

**E-Finance for Technology Solutions Company (S.A.E)**  
**(Operating Technology of Financial Institutions E-finance Company (Formerly))**

**Separate Financial Statements**  
**For the Financial Year Ended 31 December 2020**  
**And Auditor's Report**



**Hazem Hassan**  
Public Accountants & Consultants

*Translation of Auditor's report  
Originally issued in Arabic*

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## **AUDITOR'S REPORT**

**To: Shareholders of E-Finance for Technology Solutions Company (S.A.E)**  
**(Operating Technology of Financial Institutions E-finance Company (Formerly))**

### **Report on the Financial Statements**

We have audited the accompanying separate financial statements of E-Finance for Technology Solutions Company (Operating Technology of Financial Institutions E-finance Company (Formerly)) which comprise the separate statements of financial position as of 31 December 2020, profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.



Hazem Hassan

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the separate financial statements.

### Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of E-Finance for Technology Solutions Company (Operating Technology of Financial Institutions E-finance Company (Formerly)) as of 31 December 2020, and of its separate financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these separate financial statements.

### Report on Other Legal and Regulatory Requirements

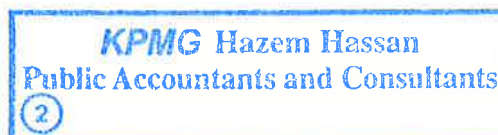
The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company and the separate financial statements are in agreement therewith.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account within the limits that such information is recorded therein.

KPMG

KPMG Hazem Hassan  
Public Accountants & Consultants

Cairo, 10 March 2021



**E-Finance for Technology Solutions Company**  
**(Operating Technology of Financial Institutions E-finance Company (Formerly)) (S.A.E)**  
**Separate Statement of Financial position as of December 31 , 2020**

	<u>Note No.</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
<u>Assets</u>		<u>L.E.</u>	<u>L.E.</u>
<b><u>Non current assets</u></b>			
Fixed assets	6/41	69 221 667	167 081 585
Prepaid employee benefits -Long term	8/41	5 410 500	-
Projects under construction	9/41	-	33 302 315
Intangible assets	7/41	-	67 380
Investments in subsidiaries	11/41	855 902 537	70 000 000
Other financial assets	10/41	135 851 000	103 251 000
Deferred tax assets	12-2/41	8 380 757	24 289 203
<b>Total non current assets</b>		<b>1 074 766 461</b>	<b>397 991 483</b>
<b><u>Current assets</u></b>			
Inventory	13/41	-	17 175 265
Work in progress	14	-	36 683 094
Accounts receivable & other debit balances	15/41	1 690 308	663 078 391
Due from related parties	33-1/41	-	6 941 895
Cash and cash equivalents	16/41	430 527 096	512 350 066
<b>Total current assets</b>		<b>432 217 404</b>	<b>1 236 228 711</b>
<b>Total assets</b>		<b>1 506 983 865</b>	<b>1 634 220 194</b>
<b><u>Shareholders equity &amp; Liabilities</u></b>			
<b><u>Shareholders equity</u></b>			
Paid-in capital	17	800 000 000	800 000 000
Reserves	18	64 727 152	47 489 236
Retained earnings		330 807 876	263 258 068
<b>Total Shareholder's Equity for parent Company</b>		<b>1 195 535 028</b>	<b>1 110 747 304</b>
<b><u>Liabilities</u></b>			
<b><u>Non- Current Liabilities</u></b>			
Employee end of service benefits obligations	22/41	47 618 472	126 541 852
<b>Total non current liabilities</b>		<b>47 618 472</b>	<b>126 541 852</b>
<b><u>Current liabilities</u></b>			
Provisions	20/41	-	10 000 000
Supplier down payment		-	131 876 158
Accounts payable & other credit balances	21/41	37 096 325	201 646 165
Income tax payable	12-4/41	78 605 765	53 408 715
Due to related parties	33-2/41	148 128 275	-
<b>Total current liabilities</b>		<b>263 830 365</b>	<b>396 931 038</b>
<b>Total Liabilities</b>		<b>311 448 837</b>	<b>523 472 890</b>
<b>Total liabilities and shareholders equity</b>		<b>1 506 983 865</b>	<b>1 634 220 194</b>

The attached notes from (1) to (41) are an integral part of these separate financial statements and to read with them.  
The Audit report is attached.

Chairman & Managing Director



Chief Of Financial Sector



**E-Finance for Technology Solutions Company  
(Operating Technology of Financial Institutions E-finance Company (Formerly)) (S.A.E)**

**Separate Statement of Profit or Loss for the year ended on December 31, 2020**

	<u>Note No.</u>	<u>31/12/2020</u> <u>L.E.</u>	<u>31/12/2019</u> <u>L.E.</u>
Revenue	24	1 264 420 695	983 978 558
Cost of revenues	25	(702 577 315)	(543 717 790)
<b>Gross profit</b>		<b>561 843 380</b>	<b>440 260 768</b>
Other revenue	26	3 713 699	3 149 141
General & administrative expenses	28	(130 335 057)	(107 776 049)
Marketing and selling expenses	29	(16 879 323)	(23 649 125)
Other expenses	30	(1 729 000)	( 979 000)
<b>Operating Profit</b>		<b>416 613 699</b>	<b>311 005 735</b>
Dividends income from the investement Available for sale	27	10 164 212	10 078 404
Finance cost	31	(11 190 254)	(7 791 755)
Finance Income	32	28 246 360	36 247 838
<b>Net profit/(Loss) for the period before tax</b>		<b>443 834 017</b>	<b>349 540 222</b>
Income tax expense	12-3	(99 075 700)	(76 981 243)
<b>Net profit/(Loss) for the period after tax</b>		<b>344 758 317</b>	<b>272 558 979</b>
Basic Earning Per Share	40	<b>0.16</b>	<b>0.20</b>

The attached notes from (1) to (41) are an integral part of these separate financial statements and to read with them.

**E-Finance for Technology Solutions Company  
(Operating Technology of Financial Institutions E-finance Company (Formerly)) (S.A.E)**

**Separate Statement of Comprehensive income for the year ended on December 31, 2020**

	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>L.E.</u>	<u>L.E.</u>
Net profit/(Loss) for the period	344 758 317	272 558 979
<b><u>Other comprehensive income items:-</u></b>		
Actuarial gain (losses) from employee benefit plan	4 241 902	(9 205 611)
Income Tax related to other comprehensive income	( 954 427)	2 071 262
<b>Total Comprehensive Income/ (losses) after tax</b>	<b>3 287 475</b>	<b>(7 134 349)</b>
<b>Total comprehensive Income for the period</b>	<b>348 045 792</b>	<b>265 424 630</b>

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**E-Finance for Technology Solutions Company**  
**(Operating Technology of Financial Institutions E-finance Company (Formerly)) (S.A.E)**

Separate Statement of Cash flows for the year ended on December 31, 2020

	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>L.E.</u>	<u>L.E.</u>
<b><u>Cash flow from operating activities</u></b>		
Net profit/loss for the year	443 834 017	349 540 222
<b><u>Adjustments to reconcile net profit to</u></b>		
<b><u>Net cash flow from operating activities</u></b>		
Fixed assets depreciation	26 399 199	33 579 190
Amortization of intangible assets	49 859	84 574
Amortization of ROU	13 515 721	-
Amortization of advance payment- employee end of service benefits	1 734 219	-
Dividend income from investments available for sale	(10 164 212)	(10 078 404)
Debit interest	3 386 436	7 791 755
Credit interest	(36 247 838)	(28 377 346)
Employee end of service benefit formed	28 697 352	26 161 086
Provision formed for Impairment of account receivable	4 345 445	-
Finance expenses-lease	7 803 818	-
Foreign currency translation	(2 419 665)	(7 870 492)
Capital loss (gain)	393 273	( 48 780)
Cost transferred to association projects	5 456 124	-
Profits from lease contracts exclusions	( 898 737)	-
	<b>485 885 011</b>	<b>370 781 805</b>
Change in inventory	16 299 050	(3 798 642)
Change in work in process	36 683 094	(7 491 295)
Change in employee end of service benefit - advance payment	(12 916 875)	-
Change in accounts receivable & other debit balances	(52 613 924)	(83 762 719)
Change in due from related parties	8 754 655	(6 941 895)
Change in customer advance payments	(9 265 798)	74 075 984
Change in Accounts payable & other credit balances	69 281 934	11 880 889
Change in obligation of employee end of service benefits	(37 887 879)	-
<b>Net Cashflow result from operating activities</b>	<b>504 219 268</b>	<b>354 744 127</b>
Debit interest paid	(3 386 436)	(7 791 755)
Payment to employee benefits - Cars	(5 382 224)	(7 316 373)
Dividends to employees and board members	(71 174 187)	(36 942 723)
Income taxes paid	(74 247 128)	(54 923 773)
<b>Net cash flow result from operating activities</b>	<b>350 029 293</b>	<b>247 769 503</b>
<b><u>Cash flow from investing activities</u></b>		
Proceeds from disposal of fixed assets	163 530	13 680
proceeds from sale of investments held to maturity	-	67 944 000
Payment to acquire associate and subsidiaries	(186 406 784)	(70 000 000)
Proceeds from dividends of financial investments available for sale	10 164 212	9 178 404
Payment of purchasing investments available for sale	(32 600 000)	(88 752 000)
Payment of purchasing fixed assets and projects under construction	(46 121 700)	(44 952 093)
Credit interest collected	36 247 838	28 032 538
<b>Net cash flow (used in) investing activities</b>	<b>(218 552 904)</b>	<b>(98 535 471)</b>
<b><u>Cash flow from financing activities</u></b>		
Interest paid-lease contracts	(7 803 818)	-
Lease liability paid	(9 379 485)	-
Proceeds from issuance of share capital	-	300 000 000
Dividends to shareholders	(192 083 881)	(106 468 642)
<b>Net cash flow (used in) result from financing activities</b>	<b>(209 267 184)</b>	<b>193 531 358</b>
<b>Net change in cash &amp; cash equivalent during the year</b>	<b>(77 790 795)</b>	<b>342 765 390</b>
<b>Cash &amp; cash equivalent at beginning of the year</b>	<b>502 780 870</b>	<b>160 015 480</b>
<b>Cash &amp; cash equivalent at end of the year</b>	<b>424 990 075</b>	<b>502 780 870</b>

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The attached notes from (1) to (41) are an integral part of these separate financial statements and to read with them.

**E-Finance for Technology Solutions Company  
(Operating Technology of Financial Institutions E-finance Company (Formerly)) (S.A.E)**

**Translation from Arabic**

**Separate Statement of change in shareholders equity for the year ended on December 31, 2020**

	<u>Paid up Capital</u>	<u>Legal Reserve</u>	<u>General Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	
Balance as at 1/1/ 2020	800 000 000	27 489 236	20 000 000	263 258 068	1 110 747 304
<u>Comprehensive Income</u>					
Net profit for the year ended 31 December 2020	-	-	-	344 758 317	344 758 317
Other comprehensive income items	-	-	-	3 287 475	3 287 475
<b>Total comprehensive income</b>	-	-	-	<b>348 045 792</b>	<b>348 045 792</b>
<b>Transaction with the company's shareholders</b>					
Dividends according to the ordinary general assembly meeting held in March 19 ,2020	-	-	-	(263 258 068)	(263 258 068)
Transferred to legal reserve from 2020 profits	-	17 237 916	-	(17 237 916)	-
<b>Total transaction with shareholders</b>		<b>17 237 916</b>		<b>(280 495 984)</b>	<b>(263 258 068)</b>
<b>Balance as of December 31 , 2020</b>	<b>800 000 000</b>	<b>44 727 152</b>	<b>20 000 000</b>	<b>330 807 876</b>	<b>1 195 535 028</b>

The attached notes from (1) to (41) are an integral part of these separate financial statements and to read with them.



Translation from Arabic

**E-Finance for Technology Solutions Company  
(Operating Technology of Financial Institutions E-finance Company (Formerly)) (S.A.E)**

**Separate Statement of change in shareholders equity for the year ended on December 31, 2020**

	<u>Paid up Capital</u>	<u>Legal Reserve</u>	<u>General Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>
Balance as at 1/1/ 2019	500 000 000	13 633 548		175 100 491	688 734 039
<u>Comprehensive income</u>					
Net profit for the year ended 31 December 2019	-	-	-	272 558 979	272 558 979
Other comprehensive income items	-	-	-	(7 134 349)	(7 134 349)
<b>Total comprehensive income</b>				<b>440 525 121</b>	<b>954 158 669</b>
<b>Transaction with the company's shareholders</b>					
Dividends according to the ordinary general assembly meeting held in March 19, 2019	-	-	-	(143 411 365)	(143 411 365)
Transferred to legal reserve from 2018 profits	-	-	20 000 000	(20 000 000)	-
Increase in paid up capital	300 000 000	-	-	-	300 000 000
Transferred to legal reserve from 2019 profits	-	13 855 688	-	(13 855 688)	-
Total transaction with shareholders	<u>300 000 000</u>	<u>13 855 688</u>	<u>20 000 000</u>	<u>(177 267 053)</u>	<u>156 588 635</u>
<b>Balance as of December 31 , 2019</b>	<u><u>800 000 000</u></u>	<u><u>27 489 236</u></u>	<u><u>20 000 000</u></u>	<u><u>263 258 068</u></u>	<u><u>1 110 747 304</u></u>

The attached notes from (1) to (41) are an integral part of these separate financial statements and to read with them.

**1- Company's background**

**1-1 Legal entity**

- The company was established in the name of Raya for Technology of Operating Financial Institutions Company, and the name has been modified to E-Finance for Financial and digital investment Company- S.A.E- an Egyptian joint stock company - Giza Commercial Registry No. 15026 on 08/06/2005 in accordance with the provisions of Law No. 8 of 1997 Law of Guarantees And investment incentives, as amended by Law No. 72 of 2017 and Law No. 159 of 1981 and its executive regulations.
- The divided company will be a successor to the dividing company on September 30, 2020, and the company will replace it legally in terms of its rights and obligations, and that is in regards to the rights and obligations devolved to it in accordance with what was included in the decision issued by the economic performance sector in the division (from the committee formed pursuant to a decision No. 380 of 2020), and the split company shall replace the dividing company in all contracts and agreements concluded before the division, as well as in all lease contracts concluded by the dividing company before the division. rights and obligations, as well as in all licenses granted to the dividing company prior to the division.
- The duration of the company is twenty-five years, starting from the date of registration in the commercial register.
- The company's headquarters: Building No. A3B 82 - Smart Village - Kilo 28 Cairo- Alexandria Desert Road - Giza.

**2-1- Company's Purpose:**

- Providing specialized operating services for information and communication technology systems, whether inside or outside the Arab Republic of Egypt (except for the Sinai region, prior approval of the authority is required) and these services include the following:
- Managing, operating and maintaining all devices, equipment and computer networks.
- Production, issuance, printing, packaging, management and operation of a smart card system.
- Managing and operating the applications for providing banking services over the phone and through the Internet, electronic payment services, and electronic circulation of secured documents.
- Establishing, managing and operating the systems and management of customer service centers through the phone, and implementing, managing and operating the networks and central activity for the internal systems of the banks.
- Establishing and managing training centers for preparing researchers and information technology transfer centres.
- Train of operating, managing and maintaining the computer, the card system and applications for providing banking services, customer service centers and applications for electronic payment services.
- Technology business incubators and entrepreneurship support.
- The information and communication technology industry, including its industrial activities, design and development of electronics, data centers and outsourcing activities, software development and technology education.
- Description, design and development of computer systems of various kinds.
- Production and development of embedded systems, their operation and training on them.
- Description and design work for data transmission and circulation networks.
- Implementation and management of data transmission and circulation networks.

**2- Financial statement approval**

The interim financial statements were approved for issuance by the Company' Board of Directors on March 10, 2021

**3- Basis of preparing separate financial statements**

The interim separate financial statements are prepared according to the going concern assumption and the historical cost basis, except for financial assets and liabilities that are recorded at fair value and amortized cost. The historical cost in general depends on the fair value of the consideration that is delivered to obtain the assets.

**3-1 Compliance by the Accounting Standards and Laws:**

The interim separate financial statements were prepared according to the Egyptian Accounting Standards and the applicable Egyptian laws and regulations.

**3-2 Presentation Currency:**

The interim financial statements were prepared and presented in the Egyptian pound, and all the financial data was presented in the Egyptian pound.

**3-3 Consolidated financial statements**

The company has subsidiaries and parent companies, and the company is required to prepare consolidated financial statements in accordance with Egyptian Accounting Standard No.42 "Consolidated Financial Statements" and Article 188 of the executive regulations of the Companies Law No. 159 of 1981.

The company prepares consolidated financial statements for its subsidiaries and can be consulted to obtain a picture of the financial position, business results and cash flows of the group as a whole.

**3-4 Use of estimates and professional judgment**

Preparing these interim separate financial statements requires management to make judgments and estimates that affect the values of revenues, expenditures, assets and liabilities included in the separate financial statements and the accompanying disclosures, as well as disclosure of contingent liabilities at the date of the financial statements. The uncertainty surrounding these assumptions and estimates may result in results that require significant adjustments to the carrying value of the affected assets and liabilities in future periods.

Estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The following are the main judgments and estimates that materially affect the company's consolidated financial statements:

**Judgement**

During the process of applying the company's accounting policies, management has taken the following judgements that have a significant impact on the amounts recognized in the separate financial statements:

**The existence of significant influence of investments in equity instruments**

The company's management decided that it has no significant influence on its investments in equity shares even if the company owns 20% of the shares of the investee company because the company does not have the ability to participate in the financial and operational policy decisions of the investee companies. Ownership structure and management of the other shareholders holding the majority of the shares.

**Estimates and assumptions**

The following are the main assumptions regarding the future and other major sources of estimation in case of uncertainty in the history of the financial position, which involves significant risk that causes a material adjustment to the carrying values of assets and liabilities during the next financial year. The company made its assumptions and estimates based on the available criteria when preparing the financial statements. However, the current circumstances and assumptions related to future developments may change due to market changes or the existence of conditions beyond the company's control, and these changes are reflected in the assumptions when they occur.

**The useful life of fixed assets**

The company's management determines the estimated useful life of fixed assets for the purpose of calculating depreciation. This estimate will be determined after considering the expected useful life of the asset or the physical depreciation of the assets. Management periodically reviews the estimated useful life and depreciation method in order to ensure that the method and duration of depreciation is consistent with the expected pattern of economic benefits arising from these assets.

**Impairment of Receivable balances, notes receivable and other debit balances**

An estimate of the collectible amount of receivable balances, receivables and other Debit is made when collection of the full amount is no longer expected. For individually significant amounts, this estimation is performed on an individual basis. As for amounts that are not individually significant, but which have exceeded their maturity date, they are assessed in aggregate an impairment applied according to the time period that has elapsed since their maturity date, based on historical recovery rates.

**Impairment of non-financial assets**

The Company assesses whether there are indicators of impairment in the value of non-financial assets in each reporting period. Non-financial assets are tested for impairment of value when there are indications that the carrying amount may not be recoverable. When calculating the value in use, management estimates the expected future cash flows from the asset or cash-generating unit and chooses the appropriate discount rate in order to calculate the present value of those cash flows.

**Defined Benefit Plan**

The defined benefit plan cost and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. This includes determining the discount rate, future salary increases, mortality rates, and employee turnover. Due to the complexities involved in valuation and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions, and all assumptions are reviewed at each financial position date.

The factor most subject to change is the discount rate. When determining the appropriate discount rate, the management takes into consideration the market return on high quality (company / government) bonds. The death rate is based on the death tables available in the country. These mortality tables change only at intervals in response to demographic changes. Future salary increases depend on the country's expected future inflation rates.

### **3-5 Fair value measurement**

Fair value is the price that would be obtained to sell an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability either occurs

- In the primary market for the asset, liability, or
- In the absence of the primary market, in the most beneficial market for the asset or liability

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

The company uses valuation methods that are considered appropriate according to the circumstances and for which sufficient information is available to measure fair value, while maximizing the use of relevant observable inputs and limiting the use of unobservable inputs.

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

- The first level: it is the quoted prices (unadjusted) in an active market for identical assets or liabilities.
- Second level: evaluation techniques in which the lowest level inputs that are important for the entire measurement are directly or indirectly observable.
- Third level: evaluation techniques in which the lowest level inputs that are important for the entire measurement are unnoticed.

## **4 New publications and amendments made to the Egyptian Accounting Standards**

On March 18, 2019, the Minister of Investment and International Cooperation issued Resolution No. 69 of 2019 amending some standards of the Egyptian accounting standards issued by Minister of Investment's Decree No. 110 of 2015 and including some new accounting standards and amendments to some of the existing standards. It was published in the Egyptian facts on April 7, 2019.

### **4-1 New standards issued but not yet implemented**

The following are the standards that have been issued, but are not yet in effect, up to the date the company's consolidated financial statements were issued. The Company intends to implement these standards when they become valid.

**Egyptian Accounting Standard No. (47) "Financial Instruments"**

Egyptian Accounting Standard No. (47) "Financial Instruments" which replaced the Egyptian Accounting Standard No. (26) "Financial Instruments: Recognition and Measurement." Egyptian Accounting Standard No. (47) was issued in April 2019 and the implementation of the standard begins on or after January 1, 2020 in Egypt (that was allowed to be postponed to 31 December 2021), with the possibility of early adoption the exception of hedge accounting, retrospective application is required but modification of comparative information is not mandatory. For hedge accounting, the requirements apply prospectively, with some limited exceptions. The company has chosen not to implement the Egyptian Accounting Standard No. (47) early.

The company's financial assets meet the conditions for classification as either amortized cost, FVTPI, or FVTPL.

The new impairment model requires recognition of impairment in value based on expected credit losses rather than credit losses incurred, as is the case in Egyptian Accounting Standard No. (26). It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets under Egyptian Accounting Standard No. 48 "Revenue from Contracts with Clients", lease receivables, loan commitments and some financial guarantee contracts.

The new standard also requires more clarifications and changes in view. This is expected to change the nature and extent of the company's disclosures about its financial instruments.

The new standard requires the company to review accounting procedures and internal controls related to financial instruments for which reports are issued. These changes have not yet been finalized. Nevertheless, the company made a preliminary assessment of the potential impacts of applying Egyptian Accounting Standard No. (47) based on its financial position on December 31, 2020.

On its initial assessment, the company does not believe that the new classification requirements, if applied on December 31, 2020, will have a material impact on the account of receivables, other receivables, suppliers, other credit balances, loans and investments in debt and equity instruments that are managed on a fair value basis.

The company believes that impairment losses are likely to increase, but not significantly, for assets that fall within the scope of impairment in Egyptian Accounting Standard No. (47).

**The expected impact as a result of applying the standard as follows:**

**Classification and measurement**

The company does not expect a material impact from the application of the classification and measurement requirements in accordance with the Egyptian Accounting Standard No. (47).

- A- The company intends to keep investments in equity instruments (shares) that are currently classified as available for sale for the foreseeable future, and accordingly the company will apply the option to classify these investments as at fair value through other comprehensive income. Therefore, the effect of converting cost-proven investments to fair value may be important.

- B- With regard to receivable and other receipts, the company keeps those items for collecting contractual cash flows which give the company only the principal amount and interest.

The company analyzed the contractual cash flows and the company decided that the criteria for classifying these items at amortized cost are satisfied and therefore it will not reclassify those items.

#### **Impairment**

Egyptian Accounting Standard No. (47) requires the company to recognize expected credit losses on financial instruments at amortized cost and debt instruments classified at fair value through other comprehensive income on the basis of the probability of default within 12 months or over the life of the instrument.

The company will apply the simplified approach and thus recognize the impairment losses over the life of the instrument with respect to the clients and other proceeds item and it is expected on the adoption that there is no impact on Accounts receivable and other debit balances.

#### **4-2 New standards that was issued and applied**

The company applied the new Egyptian accounting standard 48 "Revenue from client contracts" and Egyptian accounting standard 49 since 1 January 2020.

##### **Egyptian Accounting Standard No. (48) "Revenue from contracts with customers"**

Egyptian Standard No. (48) was issued in April 2019 and comes into effect from January 1, 2020 (That was allowed to be postponed to 31 December 2021), and the standard establishes a five-step model for accounting for revenue from contracts with clients. Egyptian Standard No. 48 establishes a comprehensive framework for determining whether, in what amount and when revenue should be recognized. The standard replaces the current revenue recognition guidelines, including Egyptian Accounting Standard No. (11) "Revenue" and Egyptian Accounting Standard No. (8) "Construction Contracts". Under Egyptian Accounting Standard No. 48, revenue is recognized at an amount that represents the consideration to which the entity expects to be entitled in exchange for transferring goods or performing services promised to a customer.

The standard should be applied retrospectively for annual periods beginning on or after 1 January 2020, and early application is permitted (that was allowed to be postponed to 1 January 2021). The company has chosen to implement the standard early, and the company applied the new standard using the modified retrospective effect. During the year 2020, the company carried out an initial evaluation of the impact of applying the Egyptian Accounting Standard No. 48.

Through its initial evaluation, the company does not believe that there are any impact for the application of Egyptian Accounting Standard No. 48 based on its financial position in the Financial Statements as of December 31, 2020

##### **Egyptian Accounting Standard No. (49) "Lease Contracts"**

Egyptian Accounting Standard No. (49) was issued in April 2019 and its effective date begins January 1, 2020. That was allowed to be postponed to January 1, 2021 the company chooses to adopt the standard early This standard will replace the Egyptian Accounting Standard 20 "Accounting rules and standards related to financial leasing operations."

Egyptian Accounting Standard No. 49 now requires lessees to recognize rental obligations that reflect future lease payments and a "usufruct" for nearly all lease contracts. There is an optional exemption for some short-term leases and leases for low-value assets.

The company adopted the standard on 1 January 2020 (As specified in note 5 -22) The company calculated the present value of the lease obligations on the first application date January 1, 2020 at the current value of the remaining lease payments, and the company chose to measure the value of the "usufruct" in an amount equal to the lease contract obligations, and thus no differences were created on the retained earnings at the date of the first application. next

A- Use a single discount rate on the lease contract portfolio.

B- The standard will not be applied for accounting for lease contracts whose lease term expires within 12 months from the date of the first application.

C- Not to separate the non-rental component, if any.

#### **4-3 Amendments to New standards that was implemented**

##### **Amended Egyptian Accounting Standard No. (38) "employee benefits"**

Some paragraphs have been added and amended to amend the accounting rules for amending, reducing and settling the employee benefits system.

Standard No. (38) amended shall be applied to financial periods beginning on or after January 1, 2020, and early adoption is permitted.

Management is currently applying the standard.

##### **Amended Egyptian Accounting Standard No. (22) "Earnings per share"**

The scope of application of the standard has been modified to make it binding on consolidated or separate financial statements issued for all entities.

Management is currently applying the standard.

##### **Amended Egyptian Accounting Standard No. (4) "Statement of Cash Flows"**

An entity is required to provide disclosures that enable users of financial statements to evaluate changes in liabilities that arise from financing activities, including both changes arising from cash flows or non-cash changes.

Management is currently applying the standard.

##### **Amended Egyptian Accounting Standard No. (42) "Consolidated Financial Statements"**

Some paragraphs have been added for excluding investment establishments from consolidation. This amendment has resulted in amending some standards related to the subject of investment establishments. The following are the standards that have been amended:

- Egyptian Accounting Standard No. (15) "Related Parties Disclosure "
- Egyptian Accounting Standard No. (17) " Separate Financial Statements"
- Egyptian Accounting Standard No. (18) "Investments in Associate and Joint Ventures "
- Egyptian Accounting Standard No. (24) "Income taxes"
- Egyptian Accounting Standard No. (29) "Business Combination"
- Egyptian Accounting Standard No. (30) " Interim Financial Reporting "
- Egyptian Accounting Standard No. (44) "Disclosure of shares in other entities."



The amended Standard No. (42) applies to financial periods beginning on or after January 1, 2020, and early application is permitted. New or amended paragraphs are also applied for standards that have been amended regarding investment facilities on the effective date of Egyptian Accounting Standard No. (42). "Revised consolidated financials 2019."

The management is currently applying the standard.

## **5 The significant accounting policies applied**

The accounting policies set out below are applied consistently during the financial periods presented in these consolidated financial statements;

### **5-1 Translating transactions in foreign currencies**

The company hold its accounts in Egyptian pounds, and are recognized transactions denominated in foreign currencies books on the basis of the prevailing price of foreign currency as proof of treatment, at the end of each financial period are translated with items on monetary foreign currencies using the closing rate, and are translated nature Non-monetary items that are measured at The fair value is denominated in a foreign currency using the exchange rates prevailing on the date on which the fair value is determined, and items of a non-monetary nature that are measured at the historical cost are translated into the price.

Gains or losses from translation of non-monetary items that are measured at fair value are recognized in a manner consistent with the recognition of gains or losses from the change in the fair value of the item. That is, translation differences related to items for which gains or losses from change in fair value are recognized in other comprehensive income items or in the statement of profit or loss within other comprehensive income items or in the statement of profit or loss, respectively.

### **5-2 Fixed assets**

Recognition and measurement of Fixed assets are recognized at cost minus the accumulated depreciation and impairment losses. If the significant components of an item of fixed assets have different useful lives, then they are accounted for as separate items (major components) within those fixed assets. Profits or losses arising from disposal of fixed assets are recognized in the statement of profit or loss.

Subsequent expenditure on the acquisition of the asset is only capitalized if it is expected that they will give rise to an outflow of future economic benefit to the company.

Depreciation is charged to the consolidated income statement according to the straight-line method based on the estimated useful life of each type of fixed assets, so that it reflects the benefit from the economic benefits of the assets, and the company's management reviews the remaining useful lives of fixed assets periodically to determine whether they are compatible with ages. Previously estimated useful life, and if there is a significant difference, the assets are depreciated over the estimated remaining period.

	<b>Assets Useful life</b>
Buildings and facilities	50 years
Network and light stream	4 years
Air conditioners and elevators	10 years
Computer	From 1 to 7 years
Furniture, tools and electrical appliances	From 2 to 4 years
Rental improvements	Contract period or life expectancy, whichever is less
Networks	From 3 to 7 years
POS	From 2 to 3 years
ATM	5 years
Vehicles	5 years

Fixed assets are disposed when they are disposed of or when no future economic benefits are expected from their use or sale in the future. Any profits or losses that arise when the asset is disposed are recognized in the consolidated statement of profit or loss in the period in which the asset is disposed.

Land is recognized at its historical cost and is not depreciated.

The company determines, at each financial position date, whether there is an indication that a fixed asset has impaired. When the book value of the asset exceeds its recoverable amount, it is considered that there is impairment of the asset and thus it is reduced to its recoverable value. Impairment loss is recognized in the consolidated statement of profit or loss.

The loss resulting from impairment is only refunded if there has been a change in the assumptions used to determine the asset's recoverable value since the last loss resulting from impairment was proven, and the refund of the loss resulting from the impairment is limited so that the book value of the asset does not exceed its recoverable amount or the book value that was It will be determined (net of depreciation) unless the impairment loss is recognized with respect to the asset in previous years. And the response to the loss resulting from impairment is recorded in the statement of profit or loss.

### **5-3 Projects under Construction**

Projects under construction represent amounts that have been spent for the purpose of creating or purchasing fixed assets or intangible assets until they are ready for use in operation, then they are transferred to fixed assets or intangible assets, and projects under construction are evaluated at cost after deducting impairment.

## **5-4 Financial instruments**

### **A) Financial assets**

#### **Initial recognition and measurement**

Financial assets are classified, upon initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All financial assets are initially recognized at fair value plus, in the case of financial assets other than those measured at fair value from profit or loss, transaction costs that are directly related to the acquisition of a financial asset.

#### **Subsequent measurement**

For the purposes of subsequent measurement, financial assets are classified into the following categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Financial assets available for sale

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading purposes and financial assets identified upon initial recognition as financial assets at fair value through profit or loss. Financial assets are classified as held for trading if the intention is to hold them for the purpose of selling or repurchasing in the near future. The Company has not designated any financial assets at fair value through profit or loss. Financial assets are recorded at fair value through profit or loss in the statement of financial position at fair value, with the net changes in fair value recognized as financing costs (net negative fair value changes) or finance income (net positive fair value changes) in the statement of profit or loss.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. After the initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method - less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in financing income in the profit statement. The losses arising from impairment of value are included in the statement of profit or loss in the financing costs of the loans and in the costs of sales or other operating expenses of the customers' item. This category generally applies to receivables and other debits.

### **Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held to maturity investments when the company has the positive intention and ability to hold them to maturity. After the initial measurement, the investments held to maturity are measured at amortized cost using the effective interest rate - less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are included in the statement of profit or loss as a finance cost.

### **Financial assets available for sale**

Available-for-sale financial assets include investments in stocks and debt securities. Investments in equities classified as available for sale are those investments that are not designated as held for trading or are not designated at fair value through profit or loss. Debt securities in this category are those assets that are held for an indefinite period of time and can be sold in response to liquidity needs or in response to changes in market conditions.

After the initial measurement, financial assets available for sale are measured at fair value, with unrealized gains or losses recognized in other comprehensive income and recorded as a reserve of available-for-sale assets until the investment is excluded, at which time the accumulated gains or losses are recognized in other income or when the investment is determined. It is exposed to impairment when the accumulated losses from the available-for-sale financial assets reserve are reclassified to the statement of profit or loss under financing costs. Interest earned while holding available-for-sale financial assets is recognized as interest income using the effective interest rate method.

Dividends from financial assets available for sale in equity instruments are recognized in the statement of profit or loss in investment income.

### **Derecognition of financial assets**

A financial asset is mainly excluded (or where necessary, part of the financial asset or part of a group of similar financial assets) (i.e. excluded from the balance sheet) when:

- The right to receive cash flows from the asset has expired, or
- The group has transferred its rights to receive cash flows out of an asset or incurred an obligation to pay fully received cash flows without material delay to a third party under a "passage" agreement, or (a) the group transfers nearly all of the risks and benefits of the asset or (b) the group fails to transfers or retains all risks and rewards of the asset but transfers control of the asset.

When the group transfers its rights to receive cash flows from an asset or enters into a pass-through arrangement, it evaluates whether, and to what extent, it has retained the risks and benefits associated with ownership and has not transferred or retained substantially all of the risks and benefits associated with the asset and has not transferred its control over the asset. Then, the asset is recognized to the extent that the group's relationship with it continues. In that case, the group continues to recognize the liabilities related to the asset. The associated liability and the transferred asset are measured on a basis that reflects the rights and obligations that the group has retained.

The continuation of the relationship in the form of a security over the transferred asset is measured by the original carrying amount of the asset and the maximum amount that the group can be required to repay - whichever is lower.

**b) The Financial liabilities:**

**Initial recognition and measurement**

Financial liabilities are classified, upon initial recognition, as financial liabilities at fair value through profit or loss or - as loans or creditors, as appropriate. All financial liabilities are recognized initially at fair value, with costs directly attributable to transactions deducted in the case of loans and creditors. Includes company financial liabilities, suppliers, creditors, other liabilities and loans.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as shown below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities specified upon initial recognition of fair value through profit or loss. Financial liabilities are classified as held for trading liabilities when obtained with the purpose of repurchasing them in the near future. Profits or losses from liabilities held for trading are recognized in the statement of profit or loss. Specific financial liabilities are determined upon initial recognition of fair value through profit or loss on the initial recognition date and only if the controls in Egyptian Accounting Standard No. (26) are met. The group has not identified any financial liability at fair value through profit or loss.

**Loans**

This category is considered the most suitable for the group. After initial recognition, the loans are subsequently measured at amortized cost using the effective interest rate method. Profits and losses are recognized in the statement of profit or loss upon exclusion of liabilities, as well as through the depreciation process using the effective interest rate method.

Amortized cost is calculated by taking any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate. Effective interest rate amortization is included in financing costs in the statement of profit or loss. This category applies to all loans generally.

**Derecognition of financial liabilities**

A financial liability is derecognised when it is discharged, cancelled or expired. When an existing financial obligation is substituted for another from the same lender under significant different terms or the terms of the current obligation are modified substantially, such replacement or amendment is treated as an exclusion of the original financial obligation with the recognition of the new obligation. The difference between the book values is recorded in the profit or loss statement.

**C) Offsetting financial instruments**

Financial assets and financial liabilities are offset and recorded net in the statement of financial position only when there is a current enforceable right to settle the amounts stated in the net and the company has the intention to settle the assets with liabilities on a net basis or collect the assets and pay the liabilities simultaneously.

**5-5 Investment in Subsidiaries**

Investments in subsidiaries are investments controlled by the company. The Company controls the investee when it is exposed to, or is entitled to, variable returns through its participation in the investee and has the ability to affect those returns through its power over the investee.

Specifically, the company controls an investee if, and only if, the company has:

Power over the investee (ie existing rights that give it the current ability to direct the relevant activities of the investee).

Exposure to the variable returns resulting from the partnership in the investee, or its ownership of rights to these returns.

The ability to use its power over the investee to influence the amount of returns from it.

In general, there is an assumption that having the majority of voting rights leads to control. To support this presumption and when the Company has less than the majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

Contractual arrangements with other vote holders of the investee company

Right arising from other contractual arrangements

- The company's voting rights and potential voting rights

The company reassesses whether or not the company controls the investee if facts and circumstances indicate that there are changes to one or more of the three elements of power.

- Accounting in subsidiaries is carried out at cost, including the cost of the transaction, and in the event of impairment in the value of the investment, the book value is adjusted with the value of the impairment and included in the statement of separate profits and losses for each investment separately.

**5-6 Intangible assets**

Intangible assets acquired separately are recognized initially at cost.

After initial recognition, intangible assets are stated at cost less accumulated amortization and accumulated impairment losses.

The intangible assets generated internally are not capitalized as an asset and the expenses are recognized in the consolidated statement of profit or loss in the year in which the expenses were spent.

The useful lives of intangible assets are determined either as finite or indefinite.

Intangible assets with a finite useful life are amortized and are assessed for purposes of impairment when there is an indication that the intangible asset may be impaired. The amortization expense is charged to the consolidated statement of profit or loss.

The management reviews the estimated useful lives and amortization method periodically to ensure the consistency of the method and the amortization period with the expected pattern of economic benefits from these assets at the end of the date of each financial position. The amortization of intangible assets is calculated on a straight-line basis over the useful life of the asset as follows:

**The useful life of the asset**

Computer Programs	4 years
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**5-7 Income tax**

Tax income counted according to the Egyptian Tax Law.

**1- Current tax**

Current taxes for the current period and previous periods that have not been paid yet are recognized as a liability, but if the taxes that were actually paid in the current period and previous periods exceed the value due for these periods, then this increase is recognized as an asset. Current tax liabilities (assets) for the current and prior periods are measured at the value expected to be paid to (recovered from) the tax authority, using tax rates (and tax laws) in effect at the end of the financial period.

Current income tax related to recognized items is recognized directly in equity in owner's equity statement and not in the statement of profit or loss.

Management periodically assesses the positions taken in the tax returns in relation to cases in which the applicable tax regulations are subject to interpretation and makes provisions where appropriate.

**2- Deferred tax**

Deferred income tax is recognized by following the liabilities method on temporary differences between the recognized value of the asset or liability for tax purposes (tax basis) and its value included in the statement of financial position (accounting basis) at the end of the financial period.

The deferred tax liability is recognized for all temporary differences that are subject to tax, except for the following:

- When the deferred tax liability arises from the first recognition of goodwill and the first recognition of the asset or liability in a process that does not represent a business combination which, at the date of the operation's origination, had no effect on both the accounting profit and the tax profit (tax loss).
- With regard to taxable temporary differences related to investments in subsidiaries and sister companies and stakes in joint ventures, when the parent company, investor, or stake holder is able to control the timing of the reversal of the temporary differences and it is likely that the temporary differences will not be reversed in the foreseeable future.

A deferred tax asset is recognized for all deductible temporary tax differences to the extent that the tax profit is expected to be sufficient to offset the deductible temporary difference, tax deductions and carry forward tax losses, except for the following:

- When the deferred tax asset relates to deductible temporary tax differences that arose from the initial recognition of an asset or liability in a process that does not represent a business combination and at the date of the operation's establishment, it had no effect on both the accounting profit and the tax profit (tax loss).

- For deductible temporary differences related to investments in subsidiaries and sister companies and stakes in joint ventures, they are recognized only to the extent that it is likely that the temporary differences will reflect (i.e. become taxable as deductions) in the foreseeable future and that there will be a future tax profit. Which can be used for these temporary differences' opposite.

At the end of each financial period, the entity reassesses the carrying amount of the deferred tax asset and is reduced to the extent that sufficient expected tax profits are no longer available to benefit from all or part of the deferred tax asset. Unrecognized deferred tax assets are reassessed at the end of each financial period, and deferred tax assets that have not been previously recognized are recognized to the extent that it becomes probable that a future tax profit will allow the value of the deferred tax asset to be absorbed.

Deferred tax is included as income or expense in the statement of profit or loss for the period, except for the tax that results from a transaction or event in the same period or other period directly within equity.

The entity makes a set-off between the deferred tax asset and the deferred tax liability only if the establishment has a legal right to set off a set-off between the current tax asset and the current tax liability, and the deferred tax assets and deferred tax liabilities relate to income taxes imposed by the same tax administration on the same taxable entity.

#### **5-8 Provisions**

Provisions are recognized when there is a current or constructive legal obligation as a result of a past event and it is expected that an outflow of economic benefits will be required to be used to settle the advance. If the effect of the time value of money is material, then the value of provisions is determined by discounting the expected future cash flows by discounting the pre-tax deduction rate if the current assessment of the assessment reflects the current estimate. The balance of provisions is reviewed at the date of the financial position and amended as necessary to reflect the current best estimate.

#### **5-9 End of Service Benefits**

The group manages a defined benefit plan for its employees. This plan is not funded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.



The re-measurements that include actuarial profits or losses are recognized immediately in the statement of financial position and the counterparty, whether indebted or creditor of the retained earnings, is through other comprehensive income in the period in which they occur. Reclassification of measurements is not made to the statement of profit or loss in subsequent periods.

The cost of past service is recognized as an expense on one of the following dates - whichever comes first:

- When an amendment or reduction to the system occurs. or
- When the entity recognizes the costs of the related restructuring.

The group calculates the net interest expense by applying a discount rate to the defined benefit obligation. The group recognizes changes in the following defined benefit obligation under “cost of revenue” and “general and administrative expenses” in the profit or loss statement (as per the functional classification):

- Service costs which include current service cost, past service costs, curtailment gains and losses, non-routine adjustments and adjustments
- Net interest expense

#### **5-10 Inventory**

Inventory is initially measured at cost which includes purchase costs, transfer costs and other costs incurred in bringing the inventory to its present location and condition. After initial recognition, inventory is measured at cost or net realizable value, whichever is lower.

The group uses a costing method (first in first out) to measure cost.

Net realizable value is the estimated selling price in the normal course of business, minus the variable selling expenses.

#### **5-11 Work in progress**

All costs associated with work-in-progress are collected in a work-in-progress account until the completion of these works and the value of these works is confirmed in the financial statements at cost or net recoverable value, whichever is less, and the cost includes all costs directly related to contracts concluded with clients until the completion of the contract and delivery to the customer .

#### **5-12 Social Insurance**

The group makes contributions to the National Organization for Social Insurance and is calculated as a percentage of employees' salaries. The group's obligations are limited to these contributions, which are expensed when due.

#### **5-13 Cash and cash equivalents**

Cash and cash equivalents include cash balances in the fund, current accounts with banks, time deposits, treasury bills and investment fund deposits, which do not exceed three months - if any - and the bank balance is considered an overdraft, which will be paid upon request as part of the group's management of funds for the purposes of preparing the cash flow statement.

#### **5-14 Share capital**

##### **Issuance of shares**

The additional costs directly related to the issuance of new shares are calculated by deducting these net costs from equity after deducting income tax, if any.

##### **Share capital repurchase**

The value paid to purchase equity capital shares recorded in equity must be recognized as a change in the equity value including the purchase expenses. Shares purchased are classified as treasury shares and deducted from total equity.

#### **5-15 Legal reserve**

In accordance with the requirements of the Companies Law and the Company's Articles of Association, 5% of the annual net profit is deducted to form a legal reserve. The legal reserve is used to increase the share capital or reduce the company's losses. The deduction of this percentage stops when the reserve balance reaches 50% of the issued capital of the company, and in the event that this reserve falls below the mentioned percentage, the formation of this amount must be set aside.

#### **5-16 Employees' share of profit**

In accordance with the articles of association, the group pays a cash share to the employees in the profits in accordance with the rules proposed by the company's board of directors and approved by the general assembly. The employees' share of profits is recognized as a dividend in the statement of changes in equity and as a liability during the financial year in which the group's shareholders approve this distribution.

#### **5-17 Earnings per share in profit**

The group displays the basic share of its ordinary shares. The basic share is calculated by dividing the profit or loss related to the shareholders on their contribution to the ordinary shares of the company by the weighted average number of ordinary shares outstanding during the year.

#### **5-18 Revenue from contracts with customers**

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for such transfer.

The group recognizes revenue from contracts with customers based on a five-step model as set out in EAS (48) and is given below:

**Step 1** – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

**Step 2** – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

**Step 3** – Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

**Step 4** – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation;

**Step 5** – Recognize revenue when (or as) the entity satisfies a performance obligation.

The company satisfies the performance obligation and recognizes revenue over time, if one of the following criteria is met:

- a) The performance of the company does not create an asset with an alternative use for the company, and that the company has an enforceable right to payment for performance completed to date.
- b) Company performance creates or improves a customer-controlled asset at the same time as the asset is being constructed or improved.
- c) The customer simultaneously receives and consumes the benefits provided by the entity's performance once the company has performed.

For performance obligations, if any of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

If the company fulfils the performance obligation by providing the services that have been promised, this creates an asset based on a contract in exchange for consideration gained from performance. In the event that the consideration received by the customer exceeds the amount of revenue that has been recognized, a contract obligation may arise.

Revenue is measured at the fair value of the consideration received or receivable, after taking into account the contractual terms of payment, and after excluding taxes and fees. The company reviews its revenue arrangements against specific criteria to ascertain whether it is acting as principal or agent.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that revenue and costs, where applicable, can be measured reliably.

#### **5-19 Expenses**

All expenses are recognized, including the cost of revenues, general, administrative, marketing and financing expenses, and are included in the consolidated statement of profit or loss in accordance with the principle of accrual in the fiscal year in which those expenses were realized.

#### **5-20 Borrowing costs**

Borrowing costs directly related to the acquisition, construction or production of a qualifying asset that requires an extended period of time to prepare it for use in its intended purposes or for its sale are capitalized as part of the cost of the asset. Other borrowing costs are charged as an expense in the period in which they are recognized in the consolidated statement of profit or loss using the effective interest rate method. Borrowing costs are the interest and other costs that the group spends on borrowing the money.

## **5-21 Impairment in the value of financial and non-financial assets**

### **Financial assets**

The group assesses, at each financial position date, whether there is objective evidence of impairment in the value of a financial asset or a company of financial assets. A financial asset or a company of financial assets is considered to have been exposed or exposed to impairment only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset and the loss event had an effect on the estimated future cash flows of the financial asset or the company of financial assets that can be estimated Reliably. Evidence of impairment may include indications that the debtors or a company of debtors are facing significant financial difficulties, delay or default in the payment of interest or principal payments, and the possibility that they will enter bankruptcy or another financial restructuring situation where the observed data indicate that there is a measurable decline In the estimated future cash flows.

### **Financial assets at amortized cost**

With regard to financial assets at amortized cost, the company initially assesses the extent of impairment in value at the individual level of the financial assets that are considered significant in themselves or at the collective level for financial assets that are not considered significant in themselves. If the company decides that there is no objective evidence of impairment in value for any financial asset that has been separately assessed - whether material or not - then the company places the financial asset within a group of financial assets with similar credit risk characteristics and collectively evaluates them to determine impairment - if any. For assets that are individually assessed for determining impairment and that have experienced an impairment loss that was included or continue to suffer an impairment loss, they are not included in the collective assessment of impairment.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

In the event that the amount of the impairment loss is increased or decreased in the estimated value - in a subsequent year - due to the occurrence of an event after the recognition of the impairment, then the previously recorded impairment loss is increased or decreased by adjusting the impairment account. If impairment is subsequently recovered, the recovery is included in financing costs in the consolidated statement of profit or loss and other comprehensive income.

### **Investments Available for sale**

For available-for-sale financial investments, the company assesses, at each financial position date, whether there is objective evidence that an investment or group of investments has impaired.

In the case of investments in equity instruments classified as available for sale investments, any significant or permanent decline in the fair value of the investments in equity instruments below their cost is considered objective evidence of impairment. What is "significant" is evaluated against the original cost of the investment and "perpetual" is evaluated against the period in which the fair value has been less than the original cost. When there is evidence of impairment in value, accumulated losses - which were measured as the difference between the acquisition cost and the current fair value minus any impairment loss in the value from the investment previously included in other comprehensive income - are excluded from comprehensive income and included in the statement of profit or loss. And other comprehensive income. Impairment losses are not reflected in the value of investments in equity instruments through the statement of profit or loss. The increase in the fair value after the impairment loss is recognized in other comprehensive income.

In the case of debt instruments classified as investments available for sale, the impairment loss is assessed based on the same criteria as the financial assets carried at amortized cost. However, the amount recorded as an impairment loss is a cumulative loss that is measured as a difference between the amortized cost and the current fair value, less any impairment loss in the value of that investment that was previously included in the list of profits or losses and other comprehensive income.

Future interest income continues at the reduced carrying amount of the asset based on the use of the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of the finance income. In the event that the fair value of a financial instrument increases in a subsequent year, then the fair value of the financial instrument increases and this increase can be attributed to an event that occurred after the impairment loss was recognized in the consolidated statement of profit or loss and other comprehensive income, then the recording of the loss resulting from it is reversed Impairment in value through the statement of profit or loss and other comprehensive income.

#### **Non-financial assets**

The carrying values of the group's non-financial assets are reviewed at each financial position date to determine whether there is any indication of impairment. If any such indication exists, the group estimates the asset's recoverable amount. Impairment occurs when the carrying value of the asset or cash-generating unit exceeds the recoverable amount, which is the fair value less costs to sell or value in use - whichever is higher. The fair value less costs to sell is based on available data from binding sale transactions that are made on a non-compulsory basis for similar assets. The value in use calculation is based on the DCF model using the pre-tax discount rate to reflect current market assessments of the time value of money and the risks specific to the asset.

The losses arising from impairment in value are included in the statement of profit or loss. With regard to the losses arising from the impairment of the value of the cash-generating unit, they are distributed in principle to reduce the carrying value of any goodwill allocated to the units. Then the carrying values of other assets in the unit (company of units) are reduced on a proportional basis.

## **5-22 Lease Contract**

The Company, as a lessee, recognizes the “right of use” asset and the lease liability at the commencement date of the lease.

On initial recognition, the right-of-use asset is measured as the amount equal to the initially measured lease liability, adjusted for pre-contract lease payments, initial direct cost and lease incentives, and the discounted value of the estimated costs of decommissioning and removing the asset. In the subsequent measurement, the right-of-use asset is measured at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis over the estimated useful life of the right-of-use assets or the lease term - whichever is less.

Lease liabilities are first measured at the present value of the lease payments unpaid on that date and related services fixed over the lease term, and the lease payments must be discounted using the incremental borrowing rate. Generally, the company uses the incremental borrowing rate as the discount rate. The lease liability is then measured at amortized cost using the effective interest rate method.

The right-of-use assets and lease liability will be subsequently re-measured if one of the following events occurs:

- The change in the rental price due to the linkage to the rates or rate that became effective during the period.
- Amendments to the lease agreement.
- Reassess the lease term.

Leases of non-core assets not related to the company's principal operating activities, which are by nature short-term (less than 12 months including renewal options) and leases of low-value commodities are recognized in the consolidated statement of profit or loss as incurred.

The company applied the Egyptian Accounting Standard No. (49) to lease contracts from the date of January 1, 2020, and the comparative figures for the year were not modified before the first application of the standard. Right-of-use assets arising from operating leases are measured by the amount of the lease liability at the date of initial application (adjusted for any lease expense advance or accrued).

The average incremental interest rate applicable to recognized lease commitments was 13.25%.

### **Significant Judgements**

Egyptian Accounting Standard No. 49 requires a company to assess the lease term as the non-cancellable lease period in line with the lease with the period for which the company has extension options that it is certain to exercise, the periods specified by the company, and the periods for which the company has termination options that it is uncertain that the company will implement it.

**E-Finance for Technology Solutions Company**  
**(Operating Technology of Financial Institutions E-Finance Company (Formerly)) (S.A.E)**  
**Notes To the Financial Statements For the year ended on December 31, 2020**

**-6- Fixed Assets**

	<u>Land &amp; buildings</u>	<u>Equipments, Computer &amp; software</u>	<u>Leasehold improvement</u>	<u>Office furniture &amp; fixtures &amp; Electrical equipments</u>	<u>Networks</u>	<u>Point of sale</u>	<u>ATM</u>	<u>Vehicles</u>	<u>Total</u>
<u>Cost</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>
Cost as of 1/1/2020	84 965 789	227 225 650	10 719 152	20 049 288	28 123 688	89 643 426	26 912 863	1 278 800	488 918 656
Additions during the year	142 793	14 765 349	7 389 708	3 641 922	801 597	888 505	3 682 772	-	31 312 646
Disposals during the year	-	(989 226)	(527 221)	(2 259 828)	(953 912)	(1 679 568)	(3 366 091)	-	(9 775 846)
Transferred to projects cost	-	(1 897 356)	-	-	-	(3 578 413)	-	-	(5 475 769)
Transferred from projects under construction	-	11 770	-	-	-	-	580 480	-	592 250
Cost of assets transferred to the demerge company	-	(239 116 187)	(17 581 639)	(21 431 382)	(27 971 373)	(85 273 950)	(27 810 024)	(1 278 800)	(420 463 355)
<b>Cost as of 31/12/2020</b>	<b>85 108 582</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85 108 582</b>

**Accumulated depreciation**

Accumulated depreciation as of 1/1/2020	13 918 933	155 209 202	4 013 765	15 233 236	23 249 377	84 341 582	24 710 426	1 160 550	321 837 071
Depreciation of the period / year	1 967 982	16 920 707	1 647 581	2 592 624	1 073 178	1 218 771	860 106	118 250	26 399 199
Depreciation of Disposals	-	(944 563)	(514 491)	(1 903 791)	(848 663)	(1 641 444)	(3 366 091)	-	(9 219 043)
Accumulated depreciation transferred to projects' costs	-	-	-	-	-	(19 645)	-	-	(19 645)
Depreciation of fixed asset transferred to demerge company	-	(171 185 346)	(5 146 855)	(15 922 069)	(23 473 892)	(83 899 264)	(22 204 441)	(1 278 800)	(323 110 667)
<b>Accumulated depreciation as of 31/12/2020</b>	<b>15 886 915</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 886 915</b>
<b>Net book value as of 31/12/2020</b>	<b>69 221 667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69 221 667</b>

**Depreciation charged under the following items:**

	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>L.E.</u>	<u>L.E.</u>
Cost of revenue (Note25)	16 531 292	23 382 662
General & administrative expenses (Note 28)	9 867 907	10 196 528
	<b>26 399 199</b>	<b>33 579 190</b>

E-Finance for Technology Solutions Company  
(Operating Technology of Financial Institutions E-finance Company (Formerly)) (S.A.E)

Notes To The Financial Statements For the year ended on December 31, 2020

-6 Fixed Assets

	<u>Lands &amp; buildings</u>	<u>Equipments, Computer &amp; software</u>	<u>Leasehold improvement</u>	<u>Office furniture &amp; fixtures &amp; Electrical equipments</u>	<u>Networks</u>	<u>Point of sale</u>	<u>ATM</u>	<u>Vehicles</u>	<u>Total</u>
<u>Cost</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>
Cost as of 1/1/2019	84 965 789	200 107 256	8 937 740	17 434 415	27 508 769	86 078 875	25 969 583	1 278 800	452 281 227
Additions during the year	-	27 118 394	1 781 412	2 614 873	614 919	3 679 759	943 280	-	36 752 637
Disposals during the year	-	-	-	-	-	(115 208 )	-	-	(115 208 )
Balance as of 31/12/2019	84 965 789	227 225 650	10 719 152	20 049 288	28 123 688	89 643 426	26 912 863	1 278 800	488 918 656
<u>Accumulated depreciation</u>									
Accumulated depreciation as of 1/1/2019	10 439 200	134 262 608	2 843 564	11 934 307	22 007 337	81 551 063	24 209 883	1 017 830	288 265 792
Depreciation of the year	3 479 733	20 946 594	1 170 201	3 298 929	1 242 040	2 798 430	500 543	142 720	33 579 190
Depreciation of the disposals	-	-	-	-	-	(7 911 )	-	-	(7 911 )
Accumulated depreciation as of 31/12/2019	13 918 933	155 209 202	4 013 765	15 233 236	23 249 377	84 341 582	24 710 426	1 160 550	321 837 071
Net book value as of 31/12/2019	71 046 856	72 016 448	6 705 387	4 816 052	4 874 311	5 301 844	2 202 437	118 250	167 081 585



**7 Intangible assets**

	31/12/2020 L.E	31/12/2019 L.E
<b>Cost</b>		
Cost	368 036	368 036
Additions of the year	-	-
Cost of assets transferred to the demerged company	(368 036)	-
<b>Cost end of the period/year</b>	<b>-</b>	<b>368 036</b>
<b><u>Deduct:</u></b>		
Opening accumulated amortization	300 656	216 082
Amortization for the year	49 859	84 574
Cost of assets transferred to the demerge company	(350 515)	-
<b>Accumulated amortization at end of the period</b>	<b>-</b>	<b>300 656</b>
<b>Net Book Value at end of the period</b>	<b>-</b>	<b>67 380</b>
Amortisation is charged within the following items:		
	31/12/2020 L.E	31/12/2019 L.E
General and Administrative Expenses (Note 28)	49 859	84 574
	<b>49 859</b>	<b>84 574</b>

**8 Prepaid employee benefits**

According to the decision of the Board of Directors held on February 25, 2020, the proposal submitted by the Personnel Affairs Department regarding adding the benefit of providing cars to the senior management and the managing director, instead of the monthly transportation allowance, was approved, after presenting the proposal to the Financial Benefits Committee, Compensation and Remuneration.

	31/12/2020 L.E	31/12/2019 L.E
<b>Cost</b>		
Additions of the year	12 916 875	-
Depreciation of the year	(1 734 219)	-
Transfer to the demerged company	(4 124 312)	-
<b>Net Balance</b>	<b>7 058 344</b>	<b>-</b>
<b><u>Distributed as follows:</u></b>		
Short-term Expenses (Note 15)	1 647 844	-
Long-term Expenses	5 410 500	-
<b>Total</b>	<b>7 058 344</b>	<b>-</b>

Amount charged to Profit & Loss statement:

Cost or Revenue (Note 25)	965 896
General and Administrative Expenses (Note 28)	768 323
	<b>1 734 219</b>

**9 Projects under Construction**

	31/12/2020	31/12/2019
	<u>L.E</u>	<u>L.E</u>
Printers and Smart card devices under installation	1 712 623	28 719 427
Computers for Operating activities	1 109 126	2 459 871
ATM	3 651 619	737 935
Computers and software	2 126 951	722 796
Point of sale machines	9 529 682	513 735
Networks	669 692	148 551
Transfer to demerge company	(18 799 693)	-
<b>Net Book Value of PUC</b>	<b>-</b>	<b>33 302 315</b>

**10 Other financial assets**

		Cost of investment	
	<u>%</u>	31/12/2020	31/12/2019
		<u>L.E</u>	<u>L.E</u>
Egyptian Company for the Governmental			
Technological Services ESERVE (S.A.E.) *	%10.20	18 000 000	9 000 000
The Egyptian Company for Electronic Commerce			
Technology MTS (SAE) **	%9.99	33 599 000	9 999 000
Egypt Delta Payments Company (SAE) ***	%10	500 000	500 000
The International Company for Consulting and			
Information Systems (ACIS) ****	%10	83 752 000	83 752 000
		<b>135 851 000</b>	<b>103 251 000</b>

- Available-for-sale financial investments are measured at cost when the fair value is not measurable
- The market risk for the available for sale investment is limited because these investments are equity instruments not dealt in active markets and with Egyptian pounds.
- Investments are the value of the contribution of 10.20% in the Egyptian Company for the Governmental Technological Services ESERVE (SAE), and the payment represents 100% of the company's share in the issued capital, which was Registered in the Commercial Registry under No. 105277 on May 7, 2017.

\*\* The investments are the value of the contribution of 9.99% in the Egyptian Company for Electronic Commerce Technology (MTS), and the payment represents 100% of the issued capital, which was Registered in the Commercial Registry under No. 45813 on May 17, 2010.

An impairment of the full value of these investments occurred on December 31, 2012 due to the company's failure to start its activity on its date, and the impairment was reversed on December 31, 2018.

The company sold one share of the Egyptian Company for Electronic Commerce Technology (MTS) for the amount of L.E 1,000 during 2018.

\*\*\* Investments are the value of the contribution of 10% in the Egypt Delta Payments Company (SAE), and the payment represents 25% of the issued capital of the company, which was Registered in the Commercial Registry under No. 8573 on February 21, 2019 (the company did not start Activity yet).

\*\*\*\* Investments are the value of the cost of acquiring 1000 shares of the International Company for Consulting and Information Systems (ACIS) according to the company's fair value report. The company's contribution is 10% in the company's issued capital.

# **11 Financial investments in subsidiaries and parent companies**

The financial investments in subsidiaries are represented in the following: -

	<u>%</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
		<u>L.E</u>	<u>L.E</u>
Khales for Digital Payment Services Company (S.A.E.) *	%70	70 000 000	70 000 000
Smart Card Operation Technology Company E-Cards (S.A.E) **	%89	133 500 000	-
The Technology Company for Ecommerce Operations E-Aswaaq Misr (S.A.E) ***	%61	27 450 000	-
E-nable for Outsourcing Services (eNable) (S.A.E) ****	%99.98	24 995 000	-
Technological Operation for Financial Institution E-finance Company (S.A.E) *****	%99.99	599 957 537	-
		<b>855 902 537</b>	<b>70 000 000</b>

\* The value of the company's contribution of 70% in the issued capital of Khales Company for Digital Payments Services (S.A.E), and the payer represents 100% of the company's share in the issued capital, which was established by registration in the Commercial Register No. 144515 on December 30, 2019.

\*\* The value of the company's contribution of 89% in the issued capital of the Smart Card Operation Technology Company E-Cards (S.A.E), and the payer represents 100% of the company's share in the issued capital, which was established by registration in the Commercial Register No. 146132 on January 29, 2020 .

\*\*\* The value of the company's contribution of 61% in the issued capital of The Technology Company for Ecommerce Operations E-Aswaaq Misr (S.A.E). on 1 July,2020.

\*\*\*\* The value of the company's contribution of 99.98% in the issued capital of the E-nable for Outsourcing Services (eNable) (S.A.E) and the payment represents 25% of the company's share in the issued capital, which was established by registration in the Commercial Register No. 159506 on 29 -December-2020.

\*\*\*\*\* The value of the company's contribution of 99.99% in the issued capital of the Technological Operation for Financial Institution E-finance Company (S.A.E), and the payer represents 100% of the company's share in the issued capital, which was established by registration in the Commercial Register No. 159585 dated December 30, 2020.

## **12 Tax**

### **12-1 Income tax**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Current Income Tax Expenses	97 368 311	74 994 121
Tax dividends income from investments available for sale	900 000	900 000
Treasury bills tax	1 175 866	344 808
Deferred tax (income)	(368 477)	742 314
	<b><u>99 075 700</u></b>	<b><u>76 981 243</u></b>
Deferred income tax on other comprehensive income	<b><u>954 427</u></b>	<b><u>(2 071 262)</u></b>

### **12-2 Deferred tax**

#### **A) Deferred tax assets (liabilities) recognized**

	<b>31/12/2020</b>		<b>31/12/2019</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Depreciation of fixed assets	-	1 960 036	--	3 617 317
Obligations of the employee benefits	10 714 156	-	28 471 916	--
Unrealized foreign exchange translation	-	373 363	-	565 396
	<b><u>10 714 156</u></b>	<b><u>2 333 399</u></b>	<b><u>28 471 916</u></b>	<b><u>4 182 713</u></b>
Net deferred tax assets	<b><u>8 380 757</u></b>	<b><u>-</u></b>	<b><u>24 289 203</u></b>	<b><u>-</u></b>
Deducts the previously charged deferred tax assets	(24 289 203)	--	(22 960 255)	--
Deduct the deferred tax assets charged to the statement of other comprehensive income	954 427	--	(2 071 262)	--
Transferred to demerge company	15 322 496	--	--	--
Deferred taxes for the Year as income (expenses)	<b><u>368 477</u></b>	<b><u>--</u></b>	<b><u>(742 314)</u></b>	<b><u>--</u></b>

#### **B) Unrecognized deferred tax assets**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Provisions	2 250 000	2 250 000
Impairment in Account receivables	1373 046	393 296
	<b><u>3 623 046</u></b>	<b><u>2 643 296</u></b>

### **12-3 Adjustment of the effective tax rate**

		<b>31/12/2020</b>		<b>31/12/2019</b>
		<b><u>L.E</u></b>		<b><u>L.E</u></b>
Net Profit/loss Before Tax		443 834 017		349 540 222
Income Tax Based on Tax rate	22.5%	99 862 654	22.5%	78 646 550
Expenses that are not deductible and others		<b>10 526 825</b>		<b>16 245 012</b>
Revenues exempted		(12 033 227)		(30 707 656)
The tax Base		442 327 615		335 077 578
<b>Current and deferred income tax</b>	<b>22.32%</b>	<b>99 075 700</b>	<b>22%</b>	<b>76 981 243</b>

### **12-4 Income Tax payable**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Accrued Income Tax at beginning of the year	53 408 715	33 338 367
Formed during the period	97 368 311	74 994 121
Income tax paid	(51 253 313)	(33 338 367)
Withholding tax-debit	(20 917 948)	(21 585 406)
	<b>78 605 765</b>	<b>53 408 715</b>

### **12-5 Tax position**

#### **A) corporate tax**

- The company is subjected to a tax exemption until December 31, 2017, and the company was subject to tax according to the letter of the General Authority for Investment and Free Zones, starting from January 1, 2018.
- The company submits the tax return on the corporate profits tax on the legal dates, and the company pays the tax due based on these returns.
- The tax examination of the company was carried out and the dispute was ended for the years 2005/2007, and the company paid all the tax differences.
- The company's tax examination for the years 2008/2009 was re-examined and the examination and dispute for the years 2008/2015 was ended.
- The company has not been tax examined for the years from 2016 until the date of financial statements.

#### **B) Payroll tax**

- The company pays the tax on the legal dates and provides tax settlements in accordance with the provisions of the law.
- The company's tax inspection and assessment were carried out from the beginning of the activity until 2017, and all dues were paid.
- The company is being examined for the years 2017 and 2018.
- The company has not been tax examined for the years from 2019 until now.

**C) General sales tax and value added tax**

- The company submits monthly tax returns regularly on legal dates.
- The tax was examined for the company until 2015, and the company was informed of the tax differences of 258 thousand Egyptian pounds, which were fully paid.
- The company's tax examination was carried out for the years from January 1, 2016 until December 31, 2018, and forms are being extracted.

**D) Stamp Tax**

- The tax was examined for the company from the beginning of the activity until 2014, and the company paid all tax dues.
- The company has not been tax inspected for the years from 2015 until now.

**F) Withholding taxes**

- Withholding taxes is paid on legal dates.
- The company has not received any tax claims to date.

**13 Inventory**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<u>L.E</u>	<u>L.E</u>
Cards, Cards supplies and others	876 215	17 175 265
Transferred to demerge company	(876 215)	-
	<u>-</u>	<u>17 175 265</u>

**14 Work in progress**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<u>L.E</u>	<u>L.E</u>
Work in progress for the Government sector	-	30 155 384
Work in progress for private sector	-	6 527 710
	<u>-</u>	<u>36 683 094</u>

## 15 Accounts receivable and Other Debited Balances

### 15-1 Accounts Receivable

	31/12/2020 <u>L.E</u>	31/12/2019 <u>L.E</u>
Accounts receivable	396 244 582	421 072 869
Impairment in Accounts receivable	(6 102 427)	(1 747 982)
Transfer to demerged company	(390 142 155)	-
<b>Accounts receivables (net)</b>	<b>-</b>	<b>419 324 887</b>

### Other Debited Balances 15-2

Prepaid expenses	8 898 316	21 255 139
Advance to Suppliers	17 587 539	2 985 524
Accrued revenue and accrued interest	277 438 681	194 161 529
Deposits with others	5 030 152	1 840 976
Deposits with others -Retention	40 808 071	21 600 050
Advanced expense Long-term	1 647 844	-
Other debit balances	3 041 107	1 910 286
Transfer to demerged company	(352 761 402)	-
	<b>1 690 308</b>	<b>243 753 504</b>
	<b>1 690 308</b>	<b>663 078 391</b>

## 16 Cash and cash Equivalents

	31/12/2020 <u>L.E</u>	31/12/2019 <u>L.E</u>
Banks – Saving Accounts	230 502 235	244 107 546
Banks - time deposits	2 560 329	140 292 544
Investment funds*	197 464 532	127 949 976
<b>Balance of cash and cash equivalents</b>	<b>430 527 096</b>	<b>512 350 066</b>

### \*Investment Funds

	31/12/2020 <u>L.E</u>	31/12/2019 <u>L.E</u>
Themar Fund, QNB	197 367 136	127 264 334
The Fourth Fund –National Bank of Egypt	-	500 045
Day to Day Account - Bank Misr	97 396	185 597
	<b>197 464 532</b>	<b>127 949 976</b>

**For the purposes of preparing the statement of cash flows, cash and cash equivalents is represented in the following:**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Cash and Its equivalents	430 027 096	512 350 066
<b><u>Deduct:</u></b>		
Mortgaged cash investment fund documents against letters of guarantee in favor of others	<u>(5 537 021)</u>	<u>(9 569 196)</u>
<b>Cash and cash equivalents for the purpose of preparing the cash flow statement</b>	<b><u>424 990 075</u></b>	<b><u>502 780 870</u></b>

## **17 Capital**

### **17-1 The authorized capital**

The company's authorized capital has been set at 4 billion Egyptian pounds (four billion Egyptian pounds) after increasing it from 3.5 billion Egyptian pounds (three billion five hundred thousand Egyptian pounds) to four billion Egyptian pounds, an increase of 500 million Egyptian pounds based on the decisions of the extraordinary general assembly meeting of the company held on 20 December 2020

### **17-2 Issued and paid-up capital**

- The issued capital on the date of the company's incorporation amounted to 60 million Egyptian pounds distributed over 600 thousand shares with a par value of 100 Egyptian pounds in the commercial register on 16 August 2005.
- The issued capital was increased by 60 million Egyptian pounds based on the decision of the extraordinary general assembly meeting of the company held on December 20, 2006, so that the issued and paid up capital of the company became 120 million Egyptian pounds.
- The extraordinary general assembly held on December 11, 2013 decided to transfer an amount of 55 million Egyptian pounds (fifty-five million Egyptian pounds) from the general reserve to increase the issued and paid-up capital of the company to become the issued and paid-up capital after the increase of 175 million Egyptian pounds (one hundred seventy five million Egyptian pounds) distributed in the same proportions of ownership of the shareholders and this was entered in the Commercial Registry on May 20, 2014.
- The extraordinary general assembly held on March 24, 2016 decided to transfer an amount of 50 million Egyptian pounds (fifty million Egyptian pounds) from the general reserve to increase the issued and paid-up capital of the company to become the issued and paid-up capital after the increase is 225 million Egyptian pounds (two hundred twenty five million Egyptian pounds) Distributed in the same proportions of shareholder ownership and this was entered in the Commercial Registry on August 1, 2016.



- The extraordinary general assembly convened on November 20, 2016 decided to increase the issued capital of the company by an amount of 22.5 million Egyptian pounds (twenty-two million five hundred thousand Egyptian pounds) to make the issued capital after the increase 247.5 million Egyptian pounds (two hundred forty-seven million five hundred thousand Egyptian pounds) And the payment of it is 236.25 million Egyptian pounds (two hundred thirty-six thousand and two fifty thousand Egyptian pounds) with the reduction of ownership percentages for shareholders after the entry of a new shareholder, the Egyptian Company for Investment Projects, by 9.09%, and this was indicated in the commercial register on December 29, 2016.
- The extraordinary general assembly held on March 21, 2018 decided to increase the issued capital of the company by an amount of 103 million Egyptian pounds (one hundred and three million Egyptian pounds) transferred from reserves and retained earnings, so that the issued capital after the increase becomes 350.5 million Egyptian pounds (three hundred fifty million five hundred thousand Egyptian pounds) Egyptian) paid in full distributed in the same proportions of shareholder ownership.
- The minutes of the Board of Directors held on November 13, 2018 decided to increase the issued capital of the company by an amount of 149.5 million Egyptian pounds (one hundred forty-nine million five hundred thousand Egyptian pounds) so that the issued capital after the increase becomes 500 million Egyptian pounds (five hundred million Egyptian pounds) paid in full distributed in the same Shareholders ownership percentages and this was entered in the Commercial Registry on December 19, 2018.
- The Extraordinary General Assembly held on December 23, 2019 decided to increase the issued capital by an amount of 300 million Egyptian pounds, to make the issued capital 800 million Egyptian pounds (eight hundred million Egyptian pounds) paid in full, and the entry was made in the company's commercial register on December 15, 2019.
- The extraordinary general assembly convened on December 23, 2019 decided to amend the par value of the share to 0.5 Egyptian pounds (fifty piasters) instead of 100 Egyptian pounds (one hundred Egyptian pounds) so that the issued capital becomes 800 million Egyptian pounds (eight hundred million Egyptian pounds) distributed on 1.6 billion shares, and these shares are distributed in the capital as follows:

<u>Shareholder</u>	<u>Equity Ratio</u>	<u>Number of shares</u>	<u>Nominal value in EGP</u>
	<u>%</u>		
The National Investment Bank	63.64	1 018 182 400	509 091 200
Egyptian National Bank	9.09	145 454 400	72 727 200
Banque Misr	9.09	145 454 400	72 727 200
Egypt Banks Company for Technological Progress	9.09	145 454 400	72 727 200
Egyptian Company for Investment Projects	9.09	145 454 400	72 727 200
	<b>%100</b>	<b>1 600 000 000</b>	<b>800 000 000</b>

**18 Reserves**

	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>L.E</u>	<u>L.E</u>
Legal Reserve *	44 727 152	27 489 236
General Reserve **	20 000 000	20 000 000
	<b>64 727 152</b>	<b>47 489 236</b>

\* In accordance with the requirements of the Companies Law and the Company's Articles of Association, 5% of the annual net profit is deducted to form a legal reserve. The legal reserve is used to increase the share capital or reduce the company's losses. The deduction of this percentage stops when the reserve balance reaches 50% of the issued capital of the company, and in the case that this reserve falls below the mentioned percentage, the formation of this amount must be set aside.

\*\* According to Article (54) of the company's articles of association, an extraordinary reserve is formed based on the proposal of the company's board of directors, provided that it is approved by the general assembly.

## 19 Credit liabilities

<u>Bank</u>	<u>Authorized facility limit L.E or Its equivalents of Foreign Currency</u>	<u>Nature of facility</u>
Banque Misr	100 000 000	Limit to issuing local letters of guarantee
Banque Misr	50 000 000	Import letters of credits
Banque Misr	80 000 000	Current debt limit
QNB	50 000 000	Current debt limit
National Bank of Egypt	75 000 000	Current debt limit
National Bank of Egypt	75 000 000	Limit to issuing local letters of guarantee
Egyptian Bank for Imports Development	100 000 000	Current debt limit
The United National Bank	150 000 000	Current debt
Arab African International Bank	75 000 000	Limit on issuing letter of credits
Arab African International Bank	75 000 000	Limit to issue letters of guarantee
Arab African International Bank	500 000	Issuance limit for issuing credit cards with a guarantee of deposits
Commercial International Bank	150 000 000	Current debt limit

## 20 Provisions

	<u>Balance on 1 January 2020</u>	<u>Formed during the year</u>	<u>No longer required</u>	<u>Used during the year</u>	<u>Transfer to demerge company</u>	<u>Balance on 31 December 2020</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	
Provision for expected claims	10 000 000	--	--	--	10 000 000	--
	<b>10 000 000</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>10 000 000</b>	<b>--</b>

- Provisions are formed according to the best estimate of the value of the expected liabilities at the date of the financial statements arising from the company's practice of its activities and its contractual relations with others. The provisions formed during the year are included in the item of other expenses in the separate statement of profit or loss. The company's management annually reviews and settles these allocations according to the latest developments. And discussions and agreements with interested parties.
- The usual information about these provisions was not disclosed in accordance with the Egyptian Accounting Standards, as the group's management believes that doing so strongly affects the final settlement of these potential claims.

## 21 Accounts payable and other credit balances

	31/12/2020	31/12/2019
	<u>L.E</u>	<u>L.E</u>
Accounts payable	190 989 685	132 994 675
	<b>190 989 685</b>	<b>132 994 675</b>
<b><u>Other credit balance</u></b>		
Accrued expenses	11 507 170	16 266 077
Payroll tax	8 589 970	24 709 430
Value Added Tax (VAT)	24 357 005	22 016 677
Withholding tax	4 149 350	3 975 151
Deposit with others- work guarantee	494 581	595 730
Other Credit balances	811 232	1 088 425
Total credit balances	<b>49 909 308</b>	<b>68 651 490</b>
Transfer to demerged company	<b>(203 802 668)</b>	-
<b>Total payable and other credit balances</b>	<b>37 096 325</b>	<b>201 646 165</b>

## 22 Obligations of the employee benefits system - (end of service benefits)

Based on the decision of the parent company's board of directors on March 9, 2010, it has been decided to approve the leave service reward system for the employees and the managing director, whereby the company's employees benefit from it upon the end of their service period in the company in accordance with the conditions specified in the regulations approved by the company's board of directors, provided that the company's management invests the system's funds The best possible investment.

### 22-1 Movement in the present value of the employee end of service benefits obligations

	31/12/2020	31/12/2019
	<u>L.E</u>	<u>L.E</u>
Liability at beginning of the period	126 541 852	98 491 528
Interest Cost	17 715 859	15 758 644
Current service cost	10 981 493	10 402 442
Transferred to subsidiaries	(10 550 162)	-
Formed during the year	271 723	-
Actuarial loss (gain) recognized in other comprehensive income	(4 241 902)	9 205 611
Paid from end of service benefits	(5 382 224)	-
Transfer the fund of financial operation technology company	(87 718 167)	(7 316 373)
<b>Liabilities at end of the year</b>	<b>47 618 472</b>	<b>126 541 852</b>

**22-2 The amounts recognized in the interim separate statement of profit or loss**

	31/12/2020	31/12/2019
	<u>L.E</u>	<u>L.E</u>
Current Service Cost	10 981 493	10 402 442
The interest cost	17 715 859	15 758 644
End of the year	<u>28 697 352</u>	<u>26 161 086</u>

**22-3 The most important actuarial assumptions used in calculating the obligation according to the actuarial expert's study**

	31/12/2020	31/12/2019
Deduct Rate	%14.00	%18.00
Average Salary Rate	%12.00	%14.00
Death Rate	%2.45	%2.45

**22-4 Quantitative sensitivity analysis of the discount rate assumption for the benefit obligation is as follows:**

<u>Assumptions</u>	<u>Level of Sensitivity</u>	
	<u>31/12/2020</u>	
	<u>Increase</u>	<u>Decrease</u>
	%0.50	%0.50
Discount rate	45 161 256	46 465 554
Current Salary rate	46 465 554	45 161 256
Death rate	46 108 772	45 518 038

**22-5 Quantitative sensitivity analysis of the discount rate assumption for the benefit obligation on 31 December 2020:**

<u>Assumptions</u>	<u>Level of Sensitivity</u>	
	<u>31/12/2020</u>	
	<u>Increase</u>	<u>Decrease</u>
	%0.50	%0.50
Discount rate	14%	18%
Current Salary rate	12%	14%
Death rate	2.45%	2.45%

The above sensitivity analysis has been determined based on a method that captures the effect on the benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a fundamental assumption, while keeping all other assumptions constant. The sensitivity analysis may not be expressive of any actual change in the defined benefit obligation because it is unlikely that changes in the assumptions will occur in isolation from one another.

## **23 Lease contracts**

The company make lease contract for the branches and administrative buildings, this lasts from 2 to 8 years with the option to renew after that date, after the lapse of the lease there is a renegotiation for renewal and the renewal cost that reflect market lease cost, for some of lease contracts, the company is prohibited to make any arrangements with subcontractor, those was classified previously as operating leases and their cost was rental cost charged to statement of profits and losses

### **23-1 Right of use asset**

	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>L.E</u>	<u>L.E</u>
<b>Balance at 1 January 2020</b>	-	-
Additions	89 113 225	-
Disposals	(12 439 233)	-
<b>Balance at 31 December 2020</b>	<u>76 673 992</u>	<u>-</u>
Amortization at the beginning of the year	-	-
Amortization of the year	13 515 721	-
Chargeable depreciation of subsidiaries	702 773	-
Disposals – depreciation	(3 780 248)	-
	<u>10 438 246</u>	<u>-</u>
Transfer to demerge company	(66 235 746)	-
<b>Net Right of use</b>	<u>-</u>	<u>-</u>

### **23-2 Lease Liability**

The following is the minimum future lease liability within the lease contract in addition to the current value of minimum lease payments.

	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>L.E</u>	<u>L.E</u>
<b>Balance at 1 January 2020</b>	-	-
Additions	89 113 225	-
Disposals	(9 557 722)	-
Finance Cost	7 803 818	-
Lease payment	(17 183 303)	-
<b>Balance at the end of the year</b>	<u>70 176 018</u>	<u>-</u>
Transfer to demerge company	(70 176 018)	-
<b>Balance at the end of the year</b>	<u>-</u>	<u>-</u>

## **24 Revenues**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Installation services and card operation revenue	522 297 662	351 087 210
Integrated solutions revenue	188 448 228	202 718 083
Hosting services revenue	173 410 643	77 835 816
Installations and technical support revenue	94 413 013	65 596 186
Retail services revenue	4 224 921	11 729 166
Maintenance contracts and networks revenue	182 963 073	153 932 694
Call center revenue	31 823 488	23 391 965
Cards Center Revenue	40 689 039	73 552 476
Other revenue	26 150 628	24 134 962
	<b><u>1 264 420 695</u></b>	<b><u>983 978 558</u></b>

## **25 Cost of revenues**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Salaries and Wages	192 690 534	170 973 511
Cost of employee benefit system	23 068 997	21 492 161
Infrastructure cost	189 621 335	155 842 612
Cost of goods sold	167 840 719	113 525 134
Depreciation of fixed assets (Note 6)	16 531 292	23 382 662
Amortization of ROU asset	7 443 459	-
Card Centre	63 259 628	25 247 890
Technical advice and support	22 157 013	24 358 748
Rent	1 855 220	5 925 479
Employee benefits (cars)	965 896	-
Receivables Impairment	9 006 027	1 500 000
Provision	4 354 445	-
Other Costs	3 782 750	1 469 593
	<b><u>702 577 315</u></b>	<b><u>543 717 790</u></b>

**26 Other Revenues:**

	31/12/2020	31/12/2019
	<u>L.E</u>	<u>L.E</u>
Capital gain / (loss)	(393 273)	48 780
Other revenue	4 106 972	3 100 361
	<u>3 713 699</u>	<u>3 149 141</u>

**27 Dividend income from available-for-sale financial investments**

	31/12/2020	31/12/2019
	<u>L.E</u>	<u>L.E</u>
Egyptian Company for the Governmental Technological Services ESERVE	10 164 212	10 078 404
	<u>10 164 212</u>	<u>10 078 404</u>

**28 General and Administrative Expenses**

	31/12/2020	31/12/2019
	<u>L.E</u>	<u>L.E</u>
Wages and Salaries	50 530 669	42 234 578
Cost of employee end of service benefit	5 628 355	4 668 925
Depreciation of fixed assets (Note 6)	9 867 907	10 196 528
Amortization of intangible assets (Note 7)	49 859	84 574
Amortization of ROU asset (Note 23)	6 072 262	-
Consulting	11 879 538	10 352 850
Facility Expenses	7 545 146	3 131 193
Maintenance Expenses	4 455 675	2 291 510
Renting	3 327 830	4 525 047
Donations	3 000 000	-
Employee benefits (cars)	768 323	-
Stamps and deductions	13 371 014	-
Other expenses	13 838 479	30 290 844
	<u>130 335 057</u>	<u>107 776 049</u>



**29 Selling and Marketing Expenses**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Exhibitions	10 594 996	15 787 475
Public Relations	3 259 407	3 799 092
Advertisements	2 144 083	3 062 356
Other Marketing Expenses	880 837	1 000 202
	<b>16 879 323</b>	<b>23 649 125</b>

**30 Other Expenses**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Attendance, remuneration and allowances for members of the Board of Directors	1 729 000	979 000
	<b>1 729 000</b>	<b>979 000</b>

**31 Finance Expenses**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Debit interest expense and bank charges	3 386 436	7 791 755
Finance cost-lease contracts (note 22-2)	7 803 818	--
	<b>11 190 254</b>	<b>7 791 755</b>

**32 Finance income**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Foreign exchange gain	2 419 665	7 870 492
Income from investments in cash funds	17 945 434	16 450 897
Revenues of Suez Canal Certificates	-	7 431 212
Bank interest on current accounts	6 148 372	4 270 042
Bank interest on deposits	1 732 889	225 195
	<b>28 246 360</b>	<b>36 247 838</b>

**E-Finance for Technology Solutions Company  
(Operating Technology of Financial Institutions E-finance Company (Formerly)) (S.A.E)  
Notes to The Separate Financial Statements for The Financial year of December 31, 2020**

**33 Related parties**

Related parties are represented in investee companies, major shareholders, companies controlled by or jointly affected by these parties, pricing policies and the duration of these transactions are approved by the company's management and shareholders.  
The following is a summary of the related party balances and the transactions that were executed during the year between the company and related parties

	<u>Relations Nature</u>	<u>Transaction Nature</u>	<u>Transaction Volume during the year</u>	<u>End of the Year balance</u>	
				<u>31 December 2020 L.E</u>	<u>31 December 2019 L.E</u>
<b>33-1 Due from Related Parties:</b>					
Khales for Digital Payment Services Company	Subsidiary	Fixed Assets Inventory	3 595 867		5 037 134
		Finance	11 696		
		Operating expense	14 180 608	-	
		Finance	2 718 746		
			13 342 689	-	
The Technology Company for Ecommerce Operations E-Aswaaq Mistr	Subsidiary	Fixed Assets Inventory	25 525 572		1 904 761
		Finance	26 430 329		
		Finance	45 260 596		
			119 110	-	
		Finance	118 506	-	
				-	
		Finance	1 812 087	-	
				-	
				-	<b>6 914 895</b>
<b>33-2 Transactions to Related Parties:</b>					
Technological Operation for Financial Institution E-finance Company	Subsidiary	Finance		<b>148 128 275</b>	

### 34 Segment reporting

The company has (9) sectors that can be disclosed as shown below, which are the strategic business units of the company. Strategic business units offer different products and services, and they are managed separately because they require different strategies. For each of the strategic business units, the Company's senior management reviews internal management reports on at least a quarterly basis.

The following summary explains the operations in each of the reporting sectors of the company:

- Sector (A) - tariff for services and operation of cards
- Sector (B) - integrated solutions
- Sector (C) - installations and technical support services
- Sector (D) - retail services
- Sector (E) – Communication center services
- Sector (F) - Card Center services
- Sector (G) - hosting services
- Sector (H) - maintenance and network contracts
- Sector (K) – other

Segment results that are disclosed to senior management (company chairman, (CEO), chief operating officer (COO), and chief financial officer (CFO) include items that are directly proportional to the sector in addition to those that can be allocated on an acceptable basis.

Information on the results of each of the sectors that are disclosed is listed below. Performance is measured based on segment revenue, as included in the internal management reports that are reviewed by the top management.

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Notes to The Separate Financial Statements for The Financial year of December 31, 2020**

**Segment Reporting**

The financial year ended on 31 December 2020	Installation services and operation of cards	Installations and						Dividends from investment s available for sale					
		Integrated		Revenues of Networks and Maintenance Contracts		Technological Support Services			Card centre services	Retail services	Communicat ion Center Services	Other	Total L.E
		L.E	L.E	L.E	L.E	L.E	L.E						
Revenues	522 297 662	188 448 228	173 410 643	182 963 073	94 413 013	40 689 039	4 224 921	31 823 488	26 150 628	—	—	1 264 420 695	
Salaries and wages and employees' benefits	(103 268 513)	(27 217 518)	(16 808 998)	(17 245 660)	(16 875 426)	(231 349)	(323 335)	(8 363 065)	(25 425 667)	—	—	(215 759 531)	
Depreciation	(5 051 270)	(1 000 893)	(10 983 485)	—	(2 717 287)	(383 969)	(632 143)	(2 412 044)	(793 664)	—	—	(23 974 755)	
Other cost	(135 321 775)	(14 987 318)	(5 936 234)	(183 604 984)	(39 700 833)	(44 497 476)	(4 647 279)	(26 167 685)	(7 979 445)	—	—	(462 843 029)	
Total Cost	278 656 104	145 242 499	139 681 926	(17 887 571)	35 119 467	(4 423 755)	(1 377 836)	(5 119 306)	(8 048 148)	—	—	561 843 380	
Other expense and other revenue	(62 650 808)	(24 407 688)	(17 638 393)	(14 064 531)	(4 894 313)	452 501	700 869	(2 609 798)	(3 061 414)	10 164 212	—	(118 009 363)	
Net Profit before tax	216 005 296	120 834 811	122 043 533	(31 952 102)	30 225 154	(3 971 254)	(676 967)	(7 829 104)	(11 109 562)	10 164 212	—	443 834 017	

**E-Finance for Technology Solutions Company**  
**(Operating Technology of Financial Institutions E-finance Company (Formerly)) (S.A.E)**  
**Notes to The Separate Financial Statements for The Financial year of December 31, 2020**

**Segment Reporting**

The financial year ended on 31 December 2019	Installations										Dividends									
	Installation services and operation of cards		Integral Solutions		Technological Support Services		Retail services		Communication Center Services		Cards centre Services		Hosting Services		Revenues of Networks and Maintenance Contracts		Other		Dividends from investments available for sale	
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	Total L.E
Revenues	351 087 210	202 718 083		65 596 186		23 391 965		73 552 476		77 835 816		153 932 694		24 134 962						983 978 558
Salaries and wages and employees' benefits	(64 347 216)	(36 071 445)		(10 209 127)		(5 874 263)		(19 759 118)		(8 061 665)		(14 338 549)		(21 505 198)						(192 465 672)
Depreciation	(10 123 864)	(3 605 123)		-		(3 721 060)		(585 933)		(3 857 389)		-		(317 428)						(23 382 662)
Other cost	(81 614 217)	(17 711 820)		(36 085 933)		(19 477 378)		(32 135 115)		(5 065 375)		(121 933 564)		(10 992 809)						(326 369 456)
Total Cost	195 001 913	145 329 695		19 301 126		(5 680 736)		21 072 310		60 851 387		17 660 581		(8 680 473)						441 760 768
Other expense and other revenue	(36 394 605)	(25 173 196)		(3 487 030)		(2 279 416)		(7 786 314)		(8 911 236)		(13 474 199)		(1 846 249)						(92 220 546)
Net Profit before tax	158 607 308	120 156 499		15 814 096		(7 960 152)		13 285 996		51 940 151		4 186 382		(10 526 722)						349 540 222

**35 Objectives and policies of financial instruments risk management**

The Company is exposed to the following risks arising from the use of financial instruments:

- A) Credit risk
- B) Market risk
- C) Liquidity risk

This note provides information about the Company's exposure to each of the risks mentioned above, and the Company's objectives, policies and processes in relation to measuring and managing these risks.

The company's board of directors is responsible for developing and supervising a framework for managing the risks that the company is exposed to. The top management of the company is responsible for setting and monitoring risk management policies and submitting reports to the Board of Directors dealing with its activities on a regular basis.

The current framework for managing financial risks in the Company is a combination of formally documented risk management policies in specific areas and undocumented risk management policies used in other areas.

**A) Credit risk**

They are financial losses that the company incurs in the event that the client or the counterparty fails to fulfill its obligations that are regulated by the financial instrument contract, and then the company is exposed to credit risk mainly from clients, notes and other receipts, and due from related parties as well as from its financial activities, including balances with Banks.

**Accounts receivable balances and notes receivable**

Credit risk arises based on the company's control policy, procedures and systems related to risk management. The credit strength of the customer is measured based on a credit score card for each individual customer and the credit limit is determined based on this evaluation. The company's revenues are due to a large company of clients with financial solvency in addition to Until a large part of the company's revenues are collected in cash immediately upon implementation of the service, the outstanding balances of customers are constantly monitored, and the company conducts a study of impairment in every financial year.

The maximum exposure to risk is limited to the balances shown in (Note 13) after excluding the balance of prepaid expenses and advance payment suppliers.

**Other financial assets and cash deposits**

With respect to credit risk arising from the company's other financial assets at amortized cost, the entity is exposed to credit risk as a result of default by the counterparty in payment to a maximum equivalent to the carrying value of these assets.

The financial sector manages credit risk arising from bank balances, and the company limits its exposure to credit risk by depositing balances with international banks only or with reputable local banks, and local banks are subject to the supervision of the Central Bank of Egypt, and thus the risk of exposure to credit risk is weak.

The maximum exposure to risk is limited to the balances shown in (Note 16)

**Due from related parties**

Balances due from related parties are considered to have a minimum credit risk where the maximum exposure is equivalent to the book value of these balances.

**Investments**

The company limits its exposure to credit risk by preparing detailed investment studies and is reviewed by the board of directors. The company's management does not expect any failure of any of the dealing parties to fulfill its obligations.

**B) Market risk**

Market risk arises from the fluctuation of the fair value of future cash flows of a financial instrument as a result of changes in market prices. Examples are foreign exchange rate risk and interest rate risk, which are risks that affect the company's income. Financial instruments that are affected by market risks include interest-bearing loans and deposits, the objective of market risk management is to manage and control risk within acceptable limits while at the same time achieving remunerative returns. The company does not hold or issue derivative financial instruments.

**Exposure to interest rate risk**

Interest rate risk arises from fluctuations in the fair value or future cash flows of a financial instrument as a result of changes in market interest rates. The Company's exposure to risk of changes in market interest rates or not is mainly related to the company's obligations with a variable interest rate and interest-bearing deposits.

The general form of the interest rate of the company's financial instruments appears at the date of the financial statements as follows:

	<b>2020</b>	<b>2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
<b><u>Floating interest rate financial instruments</u></b>		
Financial Assets	430 833 435	512 350 066
	<b>430 833 435</b>	<b>512 350 066</b>

**Exposure to foreign exchange rate risk**

The following table shows the impact of a possible acceptable change in the exchange rates of the US dollar and the euro. In light of the survival of all other variable's constant, and the impact that occurred on the company's profits before taxation is due to changes in the value of assets and cash liabilities. Changes in the exchange rates of all other foreign currencies are not material.

	<b>Exchange rate</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
<b><u>Foreign</u></b>		<b><u>Net Liabilities</u></b>	<b><u>Net Liabilities</u></b>
<b><u>Currencies</u></b>			
US Dollar	15.71	(3 324 699)	(1 620 168)
Euro	18.8	(56 555)	(16 650)

**C) Liquidity risk**

The company's management monitors the company's cash flows, financing and liquidity requirements of the company. The company's goal is to achieve a balance between continuity of financing and flexibility by obtaining loans from banks. The company manages liquidity risk by maintaining adequate reserves and by obtaining borrowing facilities, whereby the parent company maintains credit limits of 980.5 million Egyptian pounds by continuously monitoring expected and actual cash flows and matching the maturity of assets and financial liabilities.

The parent company has sufficient cash to pay the expected operating expenses, including the financial liabilities expenses.

The table below summarizes the maturity dates of the Company's financial obligations based on contractual undiscounted payments.

<b>On 31 December 2020</b>	<b>Net Book Value L.E</b>	<b>Less than year L.E</b>	<b>From 2 to 5 years L.E</b>	<b>More than 5 years L.E</b>
Other Obligations	-	-	-	47 618 472
Due to related parties	145 799 730	145 799 730	-	-
<b>Total</b>	<b>145 799 730</b>	<b>145 799 730</b>	<b>-</b>	<b>47 618 472</b>

<b>On 31 December 2019</b>	<b>Net Book Value L.E</b>	<b>Less than year L.E</b>	<b>From 1 to 2 years L.E</b>	<b>From 2 to 5 years or more L.E</b>
Suppliers and Other	201 646 165	201 646 165	--	--
Credit Balances				
Other Obligations	126 541 852	--	--	126 541 852
<b>Total</b>	<b>328 188 017</b>	<b>201 646 165</b>	<b>--</b>	<b>126 541 852</b>

**36 Capital Management**

For the purpose of managing the company's capital, it includes the capital, the issued capital and all other equity reserves of the company's shareholders.

The parent company manages its capital structure and makes adjustments to it in light of changes in business conditions as well as to meet future developments of the activity. No changes were made in the objectives, policies or processes during the year, and the Company is not subject to any external requirements imposed on its capital.

	<b>On 31 December 2020</b>	<b>On 31 December 2019</b>
Total liability	311 448 837	523 472 890
Less cash & Equivalent	(430 527 096)	(512 350 066)
<b>Net Liability</b>	<b>(119 078 259)</b>	<b>11 122 824</b>
Total Equity	1 195 535 028	1 110 747 304
Total financing value	1 076 456 769	1 121 870 128
<b>Net liability: total financing percentage</b>	<b>(11%)</b>	<b>1%</b>



**37 Contingent liabilities**

Contingent liabilities are represented in the values of letters of guarantee that were not covered by the accounts of the Company's banks on behalf of others, except for what is covered by investment fund documents, as follows:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Letter of Guarantee	210 707 740	255 915 789

**38 A system of reward and incentives for employees and managers**

The extraordinary general assembly of the parent company, held on September 23, 2019, agreed to add a new chapter to the parent company's articles of association, which is concerned with rewarding and motivating employees and managers, which has not been done to date.

**39 Capital commitments**

It represents the value of the unpaid portion of the company's contribution to the capital of the investee companies on December 31, as follows:

	<b>Contributio n Ratio</b>	<b>Capital commitments</b>	
		<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>%</u></b>	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Egypt State Technology Services Company			
ESERVE (SAE)	%10.20	-	9 000 000
Delta Egypt Payments Company (SAE)	%10	1 500 000	1 500 000
E-Cards integrated technology	89%	-	133 500 000
E-nable Outsourcing Services Company (SAE)	99.98%	74 985 000	-
		<b>76 485 000</b>	<b>144 000 000</b>

**40 Earnings per share**

Basic earnings per share is calculated by dividing the net distributable profit for common stock owners by the weighted average number of shares outstanding during the year. The company does not have discounted shares.

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Net profit for the year (Egyptian pounds)	344 758 317	272 558 979
Share of employees and members of the Board of Directors (estimated / actual) (Egyptian pounds)	(76 810 243)	(71 174 187)
Net profit distributable to ordinary shareholders (L.E)	267 948 074	201 384 792
Average number of shares outstanding during the year of basic earnings (share)	1 600 000 000	1 026 301 370
Basic earnings per share for the year (L.E / share)	0.16	0.20

**41 Demerge**

On December 20, 2020, the extraordinary general assembly agreed to spin-off the company according to the method of vertical division at the book value of the share and acknowledge the financial position for the financial period ending on September 30, 2020 as the basis for the date of the spin-off so that it becomes E-Finance for Technology Solutions (Joint stock company) according to The provisions of the Investment Law (the demerger company, and that spin-off results in E-Finance for Financial and Digital Investments (Joint stock company) in accordance with the provisions of the Investment Law (The demerged Company) after assigning the name from the demerger company to the demerged company. Provided that the net equity of the sharing company in the book value is an amount and its amount 1,048,789,639 Egyptian pounds, as the Economic Performance Committee excluded the value of the land and the buildings on it 69,713,889 Egyptian pounds, and the report included that the company reserves the right to increase the property rights with the value of the land and the buildings on it, immediately upon the completion of the real estate registration procedures, the net shareholders equity for the demerged company splitted from demerger company with and amount of 599 453 290 Egyptian pounds, and the demerged company becomes a subsidiary and totally owned to the demerger company so that the company purpose remains like what it was without change.

The following is a statement of the transfer balances from the demerge company on the date of the demerge:

	<b>Demerged company</b>	<b>Demerger Company</b>	<b>E-finance before demerging</b>
	<b>31 December 2020</b>	<b>31 December 2020</b>	<b>31/12/2020</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
<b><u>Assets</u></b>			
<b><u>Non-current assets</u></b>			
Fixed assets	97 352 688	69 221 667	166 574 355
Right of use assets	66 235 746	—	66 235 746
Employee benefits long term	3 157 000	5 410 500	8 567 500
Projects under construction	18 799 693	—	18 799 693
Intangible assets	17 521	—	17 521
Financial investments in subsidiaries	—	855 902 537	855 902 537
Other financial assets	—	135 851 000	135 851 000
Deferred tax assets	15 322 496	8 380 757	23 703 253
<b>Total non-current assets</b>	<b>200 885 144</b>	<b>1 074 766 461</b>	<b>1 275 651 605</b>

**E-Finance for Technology Solutions Company**  
**(Operating Technology of Financial Institutions E-finance Company (Formerly)) (S.A.E)**  
**Notes to The Separate Financial Statements for The Financial year of December 31, 2020**

**Current assets**

Inventory	876 215	-	876 215
Work in process	-	-	-
Employee benefits short term	967 312	-	967 312
Trade receivables and other debit balance	742 903 557	1 690 308	744 593 865
Due from related parties	148 128 275	-	148 128 275
Cash and cash equivalents	546 710	430 527 096	431 073 806
<b>Total current assets</b>	<b>893 422 069</b>	<b>432 217 404</b>	<b>1 325 639 473</b>
<b>Total assets</b>	<b>1 094 307 213</b>	<b>1 506 983 865</b>	<b>2 601 291 078</b>

**Liabilities and owners' equity**

**Owners' equity**

Paid in capital	600 000 000	800 000 000	1 400 000 000
Reserves	-	64 727 152	64 891 526
Retained earnings	-	330 807 876	330 643 502
<b>Total owners' equity</b>	<b>600 000 000</b>	<b>1 195 545 028</b>	<b>1 795 535 028</b>

**Liabilities**

**Non-current liabilities**

Lease liability long term	57 433 213	-	57 433 213
Employee benefits liability	87 718 167	47 618 472	135 336 639
<b>Total non-current liabilities</b>	<b>145 151 380</b>	<b>47 618 472</b>	<b>192 769 852</b>

**Current liabilities**

Provisions	10 000 000	-	10 000 000
Client down payment	122 610 360	-	122 610 360
Trade payables and other credit balances	203 802 668	37 096 325	240 898 993
Income tax payable	-	78 605 765	78 605 765
Lease liability short term	12 742 805	-	12 742 805
Due to related parties	-	148 128 275	148 128 275
<b>Total current liabilities</b>	<b>349 155 833</b>	<b>263 830 365</b>	<b>612 986 198</b>
<b>Total liabilities</b>	<b>494 307 213</b>	<b>311 448 837</b>	<b>805 756 050</b>
<b>Total liabilities and owners' equity</b>	<b>1 094 307 213</b>	<b>1 506 983 865</b>	<b>2 601 291 078</b>