

**E-Finance for Digital and Financial Investments Company (S.A.E)**

**(E-finance for Technology Solutions Company (Formerly))**

**Interim Separate Financial Statements**

**For the Financial Period Ended 30 September 2021**

**And Review Report**



## Hazem Hassan

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### Review Report on Interim Separate Financial Statements

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

#### *Introduction*

We have performed a review for the accompanying interim separate statement of financial position of E-Finance for digital and financial investment Company (E-Finance for Technology Solutions Company (Formerly)) (S.A.E) as at September 30, 2021 and the related interim separate statements of profit or loss, comprehensive income, changes in equity, and cash flows for the period ended September 30, 2021, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim separate financial statements based on our review.

#### *Scope of Review*

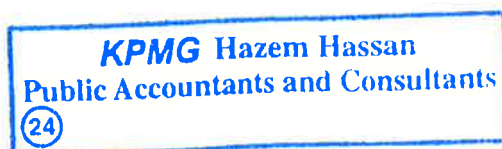
We conducted our review in accordance with Egyptian Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim separate financial statements.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not fairly and clearly present in all material aspects the financial position of the Company as at 30 September 2021, and its financial performance and its cash flows for the period ended September 30, 2021, According to Egyptian Accounting Standard No. (30) "Interim Financial reporting".

KPMG Hazem Hassan  
Public accountants and consultants

KPMG



Cairo November 11, 2021

Translation from Arabic

**E-Finance for Digital and Financial Investments Company  
(E-finance for Technology solutions Company (Formerly)) (S.A.E)  
Interim Separate Statement of Financial position as of September 30 , 2021**

	<u>Note No.</u>	<u>30 September 2021</u> <u>L.E.</u>	<u>31 December 2020</u> <u>L.E.</u>
<b>Assets</b>			
<b><u>Non current assets</u></b>			
Fixed assets	(5-2)/6	70 919 335	69 221 667
Prepaid employee benefits	7	5 269 501	5 410 500
Investments in subsidiaries and associate	(5-4)/9	904 902 502	855 902 537
Other financial assets	(5-3)/8	136 351 000	135 851 000
Deferred tax assets	(10-2)/(5-5)	11 689 618	8 380 757
<b>Total non current assets</b>		<b>1 129 131 956</b>	<b>1 074 766 461</b>
<b><u>Current assets</u></b>			
Other debit balances	11	27 096 048	1 690 308
Due from related parties	26-1	14 724 428	-
Cash and cash equivalents	(5-9)/12	66 294 545	430 527 096
<b>Total current assets</b>		<b>108 115 021</b>	<b>432 217 404</b>
<b>Total assets</b>		<b>1 237 246 977</b>	<b>1 506 983 865</b>
<b><u>Shareholders equity &amp; Liabilities</u></b>			
<b><u>Shareholders equity</u></b>			
Paid-up capital	(5-10)/13	800 000 000	800 000 000
Reserves	(5-11)/14	64 727 152	64 727 152
Retained earnings		85 519 803	330 807 876
<b>Total Shareholder's Equity</b>		<b>950 246 955</b>	<b>1 195 535 028</b>
<b><u>Liabilities</u></b>			
<b><u>Non- Current Liabilities</u></b>			
Employee benefits obligations (End of service)	(5-7)/17	60 275 268	47 618 472
<b>Total non current liabilities</b>		<b>60 275 268</b>	<b>47 618 472</b>
<b><u>Current liabilities</u></b>			
Accounts payable & other credit balances	16	11 081 522	37 096 325
Income tax payable	(10-4)/(5-5)	-	78 605 765
Due to related parties	26-2	215 643 232	148 128 275
<b>Total current liabilities</b>		<b>226 724 754</b>	<b>263 830 365</b>
<b>Total Liabilities</b>		<b>287 000 022</b>	<b>311 448 837</b>
<b>Total liabilities and shareholders equity</b>		<b>1 237 246 977</b>	<b>1 506 983 865</b>

The attached notes from (1) to (34) are an integral part of these interim separate financial statements and to read with them.  
The limited review report is attached.

Chairman & Managing Director



Chief Financial Officer



**E-Finance for Digital and Financial Investments Company**  
**(E-finance for Technology solutions Company (Formerly)) (S.A.E)**

**Interim Separate Statement of Profit or Loss for the period ended on September 30, 2021**

	<u>Note No.</u>	<u>From July 1, 2021</u> <u>till September 30,</u> <u>2021</u> <u>L.E.</u>	<u>From July 1,</u> <u>2020 till</u> <u>September 30,</u> <u>2020</u> <u>L.E.</u>	<u>Period Ended at</u> <u>September 30,</u> <u>2021</u> <u>L.E.</u>	<u>Period Ended at</u> <u>September 30,</u> <u>2020</u> <u>L.E.</u>
Revenue	18/(5-15)	-	294 294 878	2 956 010	868 819 699
Cost of revenues	19	(23 295 269)	(97 887 394)	(45 187 983)	(440 463 310)
<b>Gross profit</b>		<b>(23 295 269)</b>	<b>196 407 484</b>	<b>(42 231 973)</b>	<b>428 356 389</b>
Other revenue	20	707 759	608 789	8 944 522	2 159 519
General & administrative expenses	21	(2 171 731)	(40 123 452)	(19 753 393)	(92 646 249)
Marketing and selling expenses	22	( 924 543)	( 193 228)	(2 717 323)	(3 390 159)
Other expenses	23	( 701 500)	( 483 000)	(1 913 000)	( 931 000)
<b>Operating Profit/ (Loss)</b>		<b>(26 385 284)</b>	<b>156 216 593</b>	<b>(57 671 167)</b>	<b>333 548 500</b>
Finance cost	24	( 3 087)	(2 429 728)	( 135 743)	(5 793 381)
Finance Income	25	3 070 258	6 064 389	16 173 762	21 600 988
<b>Net (Loss)/ profit for the period before tax</b>		<b>(23 318 113)</b>	<b>159 851 254</b>	<b>(41 633 148)</b>	<b>349 356 107</b>
Income tax expense	(10-1)/(5-6)	2 771 226	(35 440 195)	3 205 009	(78 341 814)
<b>Net (Loss)/ profit for the period after tax</b>		<b>(20 546 887)</b>	<b>124 411 059</b>	<b>(38 428 139)</b>	<b>271 014 293</b>
Basic (loss)/ earning Per Share	30/(5-13)	-	-	(0.024)	0.169

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**E-Finance for Digital and Financial Investments Company**  
**(E-finance for Technology solutions Company (Formerly)) (S.A.E)**

**Interim Separate Statement of Comprehensive income for the period ended on September 30, 2021**

	<u>From July 1 till</u> <u>September 30, 2021</u>	<u>From July 1 till</u> <u>September 30, 2020</u>	<u>Period Ended</u> <u>September 30,</u> <u>2021</u>	<u>Period Ended</u> <u>September 30, 2020</u>
	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>
Net (Loss)/ profit for the period	(20 546 888)	124 411 059	(38 428 139)	271 014 293
<b><u>Other comprehensive income items:-</u></b>				
Actuarial gain from employee benefit plan	852 216	-	852 216	-
Income Tax related to other comprehensive income	( 191 749)	-	( 191 749)	-
<b>Total comprehensive Income for the year</b>	<b>(19 886 421)</b>	<b>124 411 059</b>	<b>(37 767 672)</b>	<b>271 014 293</b>

The attached notes from (1) to (34) are an integral part of these interim separate financial statements and to read with them.

**E-Finance for Digital and Financial Investments Company  
(E-finance for Technology solutions Company (Formerly)) (S.A.E)**

**Interim Separate Statement of change in shareholders equity for the period ended on September 30, 2021.**

	<u>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 at the Beginning of Jan. 2020	800 000 000	27 489 236	20 000 000	263 258 068	1 110 747 304
<b><u>Comprehensive income</u></b>					
Net profit for the period ended 30 September 2020	-	-	-	271 014 293	271 014 293
Other comprehensive income items	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>271 014 293</b>	<b>271 014 293</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)
<b>Total transaction with shareholders</b>	-	-	-	<b>(263 258 068)</b>	<b>(263 258 068)</b>
<b>Balance as of September 30 , 2020</b>	<b>800 000 000</b>	<b>27 489 236</b>	<b>20 000 000</b>	<b>271 014 293</b>	<b>1 118 503 529</b>

The attached notes from (1) to (34) are an integral part of these interim separate financial statements and to read with them.

E-Finance for Digital and Financial Investments Company  
(E-finance for Technology solutions Company (Formerly)) (S.A.E)

Interim Separate Statement of change in shareholders equity for the period ended on September 30, 2021.

	<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 at the beginning of Jan. 2021	800 000 000	44 727 152	20 000 000	330 807 876	1 195 535 028
<u>Comprehensive Income</u>					
Net Loss for the period ended 30 September 2021	-	-	-	(38 428 139)	(38 428 139)
Other comprehensive income items	-	-	-	660 467	660 467
<b>Total comprehensive income</b>	-	-	-	<b>(37 767 672)</b>	<b>(37 767 672)</b>
<u>Transaction with the company's shareholders</u>					
Dividends according to the ordinary general assembly meeting held in March 17, 2021	-	-	-	(207 520 401)	(207 520 401)
<b>Total transaction with shareholders</b>	-	-	-	<b>(207 520 401)</b>	<b>(207 520 401)</b>
<b>Balance as of September 30, 2021</b>	<b>800 000 000</b>	<b>44 727 152</b>	<b>20 000 000</b>	<b>85 519 803</b>	<b>950 246 955</b>

The attached notes from (1) to (34) are an integral part of these interim separate financial statements and to read with them.



**E-Finance for Digital and Financial Investments Company**  
**(E-finance for Technology solutions Company (Formerly)) (S.A.E)**  
**Interim Separate Statement of Cash flows for the period ended on September 30, 2021.**

	<u>Period Ended</u> <u>September 30, 2021</u>	<u>Period Ended</u> <u>September 30, 2020</u>
	<u>L.E.</u>	<u>L.E.</u>
<b><u>Cash flow from operating activities</u></b>		
Net Loss/(profit) for the period	(41 633 148)	349 356 107
<b><u>Adjustments to reconcile net profit to</u></b>		
<b><u>net cash flow from operating activities</u></b>		
Fixed assets depreciation	1 641 756	20 239 352
Amortization of intangible assets	-	47 669
Amortization of Right of use	-	9 581 450
Income from investments available for sale	(2 956 010)	(10 164 212)
Income from financial investments held to maturity	(14 087 760)	-
Debit interest	135 743	-
Credit interest	(2 085 760)	(19 569 931)
Finance expenses- Right of use Assets	-	4 436 979
Capital loss	-	5 982 938
Amortization of prepaid employee benefits	935 343	303 217
Employee end of service benefit formed	15 372 485	21 586 317
	<u>(42 677 351)</u>	<u>381 799 886</u>
Change in inventory	-	11 850 473
Change in work in process	-	(14 986 998)
Change in accounts receivable & other debit balances	(26 200 084)	24 460 988
Change in due from related parties	(14 724 428)	2 373 782
Change in due to related parties	65 709 890	44 129 077
Change in customer advance payment	-	(72 440 688)
Change in Accounts payable & other credit balances	(26 014 803)	(91 060 307)
<b>Net Cashflow result from operating activities</b>	<u>(43 906 776)</u>	<u>286 126 213</u>
Debit interest paid	( 135 743)	-
Income taxes paid	(78 901 366)	(64 437 375)
Dividends for employees and the board of directors	(61 169 048)	(52 651 614)
Collected credit interest	2 085 760	19 569 931
Payment to employee benefits	( 58 406)	(2 632 943)
<b>Net cash flow (used in )/result from operating activities</b>	<u>(182 085 579)</u>	<u>185 974 212</u>
<b><u>Cash flow from investing activities</u></b>		
Proceeds from disposal of fixed assets	-	115 000
Payment to acquire associate	(48 999 965)	(160 950 000)
Payment of advance employee benefits	-	(10 548 831)
Proceeds from held-to-maturity investments	14 087 760	-
Proceeds from dividends from financial investments available for sale	2 956 010	9 264 212
Payment of purchasing investments available for sale	( 500 000)	(32 600 000)
Payment of purchasing fixed assets and projects under construction	(3 339 424)	(36 946 465)
<b>Net cash flow (used in) investing activities</b>	<u>(35 795 619)</u>	<u>(231 666 084)</u>
<b><u>Cash flow from financing activities</u></b>		
Interest paid and financing expense-lease contracts	-	(4 436 979)
Lease contract liability paid	-	(4 574 807)
Dividends paid	(146 351 353)	(210 606 454)
<b>Net cash flow resulted from the financing activities</b>	<u>(146 351 353)</u>	<u>(219 618 240)</u>
<b>Net change in cash &amp; cash equivalent during the period</b>	<u>(364 232 551)</u>	<u>(265 310 112)</u>
<b>Cash &amp; cash equivalent at beginning of the period</b>	<u>430 527 096</u>	<u>502 780 870</u>
<b>Cash &amp; cash equivalent at end of the period</b>	<u>12 66 294 545</u>	<u>237 470 758</u>

The attached notes from (1) to (34) are an integral part of these interim 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 Operating Technology of Financial Institutions Company (E-finance) then to E-Finance for technology solutions company and then to E-finance for Digital and Financial 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.
- On December 20, 2020 the general assembly meeting approve the division decision according to the virtual demerge approach using the net book value of the share of the company and take the financial position as of the period ended september 30, 2020 as a base for the demerge decision, so E-Finance for the technological solution (S.A.E) (the dividing company) according to the investment laws still exist and as a result of the division decision presence of Technology of operation the financial institution (E-Finance) (S.A.E) according to the investment laws ( The split company) that will be the successor of the division company from 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.

### 1-2 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 separate interim financial statements were approved for issuance by the Company' Board of Directors on November 11, 2021

## **3- Basis of preparing interim 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 separate 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 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 substantial 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 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 in some of its invested investments 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 June 7, 2019.

#### **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 June 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 a full impact of the application of the standard in December

31,2021), with the possibility of early adoption 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 September 30, 2021.

On its initial assessment, the company does not believe that the new classification requirements, if applied on September 30, 2021, 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:**

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

**Classification and measurement**

- 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- Regarding 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 applying the standard.

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

Egyptian Standard No. (48) was issued in June 2019 and comes into effect from January 1, 2020 (That was allowed to be postponed to 1 January 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 that started in or after 1 January 2020, and the company applied the new standard using the modified retrospective effect. The impact of applying the Egyptian Accounting Standard No. 48 "Revenue from contracts with customers" is to recalculate the revenue recognition method in accordance with the requirements of the Egyptian Standard No. (48) "Revenue from contracts with customers".

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

Egyptian Accounting Standard No. (49) was issued in June 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 "Right of use" 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.

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 "Right of use" 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. The company choose the following estimation:

- 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.



#### **4-1 Amendments to some applicable standards**

##### **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."

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 interim separate 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 separate profit or losses 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
Lease hold Improvements	Useful life or contract term whichever comes first

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 separate 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 separate 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 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 company 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 company 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 company transfers nearly all of the risks and benefits of the asset or (b) the company fails to transfers or retains all risks and rewards of the asset but transfers control of the asset.

When the company 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 company's relationship with it continues. In that case, the company 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 company 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 company 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 company has not identified any financial liability at fair value through profit or loss.

### **Loans**

This category is considered the most suitable for the company. 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.

### **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 (i.e. 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 most 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 interim profits and losses for each investment separately.

#### **5-4 Investments in Associates**

An associate company is an entity over which the company has a significant influence through participation in the financial and operating decisions of that entity, but it does not amount to control or joint control. Investments in associates are accounted for at cost, unless they are classified as non-current investments held for sale, in which case they are measured at book value or fair value, deducting the costs necessary to sell, whichever is lower. The company does not follow the equity method in accounting for its investments in associate companies in the interim separate financial statements in application of paragraph (44) of Egyptian Accounting Standard No. (18). However, in the event that some indications and indications of the possibility of impairment losses in the value of investments in associate companies appear on the date of the interim financial statements, the book value of those investments shall be reduced to their recoverable value, and the resulting impairment losses shall be immediately included in the statement of separate profits or losses.

#### **5-5 Income tax**

Tax income counted according to the Egyptian Tax Law.

##### **5-5-1 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.

##### **5-5-2 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.

## **5-6 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.



**5-7 End of Service Benefits**

The company 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 company calculates the net interest expense by applying a discount rate to the defined benefit obligation. The company 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

**5-8 Social Insurance**

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

**5-9 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 company's management of funds for the purposes of preparing the cash flow statement.

**5-10 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.

**5-11 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 if this reserve falls below the mentioned percentage, the formation of this amount must be set aside.



**5-12 Employees' share of profit**

In accordance with the articles of association, the company 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 company's shareholders approve this distribution.

**5-13 Earnings per share in profit**

The company displays the basic share of the 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.

**5-14 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 Company expects to be entitled in exchange for such transfer.

The company 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.

#### **5-15 Expenses**

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

#### **5-16 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 separate statement of profit or loss using the effective interest rate method. Borrowing costs are the interest and other costs that the company spends on borrowing the money.

#### **5-17 Impairment in the value of financial and non-financial assets**

##### **Financial assets**

The company 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 company 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.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) is still accrued at the reduced carrying amount and accrued using the interest rate used to discount future cash flows for the purpose of measuring the impairment loss. All warranties or transferred to the company.

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 finance costs in the statement of profit or loss.

#### **Investment 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 company 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 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 company'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 company 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.



**E-Finance for Digital and Financial Investments Company**  
**(E-finance for Technology solutions Company (Formerly)) (S.A.E)**  
**Notes To The interim separate Financial Statements for the period ended on September 30, 2021.**

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**-6 Fixed Assets**

	<b><u>Lands &amp; buildings</u></b>
	<b><u>L.E.</u></b>
<b><u>Cost</u></b>	
Cost as of January 1, 2020	84 965 789
Additions during the year	142 793
<b>Cost as of December 31, 2020</b>	<b>85 108 582</b>
<b><u>Accumulated depreciation</u></b>	
Accumulated depreciation as of January 1, 2020	13 918 933
Depreciation of the year	1 967 982
<b>Accumulated depreciation as of December 31,2020</b>	<b>15 886 915</b>
<b>Net book value as of December 31,2020</b>	<b>69 221 667</b>

E-Finance for Digital and Financial Investments Company  
(E-finance for Technology solutions Company (Formerly)) (S.A.E)  
Notes To the interim separate Financial Statements for the period ended September 30, 2021.

-6 Fixed Assets

	<u>Lands &amp; Buildings</u>		<u>Computers</u>		<u>Lease Hold Improvements</u>		<u>Furniture, Tools and electrical appliances</u>		<u>Networks and electrical appliances</u>		<u>Total</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>	<u>L.E.</u>	
<u>Cost</u>											
Cost as of January 1, 2021	85 108 582	-	-	-	-	-	-	-	-	-	85 108 582
Additions during the period	1 293 754	580 856	580 856	518 687	925 687	20 440	20 440	20 440	20 440	20 440	3 339 424
<b>Cost as of September 30, 2021</b>	<b>86 402 336</b>	<b>580 856</b>	<b>580 856</b>	<b>518 687</b>	<b>925 687</b>	<b>20 440</b>	<b>20 440</b>	<b>20 440</b>	<b>20 440</b>	<b>20 440</b>	<b>88 448 006</b>
<u>Accumulated depreciation</u>											
Accumulated depreciation as of January 1, 2021	15 886 915	-	-	-	-	-	-	-	-	-	15 886 915
Depreciation of the period	1 488 233	74 355	74 355	48 284	30 458	426	426	426	426	426	1 641 756
<b>Accumulated depreciation as of September 30, 2021</b>	<b>17 375 148</b>	<b>74 355</b>	<b>74 355</b>	<b>48 284</b>	<b>30 458</b>	<b>426</b>	<b>426</b>	<b>426</b>	<b>426</b>	<b>426</b>	<b>17 528 671</b>
<b>Net book value as of September 30, 2021</b>	<b>69 027 188</b>	<b>506 501</b>	<b>506 501</b>	<b>470 403</b>	<b>895 229</b>	<b>20 014</b>	<b>20 014</b>	<b>20 014</b>	<b>20 014</b>	<b>20 014</b>	<b>70 919 335</b>

Depreciation charged under the following items:

	<u>30/9/2021</u>	<u>30/9/2020</u>
	<u>L.E.</u>	<u>L.E.</u>
Cost of Revenue	-	18 543 390
General & Administrative expenses (Note 21)	1 641 756	7 378 801
	<u>1 641 756</u>	<u>25 922 191</u>

## 7 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.

	30 September 2021 <u>L.E</u>	31 December 2020 <u>L.E</u>
<b>Balance beginning of the period</b>	7 058 344	-
Additions of the period/ year	-	12 916 875
Amortization of the period/ year	(935 344)	(1 734 219)
Transfer to the demerged company	-	(4 124 312)
<b>Net Balance</b>	<b>6 123 000</b>	<b>7 058 344</b>
<b><u>Distributed as follows:</u></b>		
Prepaid employee benefits – Short term (Note 11)	853 500	1 647 844
Prepaid employee benefits – Long term	5 269 501	5 410 500
<b>Total</b>	<b>6 123 001</b>	<b>7 058 344</b>

Amount charged to Profit & Loss statement:

	Period ended 30 September 2021	Period ended 30 September 2020
Amortization of the period	935 344	675 438
Car insurance expenses	97 090	-
	<b>1 032 434</b>	<b>675 438</b>

## 8 Other financial assets

		<b>Investment Cost</b>	
	<u>%</u>	30 September 2021 <u>L.E</u>	31 December 2020 <u>L.E</u>
Misr for Government Technological Services -	10.20		
ESERVE (S.A.E.) -A	%	18 000 000	18 000 000
Misr Technology Services- MTS (S.A.E) - B	%9.99	33 599 000	33 599 000
Delta Misr Company (S.A.E) - C	%10	1 000 000	500 000
El Alameya for Consultations & Information			
System (ACIS) - D	%10	83 752 000	83 752 000
		<b>136 351 000</b>	<b>135 851 000</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



- A- Investments are the value of the contribution of 10.20% in Misr for Government Technological Services - ESERVE (SAE), which was Registered in the Commercial Registry under No. 105277 on May 7, 2017.
- B- The investments are the value of the contribution of 9.99% in Misr Technology Services (MTS), which was Registered in the Commercial Registry under No. 45813 on May 17, 2010.
- C- Investments are the value of the contribution of 10% in Delta Misr Company (SAE), which was Registered in the Commercial Registry under No. 8573 on February 21, 2019 (the company did not start Activity yet).
- D- Investments are the value of the cost of acquiring 1000 shares of El Alameya for Consultations & Information System (ACIS) according to the company's fair value report. The company's contribution is 10% in the company's issued capital.

## **9 Financial investments in subsidiaries and Associate**

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

	<u>%</u>	<b>30 September 2021</b> <u>L.E</u>	<b>31 December 2020</b> <u>L.E</u>
Khales for Digital Payment Services Company (S.A.E.) - A	%70	70 000 000	70000 000
Smart Card Operation Technology Company E-Cards (S.A.E) - B	%89	133 500 000	133 500 000
The Technology Company for Ecommerce Operations E-Aswaaq Misr (S.A.E) - C	%61	27 450 000	27 450 000
E-nable for Outsourcing Services (eNable) (S.A.E) - D	%99.98	24 995 000	24 995 000
Technological Operation for Financial Institution E-finance Company (S.A.E) -E	%99.99	599 957 537	599 957 537
Technological Operation for Tax solutions e tax (S.A.E) - F	%35	34 999 975	-
Insurance Services Operation Technology Company (S.A.E) – G	%35	13 999 990	-
		<b>904 902 502</b>	<b>855 902 537</b>

- A- The value of the company's contribution of 70% in the issued capital of Khales for Digital Payment Services 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. 144515 on December 30, 2019.
- B- 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 .

- C- 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) and the payer represents 100% of the company's share in the issued capital, which was established by registration in the Commercial Register No. 150444 on 1 July,2020.
- D- 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.
- E- 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 on December 30, 2020.
- F- The value of the company's contribution of 35% in the issued capital of the Technological Operation for Tax solutions e-tax (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. 161093 dated on February 1, 2021.
- G- The value of the company's contribution of 35% in the issued capital of the Insurance Services Operation Technology Company E-Health (S.A.E), and the paid amounts represents 40% of the company's share in the issued capital, which was established by registration in the Commercial Register No. 172265 dated on September 13, 2021.

## **10 Tax**

### **10-1 Income tax**

	<b>30 September 2021 <u>L.E</u></b>	<b>30 September 2020 <u>L.E</u></b>
Current Income Tax Expenses	-	82 036 640
Tax dividends income from investments available for sale	295 601	900 000
Treasury bills tax	-	-
Deferred tax (income)	<u>(3 500 610)</u>	<u>(4 594 826)</u>
Current and deferred tax income	<u><b>(3 205 009)</b></u>	<u><b>78 341 814</b></u>
Deferred income tax on other comprehensive income	<u><b>191 749</b></u>	<u><b>-</b></u>

## 10-2 Deferred tax

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

	30 September 2021		30 September 2020	
	Assets	Liabilities	Assets	Liabilities
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Depreciation of fixed assets	-	2 245 680	-	3 838 226
Obligations of the employee benefits	13 561 935	-	32 736 426	-
Unrealized foreign exchange	373 363	-	-	14 171
	<b>13 935 298</b>	<b>2 245 680</b>	<b>32 736 426</b>	<b>3 852 397</b>
Net deferred tax assets	<b>11 689 618</b>	<b>-</b>	<b>28 884 029</b>	<b>-</b>
Deducts the previously charged deferred tax assets	(8 380 757)	-	(24 289 203)	-
Add the deferred tax assets charged to the statement of other comprehensive income	191 749	-	-	-
<b>Deferred tax for the period as income</b>	<b>3 500 610</b>	<b>-</b>	<b>4 594 826</b>	<b>-</b>

### B) Adjustment of the effective tax rate

	30 September 2021 <u>L.E</u>	30 September 2021 <u>L.E</u>
Net (Loss)/ Profit of the period/year before Tax	(41 633 148)	349 356 107
Income Tax Based on Tax rate	22.5% -	22.5% 78 605 124
Expenses that are not deductible and others	<b>20 642 550</b>	<b>24 581 577</b>
Exempted revenues	(14 087 760)	(9 330 397)
The tax Base	(35 078 358)	364 607 287
<b>Current and deferred income tax</b>	<b>7.23% (3 013 260)</b>	<b>22.42% 78 341 814</b>

## 10-3 Income Tax payable

	30 September 2021 <u>L.E</u>	30 September 2020 <u>L.E</u>
Income Tax at beginning of the period	78 605 765	53 408 715
Formed during the period	295 601	97 368 311
Income tax paid	(78 901 366)	(51 253 313)
Withholding tax-debit	(3 524 505)	(20 917 948)
	<b>(3 524 505)</b>	<b>78 605 765</b>

#### 10-4 Tax position

##### A) corporate tax

- 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 and dispute for the years 2008/2015 was ended.
- The company has not been tax examined for the years from 2016 until now.

##### 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.

#### 11 Other Debited Balances

	30 September 2021 <u>L.E</u>	31 December 2020 <u>L.E</u>
Prepaid expenses	1 394 616	-
Deposits with others	1 042 800	-
Value added tax (VAT)	16 173 974	-
Prepaid employee benefits (Note 7)	853 500	1 647 844
Withholding Tax (Note 10-3)	3 524 505	-
Supplier Advance Payment	524 918	-
Other	3 581 735	42 464
	<u>27 096 048</u>	<u>1 690 308</u>

## 12 Cash and cash Equivalents

	30 September 2021 <u>L.E</u>	31 December 2020 <u>L.E</u>
Banks – Saving Accounts	1 814 393	230 502 235
Banks - time deposits	2 560 329	2 560 329
Investment funds*	61 919 823	197 464 532
<b>Balance of cash and cash equivalents</b>	<b>66 294 545</b>	<b>430 527 096</b>

### \*Investment Funds

	30 September 2021 <u>L.E</u>	31 December 2020 <u>L.E</u>
Themar Fund, QNB	61 818 083	197 367 136
Day to Day Account - Bank Misr	101 740	97 396
	<b>61 919 823</b>	<b>197 464 532</b>

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

	30 September 2021 <u>L.E</u>	30 September 2020 <u>L.E</u>
Cash and Its equivalents	66 294 545	243 388 778
<b>Deduct:</b>		
Mortgaged cash investment fund documents against letters of guarantee in favor of others	-	(5 918 020)
<b>Cash and cash equivalents for the purpose of preparing the cash flows statement</b>	<b>66 294 545</b>	<b>237 470 758</b>

## 13 Capital

### 13-1 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 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

### 13-2 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:

**E-Finance for Digital and Financial Investments Company**  
**(E-finance for Technology solutions Company (Formerly)) (S.A.E)**  
**Notes to the interim separate Financial Statements for The Financial Period ended September 30, 2021**

<u>Shareholder</u>	<u>Ownership%</u>	<u>Number of shares</u>	<u>Nominal value</u>
The National Investment Bank	63.64	1 018 182 400	509 091 200
National Bank of Egypt	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>

During October 2021, the company issued 417 million shares in the Egyptian Stock Exchange, as shown in Note No. 34

**14 Reserves**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<u><b>L.E</b></u>	<u><b>L.E</b></u>
Legal Reserve *	44 727 152	44 727 152
General Reserve **	20 000 000	20 000 000
	<b>64 727 152</b>	<b>64 727 152</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.



**15 Credit facilities**

<u>Bank</u>	<u>Authorized facility limit on 30 September 2021 L.E or Its equivalents of Foreign Currency</u>	<u>Used until September 30, 2021 L.E</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

**16 Accounts payable and other credit balances**

	<u>30 September 2021 L.E</u>	<u>31 December 2020 L.E</u>
Accounts payable	2 344 927	-
	<u>2 344 927</u>	<u>-</u>
<b><u>Other credit balance</u></b>		
Accrued expenses	3 938 318	-
Payroll tax	582 938	8 589 970
Value Added Tax (VAT)	-	24 357 005
Withholding tax	3 250 422	4 149 350
Other	964 917	-
	<u>8 736 595</u>	<u>37 096 325</u>
	<u>11 081 522</u>	<u>37 096 325</u>

**17 Obligations of the employee benefits plan - (end of service benefits)**

Based on the decision of 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.

**17-1 Movement in the present value of the employee end of service benefit obligations**

	30 September 2021 <u>L.E</u>	31 December 2020 <u>L.E</u>
Liability at beginning of the period/year	47 618 472	126 541 852
Interest Cost	4 810 408	17 715 859
Current service cost	10 562 077	10 981 493
Transferred to subsidiaries	(1 805 067)	(98 268 329)
Formed during the year -The Technology Company for Ecommerce Operations- E-Aswaaq Misr	-	271 723
Actuarial (gain) on the liability recognized in other comprehensive income	(852 216)	(4 241 902)
Paid during the period/ year	(58 406)	(5 382 224)
<b>Liabilities at end of the period/ year</b>	<b>60 275 268</b>	<b>47 618 472</b>

**17-2 The amounts recognized in the interim separate statement of profit or loss**

	30 September 2021 <u>L.E</u>	30 September 2020 <u>L.E</u>
Current Service Cost	10 562 077	12 629 745
The interest cost	4 810 408	-
	<b>15 372 485</b>	<b>12 629 745</b>

**18 Revenues:**

	From 1 July 2021 till 30 September 2021 <u>L.E</u>	From 1 July 2020 till 30 September 2020 <u>L.E</u>	The period ended 30 September 2021 <u>L.E</u>	The period ended 30 September 2020 <u>L.E</u>
Operation revenues	-	294 294 878	-	858 655 487
Income from financial investments available for sale	-	-	2 956 010	10 164 212
	<b>-</b>	<b>294 294 878</b>	<b>2 956 010</b>	<b>868 819 699</b>

**19 Cost of revenues**

	From 1 July 2021 till 30 September 2021 <u>L.E</u>	From 1 July 2020 till 30 September 2020 <u>L.E</u>	The period ended 30 September 2021 <u>L.E</u>	The period ended 30 September 2020 <u>L.E</u>
Salaries and Wages	10 092 509	46 008 137	28 613 465	135 670 727
Cost of employee benefit system	12 939 953	5 359 099	15 372 485	15 505 267
Infrastructure cost	143 766	22 224 865	169 599	126 944 049
Cost of operating revenue	-	23 923 071	-	161 971 045
Employee benefits (cars)	119 041	372 222	1 032 434	372 222
	<b>23 295 269</b>	<b>97 887 394</b>	<b>45 187 983</b>	<b>440 463 310</b>

**20 Other Revenues:**

	From 1 July till 30 September 2021 <u>L.E</u>	From 1 July till 30 September 2020 <u>L.E</u>	The period ended 30 September 2021 <u>L.E</u>	The period ended 30 September 2020 <u>L.E</u>
Capital (loss)	-	(20 059)	-	(433 034)
Other	707 759	628 848	8 944 522	2 592 553
	<b>707 759</b>	<b>608 789</b>	<b>8 944 522</b>	<b>2 159 519</b>

**21 General and Administrative Expenses**

	From 1 July 2021 till 30 September 2021 <u>L.E</u>	From 1 July 2020 till 30 September 2020 <u>L.E</u>	The period ended 30 September 2021 <u>L.E</u>	The period ended 30 September 2020 <u>L.E</u>
Wages and Salaries	79 346	11 992 289	152 207	35 339 923
Cost of employee end of service benefit	-	1 312 863	-	3 796 440
Depreciation of fixed assets (Note 6)	623 960	2 315 201	1 641 756	7 378 801
Amortization of intangible assets	-	6 945	-	47 669
Amortization of ROU asset	-	1 350 831	-	3 898 616
Consulting	614 300	1 874 883	9 119 710	4 590 128
Facility Expenses	-	921 695	782 280	1 787 302
Maintenance Expenses	-	1 740 496	604 900	2 695 079
Rent	583 014	1 135 929	1 511 154	2 346 102
Donations	-	1 000 000	2 000 000	3 000 000
Stamps and deductions	-	2 577 069	-	8 789 197
Right Off	-	8 994 136	-	8 994 136
Employee benefits expenses	-	303 216	-	303 216
Other expenses	271 111	4 597 899	3 941 386	9 679 640
	<b>2 171 731</b>	<b>40 123 452</b>	<b>19 753 393</b>	<b>92 646 249</b>

**22 Selling and Marketing Expenses**

	From 1 July 2021 till 30 September 2021 <u>L.E</u>	From 1 July 2020 till 30 September 2020 <u>L.E</u>	The period ended 30 September 2021 <u>L.E</u>	The period ended 30 September 2020 <u>L.E</u>
Exhibitions, Public Relations and Advertisements	695 427	28 074	2 192 670	2 857 173
Other Marketing Expenses	229 116	165 154	524 653	532 986
	<b>924 543</b>	<b>193 228</b>	<b>2 717 323</b>	<b>3 390 159</b>

**23 Other Expenses**

	From 1 July 2021 till 30 September 2021 <u>L.E</u>	From 1 July 2020 till 30 September 2020 <u>L.E</u>	The period ended 30 September 2021 <u>L.E</u>	The period ended 30 September 2020 <u>L.E</u>
Attendance, remuneration and allowances for members of the Board of Directors	701 500	483 000	1 913 000	931 000
	<b>701 500</b>	<b>483 000</b>	<b>1 913 000</b>	<b>931 000</b>

**24 Finance Expenses**

	From 1 July 2021 till 30 September 2021 <u>L.E</u>	From 1 July 2020 till 30 September 2020 <u>L.E</u>	The period ended 30 September 2021 <u>L.E</u>	The period ended 30 September 2020 <u>L.E</u>
Debit interest expense and bank charges	3 087	369 466	135 743	1 356 402
Finance Cost	-	2 060 262	-	4 436 979
	<b>3 087</b>	<b>2 429 728</b>	<b>135 743</b>	<b>5 793 381</b>

**25 Finance income**

	From 1 July 2021 till 30 September 2021 <u>L.E</u>	From 1 July 2020 till 30 September 2020 <u>L.E</u>	The period ended 30 September 2021 <u>L.E</u>	The period ended 30 September 2020 <u>L.E</u>
Gain of translating balances and transactions in foreign currencies	-	80 801	242	2 031 057
Income from Investment in cash funds	2 794 485	4 886 966	14 087 760	13 307 372
Bank interest on current accounts	272 695	1 061 927	2 034 068	4 562 670
Bank interest on deposits	3 078	34 695	51 692	1 699 889
	<b>3 070 258</b>	<b>6 064 389</b>	<b>16 173 762</b>	<b>21 600 988</b>

E-Finance for Digital and Financial Investments Company  
(E-finance for Technology solutions Company (Formerly)) (S.A.E)  
Notes to the interim separate Financial Statements for The Financial Period ended September 30, 2021

**26 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>Statement</u>	<u>Nature of relation</u>	<u>Nature of transactions</u>	<u>Volume of Transactions</u>	<u>Balance</u>	
				<u>30 September 2021</u> <u>L.E</u>	<u>31 December 2020</u> <u>L.E</u>
<b>26-1 Due from Related Parties:</b>					
Khales for Digital Payment Services Company	Subsidiary	Payment on behalf	128 742	102 619	-
Smart Card Operation Technology Company E-Cards	Subsidiary	Payment on behalf	8 990 996	3 576 000	-
E-nable for Outsourcing Services (eNable)	Subsidiary	Payment on behalf Temporary labor services	6 448 853 (88 165)	4 926 441	-
Technological Operation for Tax solutions e-tax	Associate	Payment on behalf	11 317 032	5 967 033	-
Insurance Services Operation Technology Company	Associate	Payment on behalf	152 335	152 335	-
				<b>14 724 428</b>	-



E-Finance for Digital and Financial Investments Company  
(E-finance for Technology solutions Company (Formerly)) (S.A.E)  
Notes to the interim separate Financial Statements for The Financial Period ended September 30, 2021

26-2 Due to Related Parties:	Nature of relation	Nature of transactions	Volume of Transactions	Balance	
				30 September 2021 L.E	31 December 2020 L.E
Technological Operation for Financial Institution E-finance Company	Subsidiary	Opening balance	148 128 275		
		Collecting on behalf	471 926 353		
		Payments on behalf	(394 052 127)		
		Rent	(11 246 471)	214 756 030	148 128 275
The Technology Company for Ecommerce Operations E-Aswaaq Mistr	Subsidiary	Employees end of service	1 805 067		
		Payments on behalf	(917 865)	887 202	-
				<b>215 643 232</b>	<b>148 128 275</b>

**27 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 11) 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 12)

### **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 separate financial statements as follows:

	30 September 2021 <u>L.E</u>	31 December 2020 <u>L.E</u>
<b><u>Floating interest rate financial instruments</u></b>		
Financial Assets	66 294 545	430 527 096
	<u>66 294 545</u>	<u>430 527 096</u>

### **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.

	Exchange rate	30 September 2021	31 December 2020
<b><u>Foreign Currencies</u></b>		<b><u>Net Assets</u></b>	<b><u>Net Liabilities</u></b>
US Dollar	15.73	2 990	(3 324 699)
Euro	19.22	5	(56 555)

### 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 the financial assets and 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.

#### 30 September 2021

	Net Book Value L.E	Less than year L.E	From 2 to 5 years L.E	More than 5 years L.E
Accounts payables and other credit balances	11 081 522	11 081 522	-	-
Other Obligations	60 275 268	-	-	60 275 268
Due to related parties	215 643 232	215 643 232	-	-
<b>Total</b>	<b>287 000 022</b>	<b>226 724 754</b>	<b>-</b>	<b>60 275 268</b>

#### 31 December 2020

	Net Book Value L.E	Less than year L.E	From 2 to 5 years L.E	More than 5 years L.E
Accounts payables & Other Credit Balances	37 096 325	37 096 325	-	-
Other Obligations	47 618 472	-	-	47 618 472
Due to related parties	148 128 275	148 128 275	-	-
<b>Total</b>	<b>232 843 072</b>	<b>185 224 600</b>	<b>-</b>	<b>47 618 472</b>

### 28 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 period, and the Company is not subject to any external requirements imposed on its capital.

	30 September 2021 L.E	31 December 2020 L.E
Total liability	287 000 022	311 448 837
<b>Less</b>	(66 294 545)	(430 527 096)
Cash & Equivalent		
<b>Net Liability</b>	<b>220 705 477</b>	<b>(119 078 259)</b>
<b>Total Equity</b>	<b>950 246 955</b>	<b>1 195 535 028</b>
<b>Percentage of net liabilities to total equity</b>	<b>%23.22</b>	<b>(% 9.9)</b>

## 29 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:

	30 September 2021 <u>L.E</u>	31 December 2020 <u>L.E</u>
Letters of Guarantee	210 707 740	255 915 789

## 30 Basic Earnings per share

Basic earnings per share is calculated by dividing the net profit distributable to common stockholders by the weighted average number of shares outstanding during the period.

	30 September 2021 <u>L.E</u>	30 September 2020 <u>L.E</u>
Net distributable (Losses)/ profit for the period	(38 428 139)	271 014 293
Average number of shares outstanding during the period for basic earnings (share)	1 600 000 000	1 600 000 000
<b>Basic share in earnings for the period (EGP/share)</b>	<b>(0.024)</b>	<b>0.169</b>

## 31 Employee Stock Ownership Plan

- The Extraordinary General Assembly meeting of the company which held on September 23, 2019, agreed to add a new chapter to the company's articles of association, which is about rewarding and motivating employees and managers.
- On September 15, 2021, the Extraordinary General Assembly meeting decided to approve the employee stock ownership plan for the company's employees by promising to sell shares at decreased prices and granting free shares, with percentage 4% of the issued capital, and these shares are provided by increasing the capital from the retained earnings at the nominal value of the share which will be distributed as follows:-
  - 1) 1% of the shares allocated to the scheme under the system of promise to sell at reduced price (40% of the average share price through a period of three months).
  - 2) 3% of the shares allocated to the system are granted free of charge to the beneficiaries.
- The beneficiary of the plan must meet the plan requirements of the services period to be not less than one year before transferring the ownership of the shares to him/her, and his/her evaluation rate is not less than 90% on the annual performance evaluation reports which is prepared by the competent department of the company. One of these conditions could be bypassed or other extra conditions could be added to them, after obtaining the approval of the Financial Supervisory Authority, and provided that no one of the beneficiaries has voted on a decision relevant to his/her benefit, and the company is committed to include it in its annual disclosure. The period of this plan is five years starting from the approval of the plan by the Financial Supervisory Authority



### 32 Capital commitments

It represents the value of the unpaid portion of the company's contribution in the investee companies' capital, as follows:

	Contribution Ratio	Capital commitments	
		30 September 2021 <u>L.E</u>	31 December 2020 <u>L.E</u>
Delta Misr Company (S.A.E)	%10	1 000 000	1 500 000
ENable for Outsourcing Services (eNable) (S.A.E)	%99.98	74 985 000	74 985 000
Technological Operation for Health Insurance Services (E Health) (S.A.E)	%35	21 000 000	-
		<u>95 985 000</u>	<u>76 485 000</u>

### 33 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 Digital and Financial 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:

	<u>Demerged company</u> 31 December 2020 <u>EGP</u>	<u>Demerger company</u> 31 December 2020 <u>EGP</u>
<u>Assets</u>		
<u>Non-current assets</u>		
Fixed assets	97 352 688	69 221 667
Right of use assets	66 235 746	-
Employee benefits long term	3 157 000	5 410 500
Projects under construction	18 799 693	-
Intangible assets	17 521	-
Financial investments in subsidiaries	-	855 902 537
Other financial assets	-	135 851 000

**E-Finance for Digital and Financial Investments Company**  
**(E-finance for Technology solutions Company (Formerly)) (S.A.E)**  
**Notes to the interim separate Financial Statements for The Financial Period ended September 30, 2021**

Deferred tax assets	15 322 496	8 380 757
<b>Total non-current assets</b>	<b>200 885 144</b>	<b>1 074 766 461</b>
<b><u>Current assets</u></b>		
Inventory	876 215	-
Work in process	-	-
Employee benefits short term	967 312	-
Trade receivables and other debit balance	742 903 557	1 690 308
Due from related parties	148 128 275	-
Cash and cash equivalents	546 710	430 527 096
<b>Total current assets</b>	<b>893 422 069</b>	<b>432 217 404</b>
<b>Total assets</b>	<b>1 094 307 213</b>	<b>1 506 983 865</b>
<b><u>Liabilities and owners' equity</u></b>		
<b><u>Owners' equity</u></b>		
Paid in capital	600 000 000	800 000 000
Reserves	-	64 727 152
Retained earnings	-	330 807 876
<b>Total owners' equity</b>	<b>600 000 000</b>	<b>1 195 535 028</b>
<b><u>Non-current liabilities</u></b>		
Lease liability short term	57 433 213	-
Employee benefits liability	87 718 167	47 618 472
<b>Total non-current liabilities</b>	<b>145 151 380</b>	<b>47 618 472</b>
<b><u>Current liabilities</u></b>		
Provisions	10 000 000	-
Customer down payment	122 610 360	-
Trade payables and other credit balances	203 802 668	37 096 325
Income tax payable	-	78 605 765
Lease liability long term	12 742 805	-
Due to related parties	-	148 128 275
<b>Total current liabilities</b>	<b>349 155 833</b>	<b>263 830 365</b>
<b>Total liabilities</b>	<b>494 307 213</b>	<b>311 448 837</b>
<b>Total liabilities and owners' equity</b>	<b>1 094 307 213</b>	<b>1 506 983 865</b>

34 **Subsequent Event**

- On October 6, 2021, a portion of the capital shares of E-Finance for Digital and Financial Investments (S.A.E) were offered. The total number of shares with a capital of 1 600,000,000 shares (one billion and six hundred million shares) at a price not exceeding the fair value prepared by the independent financial advisor at EGP 13.98 (only thirteen Egyptian pounds and ninety-eight piasters) per share according to the study issued by the financial advisor. These shares are offered in two tranches at a maximum price of 13.98 Egyptian pounds (only thirteen Egyptian pounds and ninety-eight piasters) per share as follows:
  - **The first category:** a private offer for qualified investors, natural or legal persons, to sell a maximum number of shares of 232,000,000 shares representing 90% of the offered shares, which represents 14.5% of the total shares of the company's capital.
  - **The second category:** A public offering to the public to sell a maximum number of shares of 25 777 778 shares representing 10% of the shares offered for sale, which represents 1.61% of the total shares of the company's capital.
- The number of shares offered for sale in the public and private offering has been increased to reach the total number of shares offered for sale 417 777 777, which represents 26.1% of the total existing shares of the company, in light of the decision of the company's extraordinary general assembly held on September 15, 2021.