial amounts in relation to services provided by related parties.

Due to the related party nature of above transactions, the terms and conditions may not be necessarily be the same as transactions negotiated between third parties. Management believes that the terms and conditions of all transactions with our related parties are generally no less favorable to either party than those that could have been negotiated with unaffiliated parties with respect to similar services.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 25. Related party transactions continued
### Transactions with related parties – normal course of business

| 2021 Related party $ millions | Relation | Receivables outstanding at year end | Accruals/ Payables outstanding at year end | Revenue transactions during the year | Net recharges | Interest expense and other financing charges |
|---|---|---|---|---|---|---|
| OCI N.V | OCI Group | - | 0.7 | - | (0.3) | - |
| OCI Fertilizer BV | OCI Group | 66.6 | 22.4 | - | - | - |
| OCI Intermediate BV | OCI Group | - | 0.1 | - | - | - |
| OCI Personnel BV | OCI Group | - | 0.2 | - | - | - |
| OCI Nitrogen | OCI Group | 13.8 | 0.2 | 162.3 | 0.3 | - |
| N-7 LLC | OCI Group | - | - | 13.2 | (22.8) | - |
| ADNOC | ADNOC | 2.3 | 30.3 | - | (145.6) | (3.4) |
| Abu Dhabi Polymers Ltd. | ADNOC | 0.2 | - | 1.1 | - | - |
| ADNOC refining | ADNOC | - | 3.4 | - | (38.2) | - |
| ADNOC Gas Processing | ADNOC | (0.1) | 0.1 | - | (1.8) | - |
| ADNOC subsidiaries[1] | ADNOC | 0.2 | 0.1 | - | (0.2) | - |
| Orascom Construction Egypt | Others | - | 0.9 | - | - | - |
| **Total** | | **83.0** | **58.4** | **176.6** | **(208.6)** | **(3.4)** |

[1] Full list is disclosed in the previous paragraph.

### Board Remuneration and Key management personnel compensation
We considered the members of the Board of Directors (Executive and Non-executive), CFO and COO to be the key management personnel as defined in IAS 24 "Related parties". No other benefits or remuneration were provided to or have been entered into with above mentioned key management personnel except as disclosed below.

On 11 May 2022, the Board approved a payment of USD 5.3 million (AED 19.4 million) to the Board of Directors as approved remuneration for the year ended 31 December 2021, in addition to any applicable VAT. This Board remuneration was approved by the shareholders in the Annual General Meeting ("AGM") held on 13 June 2022.

USD 4.1 million (AED 14.8 million) out of this amount was paid in 2022 with the balance payable as of 31 December 2022 of USD (1.2) million.

The Board remuneration for the year ended 31 December 2022 is being accrued on a consistent basis as 2021. A proposal for the remuneration of the Board of Directors for 2022 will be submitted to the shareholders for approval at the upcoming AGM.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 25. Related party transactions continued

The total remuneration of the other key management personnel during the year is as follows:

| $ millions | 2022 | 2021 |
|---|---|---|
| Short term employee benefits | 1.6 | **1.4** |
| Other long term benefits[1] | 0.5 | **0.3** |
| **Total[2]** | **2.1** | **1.7** |

[1] Other employee benefits have been reclassified in 2021 to be consistent with the current year presentation.

[2] The remuneration of the CEO, Ahmed El Hoshy is not included in the above table as his benefits are covered by OCI N.V., and are not recharged to Fertiglobe. His total remuneration is disclosed in the financial statements of OCI N.V., which are publicly available. The percentage of this remuneration to Fertiglobe, based on Fertiglobe's share in the total production capacity of the subsidiaries of OCI N.V., is 43%. The CEO is also receiving a remuneration for his role as an executive board member from Fertiglobe, which is included in the Board of Directors remuneration disclosed.

## 26. Contingencies

### Contingent liabilities

### Letters of guarantee / letters of credit

The main trading entities of the Group have performance bonds and letter of guarantee provided by HSBC and Mashreq bank amounting to USD 21.7 million for its strategic customers (2021: USD 11.0 million), and they have performance bonds with governments issued by local banks for an amount of USD 11.8 million as at 31 December 2022 (2021: USD 11.8 million).

### Litigations and claims

In the normal course of business, the Group entities are involved in some arbitration, commercial disputes or court cases as defendants or claimants. These litigations and commercial disputes are carefully monitored by the entities' management and legal counsels, and are regularly assessed with due consideration for possible insurance coverage and recourse rights on third parties. The Group does not expect these proceedings to result in liabilities that have a material effect on the Group's financial position. In cases where it is probable that the outcome of the proceedings will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized in the consolidated financial statements which is disclosed in note 19 "Provisions". It should be understood that, in light of possible future developments, such as (a) potential additional lawsuits, (b) possible future settlements, and (c) rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs. At this point in time, the Group cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful.

Moreover, if and to the extent that the contingent liabilities materialize, they are typically paid over a number of years and the timing of such payments cannot be predicted with confidence. While the outcome of cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results of operations or cash flows in anyone accounting period.

# Notes to the consolidated Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER

## 26. Contingencies continued

### Sorfert legal case

On 5 March 2018, the lower criminal court of Oran (Tribunal du pôle pénal spécialisé d'Oran) issued a judgment against Sorfert regarding an alleged violation of exchange control regulations as well as the regulation of public markets and public service delegations. The lower court ordered Sorfert to pay a fine in the amount of 5.5 billion Algerian dinars (about USD 39.9 million) and an officer of the company received a fine of DZD 2.8 billion (about USD 20.0 million). On 7 March 2018, Sorfert lodged an appeal with the Court of Appeal of Oran, Algeria who upheld the verdict against Sorfert in its judgment rendered on 28 November 2018. In January 2019, Sorfert lodged an appeal against this judgment with the Supreme Court. Sorfert disputes the validity of the judgment and continues to vigorously defend its case. To date, no Supreme Court hearing has been scheduled and during the appeal period the enforcement of the judgment is suspended. Various renowned local and international law firm have examined Sorfert legal position. No provision has been recorded by the Group related to this matter.

### Asset retirement obligations

Sorfert has a contractual asset retirement obligation in connection with the lease of its land. This asset retirement obligation is being disclosed as a contingent liability because it is not possible to determine a reliable estimate in both timing and value of this obligation.

Fertil entered into an agreement with ADNOC for the lease of the land on which it operates its plant. The agreement has an indefinite term and includes an asset dismantling obligation and the obligation to clean up environmental pollution occurred after decommissioning. This obligation has not been accounted for, since the company has no plans to end its business activities in the foreseeable future as such the financial impact is assessed as not material by the company's management.

### OCI S.A.E. tax dispute

In October 2012, the Egyptian Tax Authority ("ETA") raised a tax evasion claim against our Egyptian subsidiary, Orascom Construction Industries S.A.E. ("OCI S.A.E."). The tax dispute related to the sale of OCI S.A.E.'s cement business to Lafarge SA in 2007. This was filed against OCI S.A.E. despite there being no official investigation. Although OCI S.A.E. and its legal and tax advisors believed that the afore mentioned transaction was exempted of tax, management entered into a settlement agreement whereby EGP 7.1 billion would be paid over a 5-year period.

The agreement was followed by payment of a first installment of EGP 2.5 billion in 2013. Following the change in government, the company was exonerated from the tax claim by the Egyptian Public Prosecutor on 18 February 2014 and subsequently by the ETA's Independent Appeals Committee on 4 November 2014. The ETA appealed this decision without including new facts or documents. The ETA's appeal was rejected by the courts on 23 January 2023 (refer to note 28). The ETA has the right to further appeal this decision within 60 days from the date of ruling.

On 13 November 2014 OCI S.A.E. announced that it would transfer its rights to EGP 1.9 billion undue paid tax amounts to an Egyptian development fund and recorded a provision for this amount, reference is made to note 19.

# Notes to the consolidated Financial Statements continued
FOR THE YEAR ENDED 31 DECEMBER

## 26. Contingencies continued

Despite the ETA Independent Appeals Committee ruling in favor of OCI S.A.E., OCI S.A.E. was still held to pay EGP 900 million. OCI S.A.E. has lodged a reimbursement claim for this amount. As this dispute occurred prior to the demerger of the Engineering and Construction Group that formed Orascom Construction PLC ("OC") in 2015, any liabilities and any recoveries are shared on a 50:50 basis between OCI N.V. and OC. Should the ETA win their appeal, OCI SAE's maximum share of the tax claim would be EGP 2.3 billion, which equates to approximately USD 92.9 million.

### Contingent assets

A sequence of historical transactions resulted in (gross) deductible temporary tax differences of USD 1.4 billion. However, due to a difference in interpretation of local tax regulations, the deductible temporary differences do not currently meet the recognition criteria of IAS 12/ IFRIC 23. The group company concerned is currently under examination of the tax authorities in the respective jurisdiction. Management expects a conclusion on the tax audit within the next twelve months (refer note 10).

## 27. List of subsidiaries and associates

| Companies | Country | Percentage of interest | Consolidation method |
|---|---|---|---|
| Sorfert Algérie Spa ("Sorfert") | Algeria | 50.99 | Full |
| Ruwais Fertilizers Industries - Sole Proprietorship LCc ("Fertil") | UAE | 100.00 | Full |
| Fertilizers 1 Holding Ltd[1] | UAE - ADGM | 100.00 | Full |
| OCIFERT ME Holding[1] | UAE - ADGM | 100.00 | Full |
| Fertilizers 2 Holding Ltd | UAE - ADGM | 100.00 | Full |
| Fertilizers Exports Holding[1] | UAE - ADGM | 100.00 | Full |
| Fertiglobe Distribution Limited | UAE - ADGM | 100.00 | Full |
| Fertiglobe Fertilizer Trading Limited (previously OCI Fertilizer Trading Limited) | BVI | 100.00 | Full |
| Middle East Petrochemical Corporation Limited - MEPCO (Cayman) | Cayman | 100.00 | Full |
| Orascom Construction Industries S.A.E. | Egypt | 99.96 | Full |
| Egypt Basic Industries Corporation S.A.E ("EBIC") | Egypt | 75.00 | Full |
| OCI MEPCO Holding Ltd (BVI) | BVI | 100.00 | Full |
| Fertiglobe MENA B.V. (previously OCI MENA B.V.) | Netherlands | 100.00 | Full |
| Egyptian Fertilizers Company S.A.E ("EFC") | Egypt | 100.00 | Full |
| Fertiglobe France SAS (previously OCI Fertilizer Trade France) | France | 100.00 | Full |
| Fertiglobe Green Investment[2] | UAE | 100.00 | Full |
| National Company for Operation Maintenance and Engineering Services LLC | Egypt | 100.00 | Full |
| Amiral Ammonia Overseas Limited | BVI | 100.00 | Full |
| PSK Holding | Cayman | 100.00 | Full |
| OCI Fertilizer Trade & Supply B.V. | Netherlands | 100.00 | Full |
| Egypt Green Hydrogen S.A.E.[2] | Egypt | 20.00 | Equity |

[1] The Group transferred all assets and obligations from these entities to other group entities and closed these entities during the year.

[2] Incorporated during the year

# **Notes to the consolidated Financial Statements** continued
FOR THE YEAR ENDED 31 DECEMBER

## 28. Subsequent events
The Group performed a review of events subsequent to the balance sheet date up to the date the financial statements were issued and determined that there were no other material events requiring recognition or disclosure in the financial statements, apart from those disclosed below:

### Drawdown of 2022 Term Loan
On 4 January 2023, the Group executed the drawdown of USD 900 million from the 2022 Term Loan Facility. The proceeds were directly received by the agent and was used to repay the existing Bridge Loan Facility in full and final settlement. The Bridge Loan Facility is no longer available following this settlement.

### OCI S.A.E. tax dispute
On 23 January 2023, the Egyptian Tax Authority's ("ETA") appeal in relation to the Orascom Construction Industries S.A.E. ("OCI S.A.E.") tax dispute was rejected by the court. The ETA has the right to further appeal this decision within 60 days from the date of ruling. In the event the ETA appeals, OCI S.A.E. and its local counsel believe it has a stronger position on the case given the ETA's appeal was rejected twice by the court and the high challenge committee, and a judgement in favor of the ETA is not probable.

### Dividends H2 2022
On 13 February 2023, the Board approved dividends of USD 700 million for the second half of the year ending 31 December 2022. The dividend will be presented to shareholders for approval at the next Annual General Meeting and is expected to be paid in April 2023.

### Low-carbon ammonia plant
On 18 January 2023, a Shareholders' Agreement was signed relating to the formation of a company for the development and operation of a low-carbon ammonia production plant at the Ruwais Derivative and Industrial Complex. Following this, on behalf of the project, the Company has signed the Engineering, Procurement and Construction ('EPC') contract with Tecnimont S.P.A.

The Engineering phase is ongoing and on 13 February 2023,  the Company initiated the Procurement phase which increases its commitments by approximately USD 100 million. The Group's share of costs is expected to be 30% eventually following the creation of the company and novation of the EPC contract to it.

KPMG Lower Gulf Limited
Office No 15-111, 15th Floor
Al Khatem Tower,
Abu Dhabi Global Market Square, Al Maryah Island
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

# Independent auditors' report

## To the Shareholders of Fertiglobe plc

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Fertiglobe plc ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable requirements of Financial Statements Auditing Standards for the Subject Entities issued vide ADAA Chairman's Resolution No. (88) of 2021 in the United Arab Emirates (ADAA Auditing Standards). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical and independence requirements of United Arab Emirates that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Key Audit Matters (continued)

### Litigations and claims:

See Notes 19 and 26 to the consolidated financial statements.

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| The Group has several pending litigations and claims (legal and tax related), for which the outcome is uncertain. Inherent to the Group's nature and operations, as well as its geographical spread, the Group is exposed to an indirect material effect on pending cases. Based on the likelihood of occurrence and the exposure, the Group determines if, and for what amount, a provision should be recognised. This assessment is considered to be significant to our audit due to management judgement involved. As the Group is geographically diversified, the pending litigations and claims differ in terms of risk profile. | During our audit, we performed the following procedures:<br>• Instructed our component auditors to perform procedures over litigations and claims on a local level;<br>• Requested certain component auditors to visit local courts to inspect the register confirming the status of certain cases<br>• Evaluated the legal expenses and requested external legal letters from lawyers and tax advisors involved in litigations and claims;<br>• Obtained the updated Litigation report from Group Legal department;<br>• Performed update meetings with Group Legal and Tax departments;<br>• Obtained internal position papers from management on certain cases;<br>• Requested external expert opinions for specific cases with a significant exposure;<br>• Assessed the adequacy of the provisions and disclosures in the consolidated financial statements. |

## Key Audit Matters (continued)

### Assessment of control in accordance with IFRS 10 'Consolidated Financial statements'

See Note 5 to the consolidated financial statements.

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| The Company has consolidated Sorfert since 2018, the year in which it was incorporated in the UAE and prepared its first consolidated financial statements in accordance with IFRS. Sorfert is a subsidiary domiciled in Algeria and the Group owns 51% of the shares issued by Sorfert.<br><br>The Group considers the control assessment over Sorfert a matter requiring significant judgement, as disclosed under note 5 'Critical accounting judgments, estimates and assumptions'.<br><br>The time spent on this matter and the level of judgment required in the control assessment made it significant to our audit. | As disclosed by management in note 5, judgment is required to assess whether the Group is exposed or has rights to variable returns from its involvement with the investee and whether the Group has the ability to affect those returns through its control over the investee. This may require the Group to evaluate the effect of ownership structures, determination of relevant activities and other arrangements including the rights of other shareholders that could have an impact on the assessment of control.<br><br>We performed the following procedures:<br>- Obtained the management's updated control assessment;<br>- Determined whether the assessment was performed in accordance with IFRS 10;<br>- Reviewed the supporting assessment performed by an external accounting expert; |

## Key Audit Matters (continued)

### Assessment of control in accordance with IFRS 10 'Consolidated Financial statements' (continued)

| See Note 5 to the consolidated financial statements. (continued) | |
|---|---|
| | - Consulted with professionals with specialised skills and knowledge in respect of IFRS 10 to assist us in assessing the technical aspects of the control assessment and the conclusion that the Group has control over the activities of Sorfert;<br>- Inspected the legal documentation to determine whether relevant aspects were considered as part of the control assessment;<br>• We assessed the appropriateness of the disclosure as included in the consolidated financial statements. |

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Standards and their preparation in compliance with the applicable provisions of the Abu Dhabi Global Market Companies Regulations 2020 (as amended), and applicable provisions of the laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ADAA Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs and ADAA Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Further, as required by the provisions of the Abu Dhabi Global Market Companies Regulations 2020 (as amended), we report that:

i) the consolidated financial statements, in all material respects, have been properly prepared in accordance with the requirements of the Companies Regulations 2020 (as amended);

ii) the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

iii) adequate accounting records have been kept by the Group;

iv) the Group's accounts are in agreement with the accounting records and returns.

Further, as required by the Abu Dhabi Accountability Authority's Chairman Resolution No.(88) of 2021 pertaining to Financial Statements Auditing Standards for the Subject Entities, we report that based on the procedures performed and information provided to us by management and those charged with governance, nothing has come to our attention that causes us to believe that the Company has not complied, in all material aspects, with any of the provisions of the following laws applicable to its activities, regulations and circulars as applicable, which would have a material impact on the consolidated financial statements as at 31 December 2022:

i) its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022; and

## Report on Other Legal and Regulatory Requirements (continued)

ii) relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Company's consolidated financial statements.

KPMG Lower Gulf Limited

Emilio Lane Pera
Abu Dhabi, United Arab Emirates

Date: 20 March 2023