



Annual Report 20**21**

# Forging *Ahead*

# INDUSTRY LEADER

with a decades-long track record, GB Auto is no stranger to change. In fact, change is the cornerstone of what we believe is our successful growth story, allowing us to dynamically react to challenges and come out the other end a transformed operation.

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# VISION, MISSION AND VALUES

## Vision

Leading the markets where we operate by providing an elite customer experience and becoming the brand of choice to our stakeholders.

## Mission

Granting a premium experience while developing our communities, enriching the lives of our employees and maximizing our shareholders' returns through our corporate values and operational excellence.

## Core Values



**Leading with Vision, Agility and Integrity**  
Leading by example, inspiration and integrity



**Innovative Thinking**  
Creating a sustainable future



**Results Oriented for a Sustainable Future**  
Developing organizational capabilities through continuous improvement



**Customer and Community Centric**  
Commitment to Excellence and Transparency



**Our people our Engine**  
Succeeding through the talent of people and synergy





# INTRODUCTION

# GB Auto at a Glance


**GB Auto** emerged stronger following a period of resilience and adaptation during the **COVID-19 pandemic**, maintaining its position as one of Egypt's leading automotive and non-bank financial services providers

GB Auto (AUTO.CA on the Egyptian Exchange) is a leading automotive company in the Middle East and non-bank financial services provider in Egypt. The company operates under two distinct segments: Auto and Auto Related which operates the core automotive business, and GB Capital which oversees the operations of the group's non-bank financial service providers. GB Auto has established a highly regarded reputation for its automotive service offerings with over six decades in the industry.

LE/MN  
**31,438**  
Group Revenue in 2021

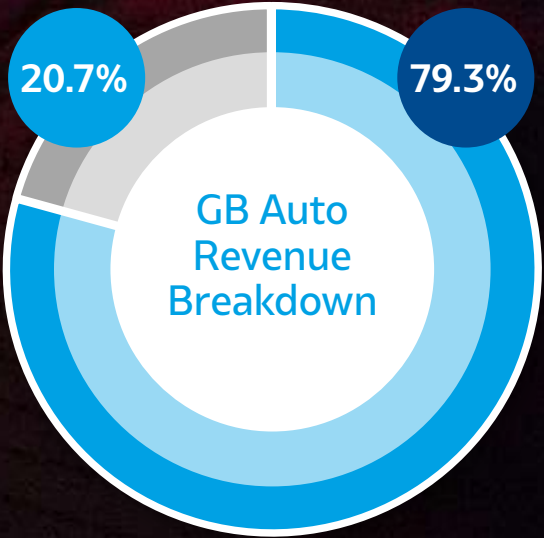
LE/MN  
**6,303**  
Group Gross Profit in 2021

LE/MN  
**1,478**  
Group Net Profit in 2021

  
**45,584**  
Number of Cars Sold in 2021

  
**+20**  
Number of Brands in Portfolio

  
**785,000**  
Customers financed through GB Capital in 2021



● GB Auto & Auto-Related	
Egypt Passenger Cars	41.0%
Egypt Motorcycles & Three Wheelers	11.8%
Egypt Commercial Vehicles & Construction Equipment	3.4%
Egypt Tires	4.6%
Egypt After-sales	4.3%
Regional	9.9%
Other	4.5%
● GB Capital	

# GB Auto and Auto Related

GB Auto has positioned itself as a fully integrated one-stop shop automotive provider. The company’s business activities include assembly, manufacturing, sales and distribution, financing and after-sales services distributed across the following seven primary lines of business: passenger cars, motorcycles and three-wheelers, commercial vehicles and construction equipment, after-sales, tires, regional operations in Iraq and startups.







GB Auto caters to a wide variety of customer requirements with diverse expectations. Its portfolio comprises global brands including Hyundai, Mazda, Changan, Haval, Chery, Bajaj, Marcopolo, Iveco, Volvo Truck & Bus, Volvo Construction Equipment, Mitsubishi Fuso, YTO, Karry, SDLG, Aksa, Lassa, Yokohama, Westlake, Double Coin, Verde, Techking, Sun Full, Goodyear, MG and Gazpromneft.



# GB Capital

At GB Auto we aim to find solutions that complement our core offerings and expand the available service suite available to our customers. We created GB Capital with a mission to develop a well-diversified and synergetic group

of financial services that aligns with GB Auto’s strategy and provides our customers with best-in-class solutions. Today, GB Capital oversees the operations of non-bank financial service providers.

 <p>GB Lease provides business-to-business financial leasing services covering all asset classes to a vast array of companies.</p>	 <p>Haram Tourism and Transport offers car rental services on a quasi-operational lease basis to companies.</p>	 <p>Drive provides factoring services to a diversified client base, ranging from business-to-business (SMEs) to business-to-consumer (retail), with a focus on the auto finance sector.</p>
 <p>MNT-Halan is digitizing traditional banking and cash-based markets through tech and data driven solutions and is considered Egypt’s largest and fastest growing non-bank lender to the unbanked.</p>	 <p>Bedaya is a mortgage finance venture offering long-term and competitive mortgages for new move-in homes.</p>	 <p>KAF, a life insurance company that was acquired along with EFG Hermes, to capitalize on the growing demand for insurance offerings in Egypt.</p>



# A Note from Our CEO



We are confident that our strategy moving into 2022 will withstand the headwinds of impeding global inflationary pressures and uncertainty.

## Dear Shareholders,

I am exceptionally proud that GB Auto successfully overcame a turbulent year and showcased its robust business model in a very challenging macroeconomic environment.

The aftermath of COVID-19 pandemic continues to impact day-to-day business operations globally as supply chain issues persist and inflationary pressures linger. The automotive industry has been confronted with many challenges, chief amongst them were the semiconductor shortage and soaring freight costs. Against this backdrop, we have worked tirelessly to grow our business, achieve operational milestones and report our strongest results to date. We also seized the opportunity to make significant headways in our digitalization efforts through company-wide process automation and a focus on customer experience at different lines of business.

Our performance this year would not have been attainable without our employees who are at the heart of every success. Our first priority since the onset of the pandemic has been protecting them and their families. In 2021, when Egypt officially kicked off its vaccination campaign, we partnered with the Ministry of Health and Population and held a multi-day vaccine campaign for all GB employees. Over 2,800 employees received their first and second doses of the COVID-19 vaccine, which allowed us to safely return to our premises in-person.

We care not only about our employees but also the communities where we operate. Now more than ever, success is contingent on placing sustainable and ethical growth for the economy, environment and society at the core of every decision. To that end, we are immensely proud to do our part in giving back through the Ghabbour Foundation for Devel-

opment. The Foundation, in collaboration with both government and private partners, has been able to address the imperative need to enhance vocational education in Egypt to drive social change and meet everchanging workforce demands. At GB Auto, we believe that it is our responsibility to initiate the change we want to see our societies. Through education and subsequent job opportunities we are making a meaningful impact and fulfilling our vision.

As we have previously shown over the years, we are capable of steering through difficult times and emerging even stronger. Our results speak for themselves and demonstrate the strong demand for our product and service offerings at both the Auto and Auto-related segment and GB Capital. On a consolidated level, revenues grew by 34.9% y-o-y to LE 31,437.5 million, exhibiting strong performances and increased consumer demand across GB Auto's business lines. Net profits recorded an unprecedented increase of 61.2% y-o-y to LE 1,478.0 as the company maximized on comprehensive operational efficiency initiatives and operational leverage from higher revenues coupled with recovering demand during the year.

We have set a new record for revenues this year at our Auto and Auto-Related segment, which grew 38.7% y-o-y to LE 24,920.9 million and accounted for 79.3% of consolidated revenue in 2021. We also witnessed an impressive net income growth of 181% y-o-y to LE 800.2 million. The segment capitalized on growing consumer demand by building up its product portfolio and enhancing its pricing strategy to deliver healthy margins. We are confident that our strategy moving into 2022 will withstand the headwinds of impeding global inflationary pressures and uncertainty.

The Auto and Auto-related segment encompasses seven distinct lines of business (LoB), the largest of which is our Egyptian passenger car business. The LoB navigated the semiconductor shortage with remarkable results and capitalized on improving market conditions towards the end of the year. In 2021, sales volume grew by 53.7% y-o-y to 45,584 units, exceeding the market growth of 28.2%, a commendable achievement given the macroeconomic environment. The results are a testament to management's astute choices and GB Auto's agile long-term strategy. On an operational level, efficient management of working capital, net debt and retaining a healthy inventory in line with demand delivered solid results for the segment. Additionally, despite the uncertainty of the year, we decided to push forward and introduce two new brands to our portfolio, Changan and Haval. In a relatively short period of time, both brands have become exceedingly popular while Hyundai continues to be the leading passenger car brand in Egypt. Over the past year, we successfully implemented operational efficiencies and ameliorated our strategies to best respond to the prevailing macroeconomic environment and optimize the LoB. Through targeted marketing campaigns and sponsorship deals, we have created a portfolio of brands that is highly sought after. Consequently, we are in a position to gain tremendously when the semiconductor shortage alleviates given the powerful force of consumer demand in Egypt.

In the second half of the year, regulatory developments related to the ban on importing key three-wheeler components casted a wave of ambiguity for the Two and Three-Wheelers LoB's future. However, the income producing nature of the products coupled with strong consumer demand continued to drive growth, which saw both volumes and corresponding

# 35%

Consolidated revenue growth  
in LE 31.4 billion in 2021

revenues increase year-on-year. While pending regulatory decisions have the potential to shake the market, we see a unique opportunity to shift gears and stay ahead of the competition. GB Auto has already started working on a replacement product and we are excited to share developments in due time.

The Commercial Vehicles and Construction Equipment LoB was one of the hardest hit during the pandemic as tourism came to a standing halt, schools moved to online learning and construction licenses were temporarily suspended. The aggregate result was a sharp decline in both volumes and revenues in 2020. Today, I am thrilled to share that we are witnessing a very strong comeback here as COVID-19 travel restrictions were lifted, schools resumed and a growing pipeline of national infrastructure projects is expanding across the nation. Despite volumes and revenues increasing 36.8% y-o-y, the LoB continued to be impacted in 2021 given management's decision to off-load outdated inventory in the first half of the year. We expect the turnaround results to carry-over into the coming year as conditions continue to further improve.

At GB Auto we are committed to providing our consumers with a premium and comprehensive experience. As such, our After-Sales and Tires LoBs are areas where we constantly strive to excel and exceed expectations. The performance at both LoB's is directly correlated with sales volumes across our product portfolio. In 2021, revenue at the After-Sales LoB increased 21.7% y-o-y and as demand for passenger cars continues to grow, we expect

demand for car-related services to increase as well. In response, GB Auto plans to increase its capacity and enhance its service experience to ensure it remains our customer's first choice when it comes to after-sale services. An integral part of enhancing the service experience entails integrating digital solutions wherever possible. At the moment, we are managing a customer experience mobile app, WhatsApp chatbot, a workshop automation process from vehicle entry to car washing and a tax e-invoice system. The digital transformation has been life altering, both for our customers in its simplicity and ease as well as for our internal stakeholders to streamline and track operations. The Tires LoB also saw its revenue expand year-on-year and we look forward to continuing to diversify our tire product suite in the coming year through the addition of new brands.

On the regional front, we aim to replicate Egypt's success as a leading automotive player in Iraq. Similar to other countries, earlier in the year Iraq faced a country-wide lockdown. This comes on the back of the devaluation of the Iraqi Dinar in late December 2020 impacting consumer purchasing power. Understandably, the Iraqi passenger car market is relatively weak; however, we believe that the lifting of restrictions and surges in oil prices will help fast-track the market's recovery. Given the operating environment, the Chinese MG brand has been successful thus far and we are pleased with the volume, market share, channel mix and network development considering the brand was only introduced in September 2020. At year-end 2021, MG ranked fifth in the Iraqi market and first amongst Chinese brands in the country.

At GB Capital, it has simply been a stellar year across the different companies. Collectively, GB Capital's companies contributed to 20.7% of GB Auto's consolidate revenues in 2021. The segment recorded revenues of LE 7,949.8, up 24.2% y-o-y, while net profit increased by 7.4% y-o-y to reach LE 678.7 million. Additionally, GB Capital saw its loans/receivables portfolio expand 23.5% to LE 14.3 billion and non-performing loans (NPLs) drop to 2.02% at year-end 2021. The performance was driven by economic recovery and increases in disbursements across subsidiaries, which positively impacted the segment.

GB Capital's service offering complements that of the Auto & Auto-related segment and provides customers with a range of financial solutions to meet their needs. Our goal is to offer consumers a convenient experience with an array of financial solutions that best meet their evolving needs. In that regard, we have delivered on multiple operational initiatives including launching our mobile app Halan, which has been well-received in its first few months since launch. Additionally, Drive has successfully rolled out its consumer finance digital mobile app and completed the onboarding of the first 150 merchants with plans to onboard approximately 1,000 by the end of 2022. Developments made on the digital front in our consumer financing operations are particularly exciting as we aspire to solidify our presence in the fintech and financing space.

Finally, GB Lease closed two securitization issues valued at LE 4.3 billion, making it the largest securitization for a leasing company in Egypt and ranking the company as third in the market. A noteworthy achievement that we are delighted with and attests to the resilience of our business.

We are proud to have overcome another challenging year and we anticipate unfortunately that some challenges will make their way into 2022. We remain vigilant about the current geopolitical situation and its potential impact on the global economy and the business environment in Egypt and will remain cautious about the developments during the coming year.

That being said, we have built a business with a strong foundation that will carry us to better days. Till then, we will continue to focus on capturing every opportunity, expanding our operations and creating exceptional value to our stakeholders. Our success is thanks to the support of our incredible team, employees, board members and shareholders who turn our goals and aspirations into reality. I look forward to reporting to you next year on even more success and growth for GB Auto.

Sincerely,  
**Mr. Nader Ghabbour,**  
Chief Executive Officer



# A History of Growth & Resilience

**FORGING  
AHEAD** →

In 2021, GB Auto Group reported record-breaking results in both the GB Auto & Auto-Related and GB Capital segments. The company remained resilient in the face of operational challenges posed by COVID-19 and leveraged its expertise to emerge even stronger. Going into 2022, GB Auto Group is well-positioned to unlock a new phase of growth and value creation for our shareholders.

- GB Auto completes an IPO raising LE 1.2 billion and starts trading on the Egyptian Exchange

- GB Lease is established as a financial leasing company to finance commercial vehicle sales and passenger cars for fleets
- GB Auto enters a joint venture with Marcopolo, the Brazil-based global bus manufacturer, to build a production facility in Suez for domestic bus and export sales production

**2007**

**2008**

**2009**

- Establishment of a joint-venture trailer distributorship in Algeria
- Launch of GDR program to allow global investors to trade GB Auto shares in London and New York
- GB Auto participates in the government sponsored taxi replacement program
- Mashroey is established as a majority-owned micropayments joint venture to finance the purchase of Bajaj-branded motorcycles and three-wheelers



- GB Auto enters into an exclusive agreement to import and distribute Mazda vehicles in Egypt
- GB Auto enters a joint venture with the Al-Kasid group, which hold exclusive rights to distribute Hyundai vehicles in Iraq
- Signs an agreement to be the exclusive distributor of Yokohama vehicles and construction equipment tires in Egypt
- Opens a new after-sales service center in Hurgada with 22 working bays

**2010**

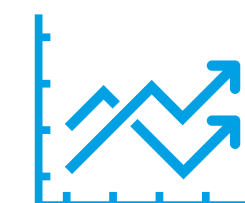
**2011**

- Soft launches GB Academy which focuses on improving employees' communication strategy, critical thinking and time management skills
- Opens its first after-sales facility in Iraq with 70 working bays



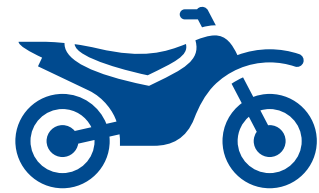
**2012**

- Partners with Geely for CKD assembly in Egypt and distribution in the MENA region
- Signs a contract with Iveco Irisbus, a Fiat industrial company, to be the exclusive distributor of Iveco bus chassis in Egypt
- Launches two new after-sales facilities in Egypt, one in Assiut and one on the Cairo-Is-maliyaa desert road
- Acquires the exclusive right to distribute ZC Rubber's Westlake passenger car, TBR and OTR tires in Egypt
- Drive, GB Auto's consumer finance venture, begins operating and financing the purchase of passenger cars



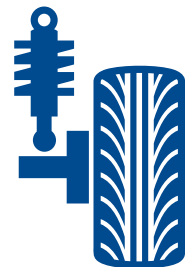
**2013**

- Expands its regional footprint with key brand representation in Algeria and Libya
- Signs contract with General Motors East Africa to export more than 200 buses
- Acquired exclusive rights to distribute Goodyear tires in Algeria



- GB Auto inks technical agreement with Bajaj
- GB Lease receives second place ranking from FRA
- GB Auto tires division acquires the distribution of Westlake Have Truck Tires in Egypt
- 360 Network of premium express service centers launches to high-end consumers
- GB Auto wins the Volvo Bus Award of Excellence
- GB Auto wins the Service advisor gold medal and the Service award in after-sales service

2016



- GB Auto wins the best distributor award from Geely
- Honored by Hyundai for excellent after-sales services
- Enters an exclusive strategic alliance to distribute Gazprom Neft-Lubricants

2014

2018

- GB Auto wins Global Banking and Finance Awards for Best Automotive Manufacturing Company
- Development Partners, a private equity firm, invests in two GB Capital subsidiaries (Mashroey and Tasaheel)
- GB Auto launches Hyundai's first Ioniq hybrid car in Egypt
- GB Auto wins several awards including the Volvo Bus Award for excellent performance, outstanding after-sales performance for Chery and Customer experience CXC1 Opinion Leader Special for Hyundai



2017

- In 2017, the company starts reporting on GB Auto and Auto-Related and GB Capital separately
- GB Auto wins the technical silver medal and the Service Award in after-sales service for Hyundai



- Wins the FUSO award for the Best NV Fleet Volume and the Volvo bus award
- Supplies public transport authority in Alexandria with 150 buses
- Adds Chery to its expanding portfolio of brands
- Wins the best technical skill performance for Hyundai in after-sales service

2015

2019



- GB Auto celebrates the local production of New Chery "Arrizo 5"
- GB Auto and EFG Hermes acquire majority stake in life insurance company Tokio Marine Egypt Family Takaful
- GB Capital, Talaat Moustafa Group and EFG Hermes Finance enter an agreement to create a mortgage finance joint venture called Bedaya
- GB Auto launches the locally assembled car Tiggo 3 facelift
- GB Auto wins Global Banking and Finance Awards for Best Automotive Manufacturing Company and Best Investors Relations in Egypt
- GB Auto, El Ghalban Auto Market Group form commercial vehicle distributor JV for JMC-branded cars
- Shareholders approves, at an Extraordinary General Assembly, a resolution that allows GB Auto to merge with R.G. Investments (RGI), the subsidiary that owns GB Capital

2020

- GB Auto announces the partnership with Higher Bus Company Limited for exclusive representation in Egypt and local assembly of buses at GB Polo
- Goodyear Middle East & Africa partners with GB Auto to become an Authorized Distributor of Goodyear Tires in Egypt.
- GB Auto launches the new Chery Tiggo 7 1.5 Turbo 2020, which is assembled locally in Egypt
- GB Auto and GIZ (German International Cooperation) signed an agreement to create an Incubator to support innovative startups in the Automotive and Fintech sectors
- GB Auto announces its new partnership with SAIC Motor Middle East FZE to add the MG brand to its Iraq portfolio
- GB Lease finalizes its fourth securitized bond offering worth LE 2,041 million
- GB Auto acquired 20% in New City Housing and Development company for LE 73 million
- GB Auto celebrates a collaboration between two leaders in their respective industries, Haram Tourism Transport and Coca Cola Egypt, the largest quasi-operational lease contract in Egypt for 636 passenger cars.
- Ghabbour Foundation celebrates the graduation of the first class of vocational trainees to graduate from Imbaba School, which is considered a milestone for Ghabbour Foundation and GB Auto

2021

- GB Auto collaborates with Bank Al Ahly to customize their busses according to their needs
- GB Auto announces the partnership with Great Wall Motors and launches Wingle 5
- GB Auto proudly announces COVID-19 mass vaccination process to our GB Auto family
- GB Auto announces an initiative in partnership with the Egyptian Clothing Bank that allows GB Auto's employees to donate clothes to children in need
- GB Auto has been proudly awarded the IDC Excellence Award for "Excellence in Digital Innovation" recognizing it as one of the region's top 10 leaders in technology
- Drive receives final approval on its consumer financing license from Egypt's Financial Regulatory Authority to launch consumer financing activities
- GB Auto officially acquires Changan's sole distributorship and introduces four new models (New Alsvin, EADO DT, CS15 and CS55)
- GB Auto launches the Haval 2022 with innovative technology and superior capabilities
- MNT-Halan, Egypt's leading fintech ecosystem, announces a c. US\$120 million investment by major global and regional growth investors: Apis Growth Fund II, Development Partners International (DPI), and Lorax Capital Partners
- GB Lease has completed the sale of LE 4.3 bn securitized bonds to investors. The company sold the securities in two separate issuances with tranches rated A through AA+. It is worth mentioning that this is the company's first issuance in a year.
- GB Polo has been selected to supply buses for the 2022 African Cup of Nations



# Highlights of 2021

In 2021, GB Auto delivered **record-breaking results**, overcoming a challenging business environment to achieve **strong financial and operational performances** across its segments and lines of businesses.

# 13

## Lines of Businesses

Seven automotive & six financial

LE/MN  
**31,438**  
Group Revenue in 2021

LE/MN  
**6,303**  
Group Gross Profit (+32.3% y-o-y) 20.0% profit margin

LE/MN  
**3,106**  
Group Operating Profit

LE/MN  
**1,478**  
Group Net Profit (+61.2% y-o-y)

## GB Auto & Auto-Related

**80,000** units

Passenger cars production capacity

**20,496**

Passenger cars locally assembled in Egypt in 2021 (+23.5% y-o-y)

**+20**

Global Brands in Egypt and Iraq

**21.1%**

Passenger cars full-year market share reached



Launched Haval 2022 models in Egypt



Acquired Changan's sole distributorship and introduced four new models in Egypt



Supplied 24 buses to the African Cup of Nations



Hyundai secured first place in the Egyptian Automotive market and continues to be a market leader for 15 years in a row



LE/MN  
**679**  
GB Capital Net Profit After  
Minority



GB Lease closed two  
securitization issues valued  
at LE 4.3 billion, making it the  
largest securitization for a  
leasing company in Egypt



GB Lease 3rd largest leasing  
company in Egypt as of  
November 2021



MNT Investments  
successfully acquired  
Halan and Raseedy



MNT-Halan launched a  
trailblazing buy-now-pay-  
later (BNPL) digital experience,  
onboarding over 25,000 users  
and 1500 active merchants  
in its first three months of  
operation.



MNT-Halan successfully  
launched its new core  
banking software system,  
Neuron, that will enable  
this business to scale up  
and handle millions of  
customer transactions in  
multiple currencies



Drive launched its digital  
mobile app and onboarded  
150 merchants



Drive launched two new  
branches in 2021



Drive is the 3rd largest  
factoring and consumer  
finance company with a  
14.3% market share

## Corporate Highlights



### Master Data Management (MDM)

GB Auto created the MDM Department to  
develop its database infrastructure with  
a focus on items, suppliers, customers,  
documents, analytics and insights.

MDM's role is to remove silos, manage, share  
and ensure GB Auto database integrity  
in one place using new technology, tools  
and processes that enable master data  
utilization across the group



### Digital Transformation

GB Auto continues to deliver on its digital  
transformation strategy through process  
automations and focusing on customer  
experience.

Under GB Auto & Auto-Related the  
company manages a customer experience  
mobile app, WhatsApp chatbot, workshop  
automation from vehicle entry to car  
washing and a tax e-invoice system. Non-  
auto applications include FORSA consumer  
finance app, the Halan app and Bedaya  
mortgage finance app.



### Ghabbour Foundation for Development

Launched two new vocational schools in collaboration with the Ministry of Education  
to bring the total to five schools.

Collaborated with the Little Flock Foundation to provide students from remote  
governates the opportunity to attend GB Auto's vocational schools in Cairo.

Ghabbour Foundation schools open their doors to girls for the first time.

The Foundation celebrates the graduation of its second class of vocational trainees.





# GROUP OVERVIEW

# Group Overview Our Business

Our business is divided into two segments, **GB Auto & Auto-Related** and **GB Capital**, which complement one another. GB Auto aims to capitalize on the synergies between both segments to further expand its operations.

## GB Auto and Auto-Related Segment

GB Auto and Auto-Related encompasses the Group’s core automotive business activities in Egypt and Iraq. The segment offers a vast suite of products and services to meet the expectations of a diverse group of customers with different needs.



### Egypt Passenger Cars

GB Auto is a large player in the Egyptian passenger car market in terms of sales revenue, market share and production capacity and has led the industry for years as a passenger car importer, assembler and distributor. Through five key brands, **Hyundai, Chery, Mazda, Changan and Haval**, GB Auto is able to market a variety of products with a range of sizes and prices to cater for the needs of different customer segments. GB Auto’s diversified portfolio allowed the company to navigate the inflationary macroeconomic environment, global semi-conductor shortage and supply chain disruptions.

In 2021, GB Auto added two brands to its PC portfolio, Changan and Haval. Four Changan models were launched throughout the year; New Alsvin, a small sized sedan, EADO DT, a medium sized sedan, and two SUVs the CS15 and CS55. The different models meet

the varying needs and preferences of Egyptian consumers, while delivering a unique driving experience loaded with the latest innovations in performance, safety and security. As for Haval, GB Auto launched two SUV models, Jolion and H6, which complement the company’s strategy to enhance the Egyptian automotive sector by offering the latest and most popularly demanded models.

As for GB Auto’s existing passenger car brands, the company holds the exclusive license to assemble and distribute Hyundai and Chery passenger cars (Completely Knocked-Down – CKD units). Hyundai secured first place in the Egyptian automotive market and continues to be a market leader for over 15 years. Moreover, Chery Tiggo7, a locally assembled vehicle boasts the latest technology and a unique performance. Finally, GB Auto continues to offer CBU Mazda models, Mazda 3 and CX3.



Looking ahead, GB Auto will continue to expand its product portfolio, introducing the latest passenger car models to the Egyptian market to cater to growing demand. Additionally, the company stands to benefit from Egypt’s presidential initiative to convert vehicles powered by traditional fuels with new CNG equipped models that utilize gasoline and natural gas. GB Auto’s current CNG portfolio includes the Chery Arrizo5 and Tiggo3 as well as Hyundai’s Accent RB and Elantra HD.

GB Auto has invested significantly in the expansion of its assembly capacity reaching approximately 80,000 units per year. At the Prima plant, the company assembles passenger cars from imported CKD kits, as well as locally sourced components. The plant, which spans across nearly 58,000 square meters, was established in 1994 and underwent a major investment in September 2012 to expand its production line capacity and adopt more advanced techniques while modernizing the assembly process. Today, PRIMA is a state-of-the-art facility with fully automated conveyer systems, welding robots and ED coating paint shop. In 2021, the facility was awarded the IATF Certificate for passenger vehicle assembly.

### Market Review

The automotive industry continues to be impacted by the global semiconductor shortage. GB Auto is pleased to have achieved significant volume and revenue growths across its different brands despite the global environment. Management is aware that the semiconductor shortage is anticipated to carry on in 2022; however, GB Auto is confident in its pricing strategy which capitalizes on

the strong demand for its brands to offset disruptions to the supply chain that may affect sale volumes. As per the Egyptian Automotive Marketing Information Council (AMIC)’s full year report on the Egyptian passenger car market, the total automotive market grew 28.2% y-o-y to 215,072 units in 2021 compared to 167,792 units in 2020. GB Auto’s performance exceeded the market growth rate with full-year volumes growing 53.7% to 45,584 units. The performance was driven primarily by improved pricing across all brands and growing Hyundai sales.

## 2021 Key Highlights

**12,880.4** LE/MN  
in revenues, ▲ 67.3% y-o-y

**45,584** LE/MN  
sales volumes, ▲ 53.7% - CBU 25,088  
vs. CKD 20,496

**21.1%**  
market share of automotive  
market in Egypt





## Egypt Motorcycles & Three-Wheelers

GB Auto is the sole assembler and distributor of Bajaj motorcycles and three-wheelers, Bajaj is the world's largest manufacturer of three-wheelers, often known as tuk-tuks. GB Auto imports Complete-Knocked-Down (CKD) units from the Indian producer and assembles the vehicles locally at the company's Sixth of October City Industrial Zone factory.

GB Auto has retained its position as a market leader since it first began to import and sell three-wheelers in Egypt in 1999. This is in part due to providing quality, low-cost after-sales services and introducing microfinancing solutions through GB Capital. The products popularity is also due to the fact that three-wheeler vehicles are used both for personal and commercial purposes in rural and low-income areas in lieu of common urban transportation.

Bajaj's range of motorcycles are one of the largest selling motorcycle brands and its popularity amongst users is due to its quality, reliability and fuel efficiency. To promote sales and ensure that Bajaj Pulsar is the go-to brand in sports motorcycles segment, GB Auto hosted the Pulsar Motorcycle Club and organized rides throughout the year. The rides engage customers with the brand through social media and in-person at the event with the participation of professional riders and influencers.

### Market Review

Moving forward, GB Auto is cognizant of the latest regulatory development relating to the ban on importing key three-wheeler components and has already identified adequate alternatives that would satisfy the needs of its customers and support the longer-term sustainability of the line of business.

## 2021 Key Highlights

**3,719.9** LE/MN  
in revenues, ▲ 26.3% y-o-y

**137,252**  
sales volumes, ▲ 22.1%



## Egypt Commercial Vehicles & Construction Equipment

GB Auto's Commercial Vehicles business unit distributes imported and locally assembled trucks and buses in Egypt. The division assembles Fuso and Volvo buses as well as Fuso trucks at plants in Sadat and Suez. It also distributes Volvo heavy trucks and YTO tractors in Egypt and manufactures and distributes semi-trailers and super-structures under its Commercial Vehicles line.

The company's bus segment produces a full range of transportation solutions from sixteen seater buses to maxi busses with a seating capacity of 55 passengers. GB Polo, the company's joint-venture with Brazilian company Marcopolo, is home to a 285,000 sqm state-of-the-art bus body manufacturing facility with a 5,000 unit-per year capacity that target local and export markets. GB Polo was lately selected to supply the Coaches of the 2022 African Cup of Nations held in Cameroon.

GB Auto's commercial vehicle line demonstrates the company's capabilities as a manufacturer and offers heavy, medium and lightweight trucks for fleet operators, contractors, large industrial operators and government agencies in Egypt.

GB Auto's construction equipment business line distributes a wide range of products in Egypt including earth moving equipment and road machinery under distribution agreements with Volvo Construction and SDLG. The Group's heavy-duty

equipment line is available both to private sector companies and government-related entities.

### Market Review

In 2021, the line of business benefitted tremendously from the pipeline of national infrastructure projects being implemented in Egypt. The sizeable sales volume of construction equipment offset the initially lagging bus sales, which were impacted by COVID-19 as schools closed and tourism declined sharply. As COVID-19 travel restrictions eased towards the end of the year, GB Auto saw a strong recovery in the bus segment with the return of tourism and in-class learning.

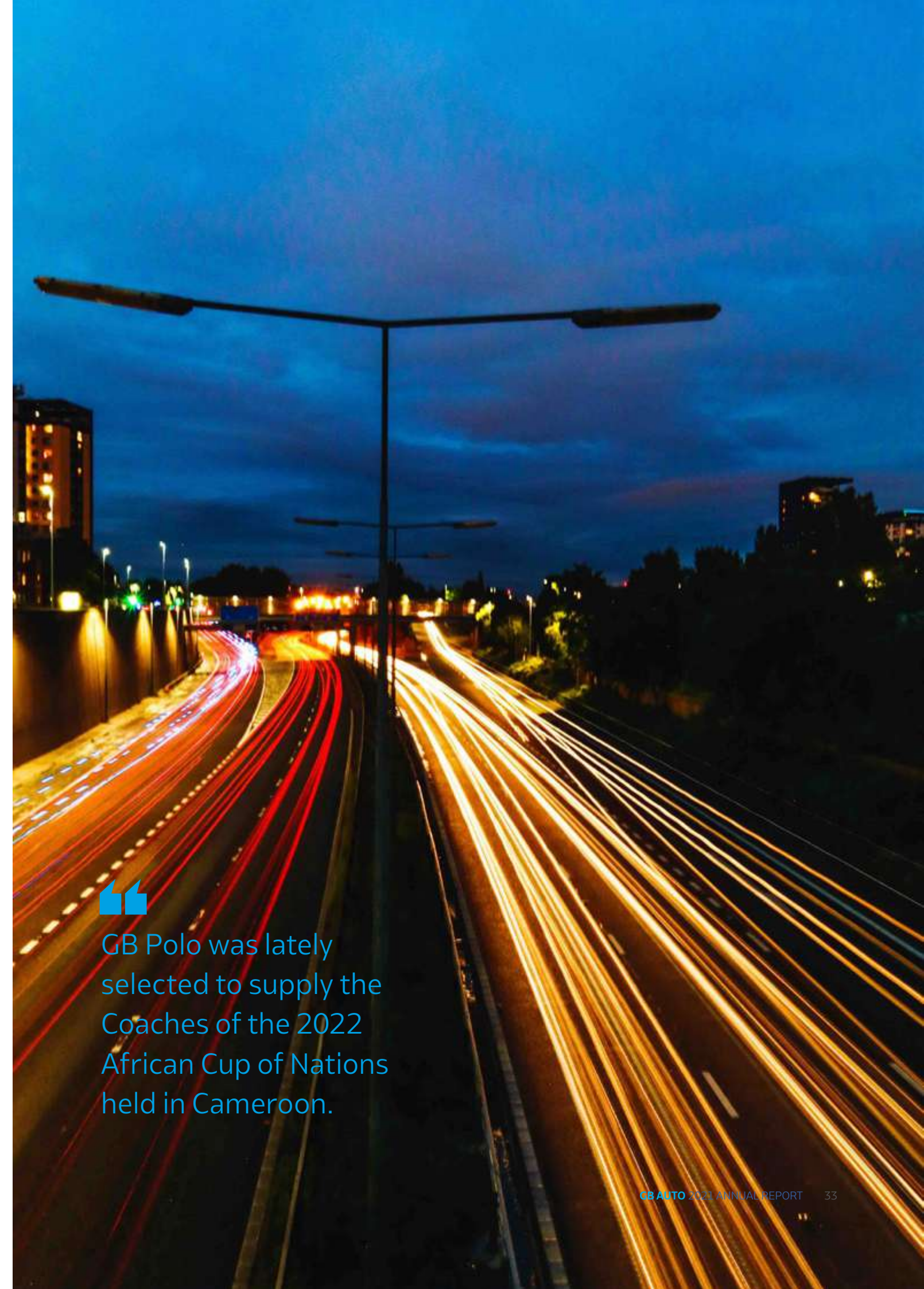
## 2021 Key Highlights

**1,053.4** LE/MN  
in revenues, ▲ 36.8% y-o-y

**1,576**  
sales volumes, ▲ 36.8%







GB Polo was lately selected to supply the Coaches of the 2022 African Cup of Nations held in Cameroon.



Egypt After-Sales

GB Auto operates Egypt’s largest and fastest-growing network of after-sales service centers for passenger cars, motorcycles and three-wheelers, and commercial vehicles and construction equipment. Exceptional after-sale service is a crucial component to the Group’s business as it complements its core sales across several lines of business. The availability of spare parts and service are known to be important factors for the Egyptian consumer and a differentiator for GB Auto. GB Auto has made significant investments to continue expanding the company’s network of after-sale centers and showrooms across the country to meet growing demand and deliver best-in-class service.

Market Review

As demand for cars strengthens and volumes of vehicles sold continues to grow year-over-year, GB Auto expects the after-sale line of business to remain highly profitable and provide the company excellent returns. The company’s wide network of showrooms, sales, service and spare part centers across the nation, ensures that customers can always rely on GB Auto’s network to maintain their vehicles.

2021  
Key Highlights

1,336.6 LE/MN  
in revenues, ▲ 21.7% y-o-y

44  
service centers and 71 showrooms

910.8 LE/MN  
Passenger Cars

207.5 LE/MN  
motorcycles & three-wheelers

218.3 LE/MN  
commercial vehicles & construction equipment



Egypt Tires

GB Auto has been among Egypt’s leading tire distributors for over 50 years. The company distributes some of the most valuable brands in car, van, bus, construction equipment, light-truck, truck, and bus-truck tires from manufacturers including Turkey’s Lassa, Japan’s Yokohama, Thailand’s Westlake, China’s, Verde, Thunderer, Techking, DoubleCoin, Sunfull and Goodyear. The tires business unit is an increasingly important contributor to GB Auto’s revenue and profitability stream.

Market Review

2021 saw improved market demand and continued solid performance from the Goodyear brand, which was further supported by management’s strategic decision to start fleet sales in early in the year as opposed to its historical reliance on single channel, wholesale or dealer sales. GB Auto is confident that healthy consumer demand and a diversified portfolio of tires will reflect positively on performance and results going forward.

2021  
Key Highlights

1,431.7 LE/MN  
in revenues, ▲ 21.7% y-o-y





Regional

GB Auto is already a well-established automotive player in Egypt and aims to extend this status to Iraq. The company currently imports MG-branded CBU passenger cars into the country and operates a successful venture for Bajaj motorcycles and three-wheelers as well as after-sales service centers for its products.

The launch of the Chinese MG brand in Iraq in September 2020 has proven to be very successful with GB Auto gaining a 4.7% market share. GB Auto is pleased with the volume, market share, channel mix and network development of the MG brand considering its relatively short period since the brand was introduced.

Market Review

In 2021, GB Auto completed the liquidation of its Hyundai inventory and has positioned MG as a leading Chinese brand in

Iraq. As the market continues to recover, GB Auto is confident in its ability to further expand its market share. At year-end 2021, MG ranked fifth in the Iraqi market and first amongst Chinese brands in the country. Moreover, as country-wide lockdowns began to lift, two- and three-wheelers performance improved substantially given the income producing nature of the products.

2021  
Key Highlights

3,099.7 LE/MN  
in revenues, ▲ 21.7% y-o-y

GB Capital (Financing Businesses)

GB Capital offers solutions that complement the Group's core automotive offerings. The solutions range from leasing to consumer financing and factoring as well as GB Auto's active engagement in the fintech space.

GB Capital's strong performance in 2021 exhibits the underlying strength of the Group's non-bank financial services. As demand for consumer finance products increases, the company will continue to diversify and expand the GB Capital product suite to capitalize on this booming space. Microfinancing, nano-financing, SME lending, factoring, mortgage finance, leasing, venture capital, securitization and consumer lending services offered by GB Capital's various subsidiaries are regulated by the FRA.

At year-end 2021, GB Capital's loans/receivables portfolio had grown by 23.5% year-on-year to reach LE 14.3 billion. The portfolio fully backs GB Capital's related companies' debt, which stood at LE 11.7 billion at year-end. In 2021, revenues grew by 24.2% year-on-year to reach LE 7,949.8 million and net profits recorded LE 678.7 million, which was partly suppressed by SLA charges relating to GB Capital.

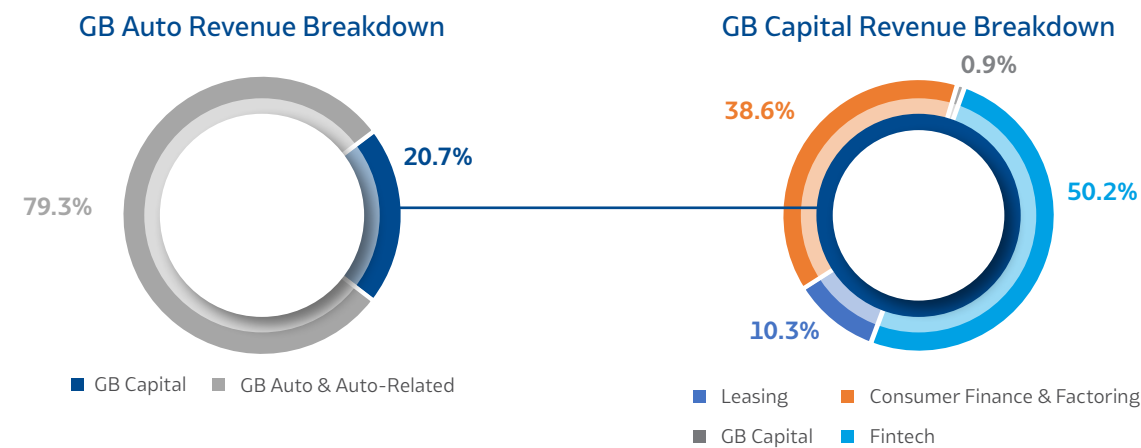
Startups

Inline with GB Auto's strategy to expand its service and product offerings within the automotive industry, the Company has invested in several startups that have great potential in the future to complement the GB Auto portfolio, including:

- PAL, which distributes lubricant products at GB Auto-branded and third-party points of sale in Egypt under an exclusive strategic alliance with Gazprom Neft Lubricants.
- 360, GB Auto's after-sales retail outlet which distributes tires, tire parts, batteries, parts and lubricants.
- Fabrika, GB Auto's pre-owned vehicle division that offers consumers a wide variety of used cars from all manufacturers as well as trade in offers at GB Auto showrooms.
- El Mikaneeky, a trusted professional car servicing company that provides affordable solutions to the entire car market.
- GB Ventures, an entity that combines the automotive and financial know-how of GB Auto with the goal to empower Egyptian startups.
- GB Logistics, an Integrated Service Provider (ISP) flag shipped by GB Auto, specializes in the delivery of high-quality logistics services to customers in Egypt and worldwide. GB Logistics provides an excellent full-service logistic solution that add value to its appreciated partners.
- Transport Vehicles Distribution (TVD), a newly established commercial vehicle distribution company in partnership with El Ghalban Auto Market Group. Utilizing both partners' expertise and know-how of the Egyptian automotive market, TVD aims to acquire distribution rights for world-renowned commercial vehicle brands.



GB Capital Portfolio Breakdown (As of 31 December 2021)



Leasing



GB Lease

GB Lease is GB Auto’s first financing venture, established in 2008 to provide finance to GB Auto’s commercial vehicles and corporate fleet clients. GB Lease provides business-to-business financial leasing solutions that are non-exclusive to GB Auto, catering to a diversified client base ranging from top-tier multinationals to local corporations as well as small and medium enterprises (SMEs).

In December 2021, GB Lease closed two securitizations issued valued at LE4.3 billion, making it the largest securitization in the company’s history and for a leasing company in Egypt. The company was successfully ranked third in Egypt as of November 2021 and operates under the supervision of the Egyptian Financial Regulatory Authority (FRA).



Haram Tourism Transport

Haram Tourism Transport (HTT) operates as a car rental and quasi-operational lease company. It is the premier vehicle fleet leasing company in Egypt serving a range of multinationals, financial institutions and

private sector companies. The company’s service agreements entail acquisition, registration, vehicle maintenance as well as insurance that extends to third-party damage and passengers.

In 2021, HTT’s revenues grew year-on-year, reflecting the positive impact of more optimal market conditions as well as the successful delivery of vehicles in the second half of the year associated with a strategy milestone contract.

Consumer Finance and Factoring



Drive

Drive provides services to a diversified client base, ranging from business-to-business (SMEs) to business-to-consumer (retail), with a focus on the auto finance sector. Operating under a robust credit policy, it maintains a well-developed portfolio, offers medium-term tenors and focuses on risk diversification by product type, client base and brands. Drive finances sales of GB Auto’s passenger cars out of the company’s showrooms and also transacts with key independent dealers in the company’s network. Drive is non-exclusive to GB Auto and

offers a multitude of financial solutions for various SMEs and consumers while fully complying with the regulations of the FRA.

In 2021, Drive successfully rolled out its much-anticipated digital application by partnering with one of Egypt’s leading distributors of consumer tech products. To date, the company has established contracts with over 150 merchants. Drive has also delivered on its expansion plans and signed a contract with a large sports club to provide financing channels for club members. Drive officially launched two branches in 2021 and anticipates launching four branches over the course of the coming year. Moreover, the improving business environment saw Drive’s market share reach 14.3%, ranking third in the factoring market by year-end 2021.

Fintech



MNT Investments, the parent company of Mashroey and Tasaheel, successfully acquired Raseedy and Halan in 2021. The merger acts as a catalyst in digitizing lending, payments, e-commerce, consumer finance (buy now pay later) and logistics for millions of underserved and unbanked customers. The merged entity will empower customers by providing them with an innovative platform that allows them to execute a variety of financial and commercial transactions seamlessly.

MNT-Halan has since become Egypt’s largest and fastest growing non-bank lender to the unbanked that is digitizing traditional banking through technology and data driven solutions. The company has developed its scalable proprietary fintech ecosystem in-house, connecting customers, vendors and micro-enterprises through Halan its consumer facing app, merchant app, Neuron (distributed lending and payment processing software) and payment solutions. In 2021, MNT-Halan launched a trailblazing buy-now-pay-later (BNPL) digital experience, onboarding over 25,000 users and 1500 active merchants in its first three months of operation. The company currently serves more than 4 million customers in Egypt, of which 3.1 million are financial clients and 1.8 million are borrowers.



Bedaya

Bedaya is a mortgage finance joint venture between GB Capital, Talaat Moustafa Group and EFG Hermes. The mortgage finance company offers long-term and competitive mortgages for new move-in homes, increasing affordability and supply to better serve Egypt’s growing population of homebuyers. Bedaya provides different financing solutions for those who are interested to own residential, commercial and/or administrative properties in Egypt. In this respect, the company offers diverse packages to meet the needs and capabilities of all market segments, whether purchasing or renovating properties.

Bedaya provides clients with a superior mortgage experience where every customer and situation are unique. A mix of traditional and innovative mortgage products allows the company to customize mortgage solutions that meet the needs of varying types of clients. Bedaya works with its clients to get their loans finalized in a timely manner, while providing the highest quality of customer service. The company empowers its employees by providing them with tools, knowledge and support in order to provide clients the quality of service they deserve.



KAF

KAF is a life insurance company that was acquired along with EFG Hermes to capitalize on the growing demand for insurance offerings in Egypt. The company also adds innovative products to establish a comprehensive suite of life and medical insurance solutions. Kaf is an Egyptian insurance company licensed to offer life, savings and health products.



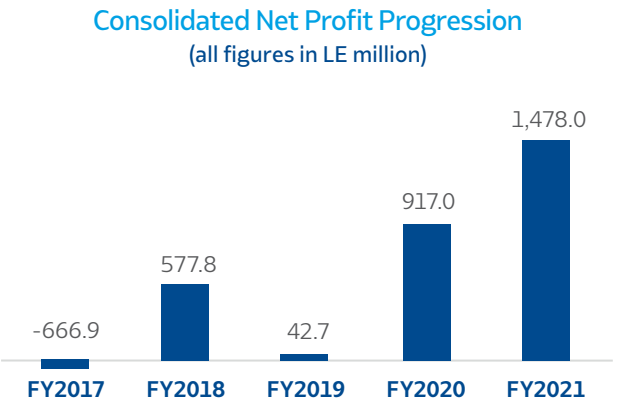
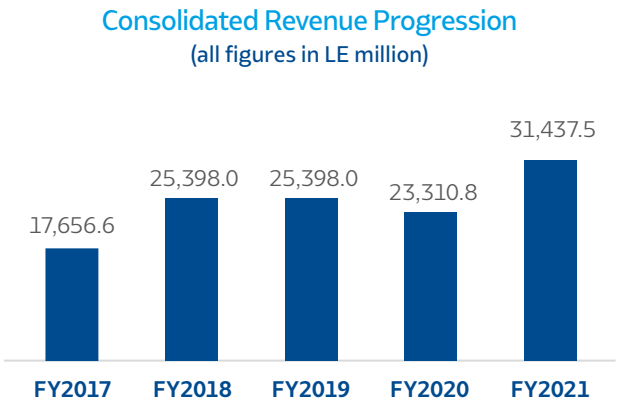
# Group Overview Our Performance

2021 was an **impressive year for GB Auto** with record-breaking top and bottom-line results driven by strong consumer demand and **improved pricing strategies**

## Consolidated GB Auto

GB Auto delivered its strongest consolidated results to date for the period ending 31 December 2021. Revenues grew by 34.9% y-o-y to LE 31,437.5 million, reflecting strong performances and increased consumer demand across GB Auto’s business lines. Net profits recorded an unprecedented increase of 61.2% y-o-y to LE 1,478.0 as the company capitalized on comprehensive operational efficiency initiatives and operational leverage from higher revenues as well as recovering demand during the year. GB Auto’s stellar performance for the year, demonstrates robust demand for its diverse product and service portfolio as well as its resilience in the face of challenging market conditions and supply chain disruptions affecting the global auto industry.

LE mn	2020	2021	Change
Revenue	23,310.8	31,437.5	34.9%
Gross Profit	4,764.4	6,302.6	32.3%
% Margin	20.4%	20.0%	
EBITDA	1,524.9	2,410.1	58.1%
% Margin	6.5%	7.7%	
Net Profit	917.0	1,478.0	61.2%
% Margin	3.9%	4.7%	

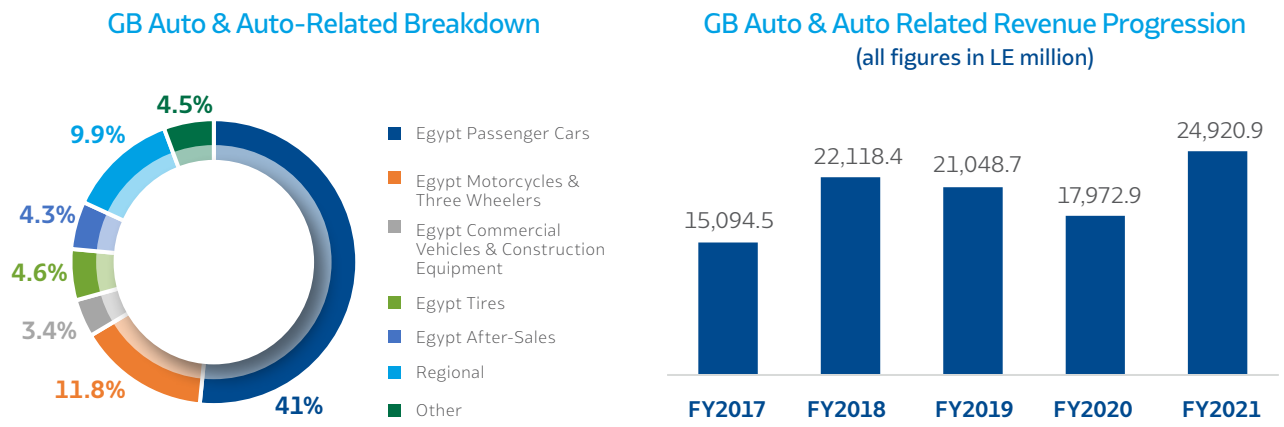


## GB Auto & Auto-Related

Despite inflationary pressures, the segment achieved healthy margins by successfully capitalizing on growing consumer demand with an enhanced product portfolio and refined pricing strategy. The segment recorded a revenue increase of 38.7% y-o-y to LE 24,920.9 million, with an impressive net income growth of 181% y-o-y to LE 800.2 million. The performance was supported by improved market conditions and strengthening consumer purchasing power, which greatly benefitted the Passenger Car and Two & Three-Wheelers lines of business. The Passenger Car segment saw its revenue increase an impressive

67.3% y-o-y to reach LE 12,880.4 and account for 51.7% of the Auto & Auto-Related total revenue in 2021.

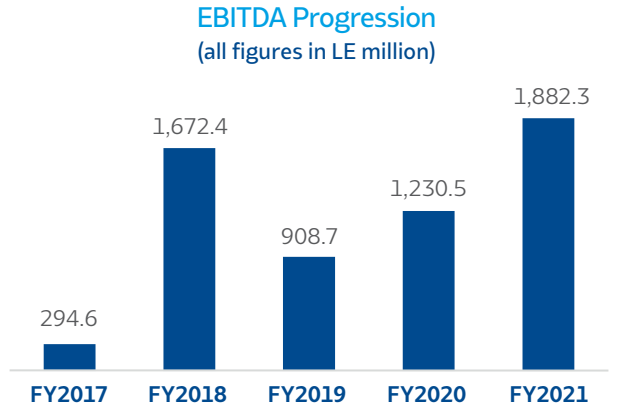
With the exception of regional operations, all lines of business in the Auto & Auto-related segment saw their revenues increase year-on-year in 2021. GB Auto’s ability to achieve such results in a year filled with supply chain disruptions and shortages in key inputs, best exemplifies the company’s resilience in overcoming a challenging business environment.



LE mn	2020	2021	Change
Passenger Cars	7,699.0	12,880.4	67.3%
Motorcycles & Three-Wheelers	2,944.7	3,719.9	26.3%
Commercial Vehicles & Construction Equipment	770.1	1,053.4	36.8%
After-Sales	1,098.7	1,336.6	21.7%
Tires	1,125.1	1,431.7	27.3%
Regional	3,627.4	3,099.7	-14.5%
Others	708.0	1,399.2	97.6%

In 2021, EBITDA at the Auto & Auto-Related segment grew 53.0% y-o-y to LE 1,882.3 million, with a margin expansion of 0.8 percentage points to 7.6%. The remarkable EBITDA results were achieved despite the increase in global freight prices and supply chain disruptions, which reflects the strong double-digit top-line growth and successful implementation of efficiencies at the selling, general and administrative expenses (SG&A) level. Consequently, while SG&A expenses grew by 22.8% y-o-y to LE 1,829.0 million in 2021, they declined as a percentage of revenues to 7.3% in 2021 from 8.3% last year.

Improved market conditions and strong demand across the Auto & Auto Related segment saw the segment deliver a solid performance at the end of 2021. While inventory days on hand increased to 60 days in 4Q21 compared to 55 days in 3Q21, the Group's efficient management of working



capital reflected positively on full-year results, which led to a decrease in average days to 65 days compared to 85 days in 2020.

LE mn	4Q20	1Q21	2Q21	3Q21	4Q21
Inventory	3,285.4	3,637.5	3,908.1	3,495.9	4,016.7
Receivables	1,540.0	2,035.0	1,830.4	2,150.6	2,051.0
Advances	363.9	515.5	630.9	604.7	745.8
Debtors & Other Debit Balances	992.3	1,191.4	1,343.9	1,879.2	1,547.9
Payables (Net)*	2,578.1	3,862.0	3,950.8	4,539.2	4,612.9
Working Capital	3,603.6	3,517.4	3,762.6	3,591.1	3,748.4

\*Payables are shown net of financial lease-related liabilities amounting to LE 860.0 million, which are now added to our Net Debt calculations. Due to a change in Egyptian Accounting Standards, the related leased assets have been recorded on the balance sheet under PP&E, while the liabilities have been booked under Payables, starting from 2Q19 onwards.

Net debt has remained relatively stable below the LE 5.0 billion mark as management continued to optimize working capital over the year. Management intends to reduce debt levels moving forward as the company maintains its positive performance.

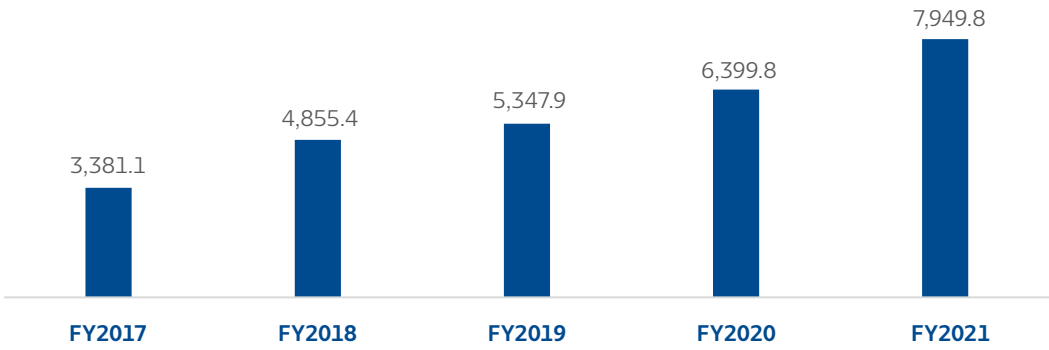
LE mn	4Q20	1Q21	2Q21	3Q21	4Q21
Total Debt	4,951.3	5,363.6	5,634.2	5,347.4	5,426.9
Notes Payable (Due to leasing)	969.9	907.3	809.1	879.8	860.0
Cash	904.4	1,097.6	998.0	1,319.1	1,142.4
Due from Related Parties – Inter segment	21.2	(2.4)	(60.2)	141.5	316.9
Net Debt	4,995.6	5,175.7	5,505.5	4,766.6	4,827.6

GB Capital

In 2021, GB Capital achieved year-on-year portfolio growth while delivering on several operational initiatives. Improving market conditions and stronger consumer demand for the segment's products and services, led to a noteworthy performance with increased bookings and disbursements. In 2021, GB Capital recorded revenues of LE 7,949.8, up 24.2% y-o-y, while net profit increased by 7.4% y-o-y to reach LE 678.7 million. Additionally,

GB Capital saw its loans/receivables portfolio expand 23.5% to LE 14.3 billion and non-performing loans (NPLs) drop to 2.02% at year-end 2021. The performance was driven by economic recovery towards the end of the year, which positively impacted the segment's subsidiaries.

GB Capital Revenue Progression (all figures in LE million) Before Intercompany Elimination



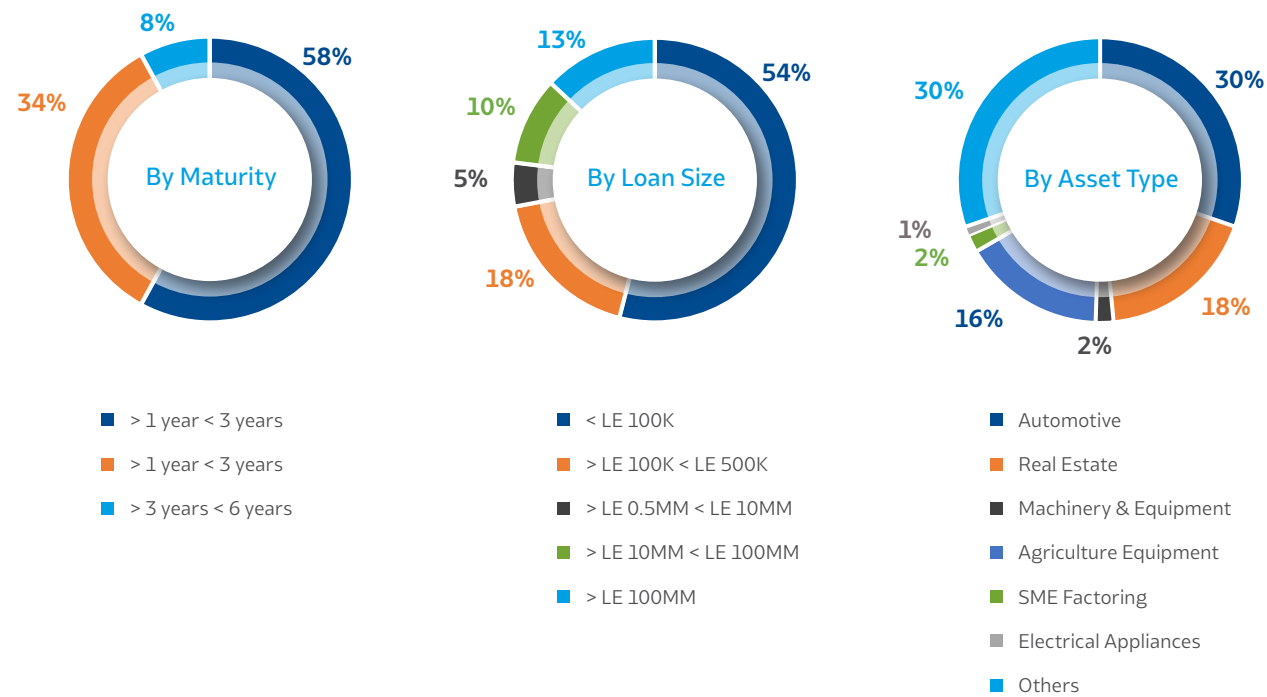
GB Capital's service offering complements that of the Auto & Auto-related segment and provides customers with a range of financial solutions to meet their needs. In 2021, GB Capital's companies collectively contributed to 20.7% of GB Auto's consolidated revenues. This year, GB Lease closed two securitization issues valued at LE 4.3 billion, making it the largest

securitization for a leasing company in Egypt to date. Additionally, on the fintech front, MNT-Halan has taken incredible strides with the launch of the Halan consumer app and a pioneering buy-now-pay-later (BNPL) digital experience. GB Auto is constantly identifying opportunities to further expand its presence in the financing space.

LE mn	2020	2021	Change
GB Capital	30.7	67.7	-
GB Lease	612.4	695.6	13.6%
Drive	2,582.8	3,069.5	18.8%
MNT-Halan	3,064.4	3,991.4	30.3%
Haram	108.2	124.6	15.1%
Capital Securitization	1.3	1.0	-



GB Capital Portfolio Breakdown  
(as of 31 December 2021)



	FY20	9M21	FY21
<b>Net Portfolio Assets</b>	<b>11,615.9</b>	<b>16,574.8</b>	<b>14,340.1</b>
Debt / Equity	2.90x	3.08x	2.50x
Equity / Loan Portfolio	27.0%	26.0%	32.7%
Annualized Return on Average Equity (ROAE) - Excluding NCI*	26.9%	18.9%	22.3%
Annualized ROAA [Annualized the period EBIT pre-funding costs after tax / average assets of period]	17.2%	13.7%	15.8%
Annualized net interest margin (%) [(interest income - interest expense) for the last quarter X 4 / average portfolio size for the quarter]	17.6%	16.9%	18.6%
<b>Provision for Portfolio:</b>			
Provision (BS) / Loan portfolio %	3.78%	2.68%	2.22%
Provision (BS) / NPL % (Coverage ratio)	153%	117%	110%
NPL / Loan portfolio %	2.48%	2.28%	2.02%

\*Annualized ROAE is calculated as the annualized net profit -after NCI- for the period then divided by the average shareholders equity -excluding- NCI for the period.





# Group Overview Our Business Model and Strategy

Our strategy aims to build a well-diversified and synergetic group, covering a diverse automotive product portfolio and specialized financial services. GB Capital’s businesses complement the Auto and Auto-Related offering and generate new sources of revenue for GB Auto. Over the years, GB Auto’s unique range of products and services continued to drive value for shareholders through prudent strategies and an agile business model, which have allowed the company to grow despite challenging market conditions

## Auto and Auto Related

### Supporting our Profitability

[text] Efficient management of working capital is a core pillar in the company’s strategy. GB Auto aims to optimize working capital efficiency across all lines of business to support smooth operations and improve the company’s profitability. Strengthening the segment’s inventory management improves net working capital, supports profitability and will be a priority in the coming year. In this regard, GB Auto is prepared to navigate the semiconductor shortage and ensuing supply chain shortages by implementing repricing strategies, capitalizing on favourable supplier terms and managing inventory distribution across its network. Moreover, while debt levels have been at their lowest in a number of years, management intends to further reduce debt levels moving forward as the company maintains its positive performance.

In light of the recent devaluation of the Egyptian pound and prevalent inflationary pressures, GB Auto will be focused on protecting its margins by maintaining tight control on its operating costs and capitalizing on high-margin products and services. As such, GB Auto will further strengthen its tire brand portfolio and expand its service center network and utilization capacities.

### Market Leadership Position

The company aims to capitalize on growing consumer demand for GB Auto’s products by delivering an enhanced product portfolio. In 2021, GB Auto successfully introduced Haval and Changan vehicles to its Passenger Car LoB and the brands quickly gained popularity in the Egyptian market. GB Auto will leverage the brands’ popularity coupled with Hyundai’s position as the leading brand in the passenger car segment to capture a larger share of the market. Additionally, GB Auto is a market leader in the light truck tires segment where it aims to further grow its brand portfolio. On the regional front, management is confident in its ability to further expand its market share in Iraq where the MG brand is ranked fifth in the Iraqi market and first amongst Chinese brands in the country.

Additionally, GB Auto is keen on growing its market share and strengthening its position in the CNG sector. Egypt’s presidential initiative to convert vehicles powered by traditional fuels with new CNG equipped models that utilize gasoline and natural gas both supports GB Auto’s ESG efforts as well as its goal to diversify its portfolio and revenue streams. GB Auto’s current CNG portfolio includes the Chery Arrizo5 and Tiggo3 as well as Hyundai’s Accent RB and Elantra HD, and it is a segment with substantial growth potential for GB Auto.

GB Auto leadership position in the market does not only stem from its product portfolio but rather the comprehensive experience it offers its customers. Exceptional after-sale service is a vital component to the Group’s business as it complements its core sales across the passenger cars, motorcycles and three-wheelers, and commercial vehicles and construction equipment LoB. To that end, GB Auto is constantly identifying areas to enhance its services and expand its network of after-sales centers.

### Digital Transformation

GB Auto’s digitalization efforts have helped streamline internal operations and ameliorate customer experience at different

lines of businesses. On a company level, GB Auto created the Master Data Management (MDM) Department to develop its database infrastructure with a focus on items, suppliers, customers, documents, analytics and insights. MDM’s role is to remove silos, manage, share and ensure GB Auto database integrity in one place using new technology, tools and processes that enable master data utilization across the group. Company-wide process automation has been monumental for internal stakeholders to efficiently manage and track operations. Furthermore, a key component to enhancing customers’ service experience involves integrating innovative digital solutions in day-to-day processes. At the Auto and Auto-relate segment, the company currently manages a customer experience mobile app, WhatsApp chatbot, workshop automation from vehicle entry to car washing and a tax e-invoice system. GB Auto will continue investing in digital processes that support the company’s overall performance and facilitate a simplified experience for its customers.

## GB Capital

### Growing as a Non-Bank Financial Service Provider

GB Capital aims to unleash the next phase of growth for its businesses by continuously seeking opportunities that allow the segment to further expand and solidify its presence in the financing space. The company intends to offer new, innovative products that cater to the unique demands of its customers through pioneers of the financial services industry that provide the required expertise and know-how.

A significant component of the company’s digital growth strategy involves growing its fintech platform. On that front, MNT-Halan launched a trailblazing buy-now-pay-later (BNPL) digital experience, onboarding over 25,000 users and 1500 active merchants in its first three months of operation. In addition

to delivering innovative products and services in the Egyptian fintech market, MNT-Halan is seeking cross border expansion opportunities to grow its international footprint and user base leveraging its technological capabilities.

In consumer finance, Drive has successfully rolled out its digital mobile app and completed the onboarding of the first 150 merchants with plans to onboard about 1,000 by the end of 2022. The company also aims to deliver on its expansion plans by launching additional branches in the coming year. Moreover, management is optimistic about the performance of its leasing operations at GB Lease and Haram Tourism Transport (HTT) and is in discussions to secure a solid pipeline for the coming periods. Team expansions at GB Lease and nationwide branch expansions at HTT will allow both companies to capture an increased market share in the leasing market.

### Maintaining Portfolio Health

GB Capital will strive to grow its portfolio value with sustaining its health and quality. This includes increasing bookings and disbursements, managing debt ratios, provisions and reducing non-performing loans (NPLs). GB Capital adheres to the strict and robust credit policies, risk classifications and provisions policies tailored for every industry it operates in. These measures mitigate the risk to the borrower and company while taking the necessary steps to ensure that loans are only extended to customers who are able to meet repayment deadlines.

### Enhancing Processes

Furthermore, GB Capital is committed to enhancing processes by streamlining internal operations and implementing digital initiatives. GB Capital’s collections and investigations functions are now in-house functions, which will significantly improve efficiency and cost optimization. In line with efforts to increase efficiency across the organization, GB Capital aims to identify additional areas for enhancement which will support the company as it embarks on the next phase of expansion.



# Group Overview GB Auto Shareholding Structure

GB Auto S.A.E. has been publicly listed since 2007 and trades as AUTO.CA on the Egyptian Exchange. As at 31 December 2021, the company’s 1,094,009,733 shares had a market capitalization of c.LE 5.6 billion. At year-end 2021, GB Auto had 2,831 shareholders of which 7% were corporate investors and the remaining 93% were individuals. The company has 92 shareholders who own a million or more GB Auto shares, representing 94% of the issued shares. The following tables provide an overview of GB Auto’s shareholders:

## GB Auto shareholders according to nature of shareholder (free float)

Investor Type	Number of Shareholders	Number of Shares	Percentage of Ownership
Corporate	191	304,597,285	75%
Individuals	2,636	101,378,317	25%

## GB Auto shareholders according to nationality (free float)

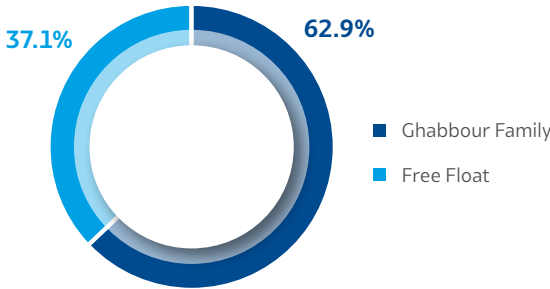
Investor Type	Number of Shareholders	Number of Shares	Percentage of Ownership
Egypt	2,678	207,014,630	51%
Saudi Arabia	61	97,973,927	24%
Rest of EU	13	59,448,278	15%
Rest of World	46	19,120,982	5%
UK	5	8,053,653	4%
US	24	14,364,132	2%

## GB Auto shareholders according to size of ownership (free float)

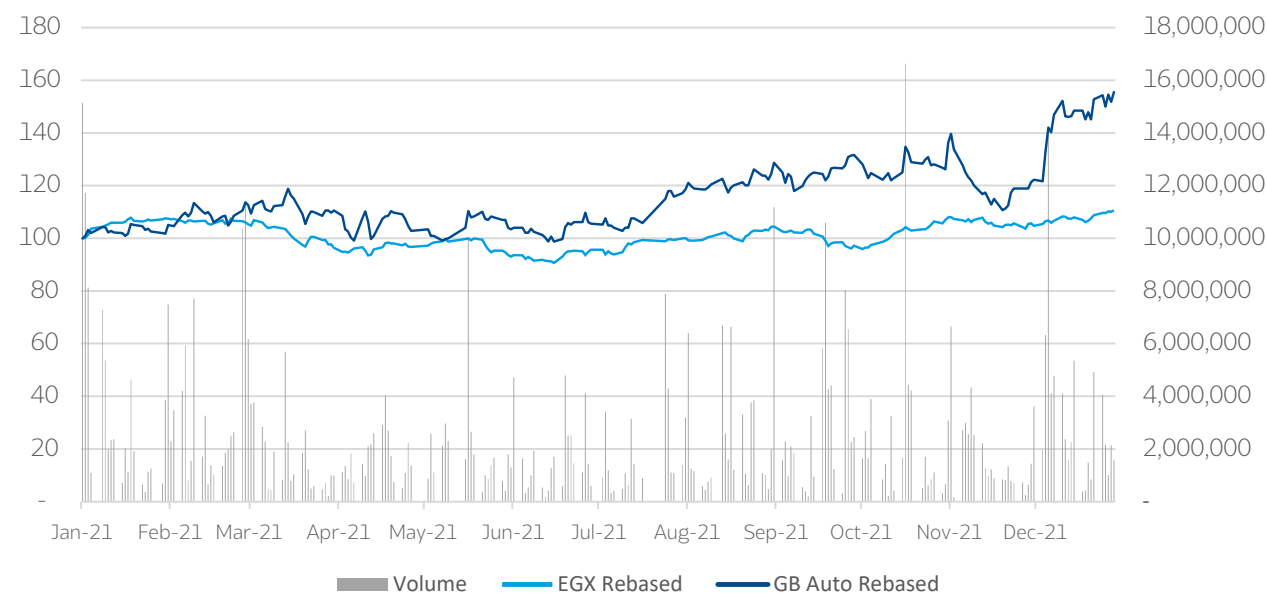
Investor Type	Number of Shareholders	Percentage Ownership
More than 10 million	4	27%
From 1 million to 10 million	86	58%
From 100,000 to 1 million	160	12%
Less than 100,000	2,577	3%

<sup>1</sup>Based on share price of LE 5.10 on 31 December 2021

GB Capital Portfolio Breakdown (as of 31 December 2021)



## GB Auto Share Price FY2021 vs. EGX 30



DR information			
DrR Symbol	GBAXY	Depository	BK (Sponsored)
CUSIP	368290102	Effective Data	05 / 28 / 09
DR Exchange	OTC	Underlying ISIN	EGS673T1C012
DR ISIN	US3682901026	Underlying SEDOL	B1Y9TD5
Ratio	01:50		





# ENVIRONMENTAL SOCIAL AND GOVERNANCE



# Environmental Sustainability

GB Auto believes that its future success in the industry is contingent on maintaining sustainable industrial and manufacturing practices that protect the environment and the communities in which the company operates. As such, GB Auto has prioritized environmental wellbeing and incorporated eco-friendly solutions operation-wide. The company is constantly identifying opportunities to minimize its negative environmental footprint through facility upgrades, resource conservation, managing energy and fuel consumption levels as well as safely discarding of hazardous and waste. GB Auto adheres to a strict sustainability policy, which outlines the company’s waste treatment efforts, places controls on energy consumption and mitigates pollution risks. Furthermore, GB Auto upholds local environmental laws, international best practices and follows recommendations made by experts pertaining energy use and emissions.

3

solar energy developments underway across facilities

1,370

CNG vehicles delivered in 2021 (Converted from natural gas to diesel oil at three facilities)

m3/hour

25

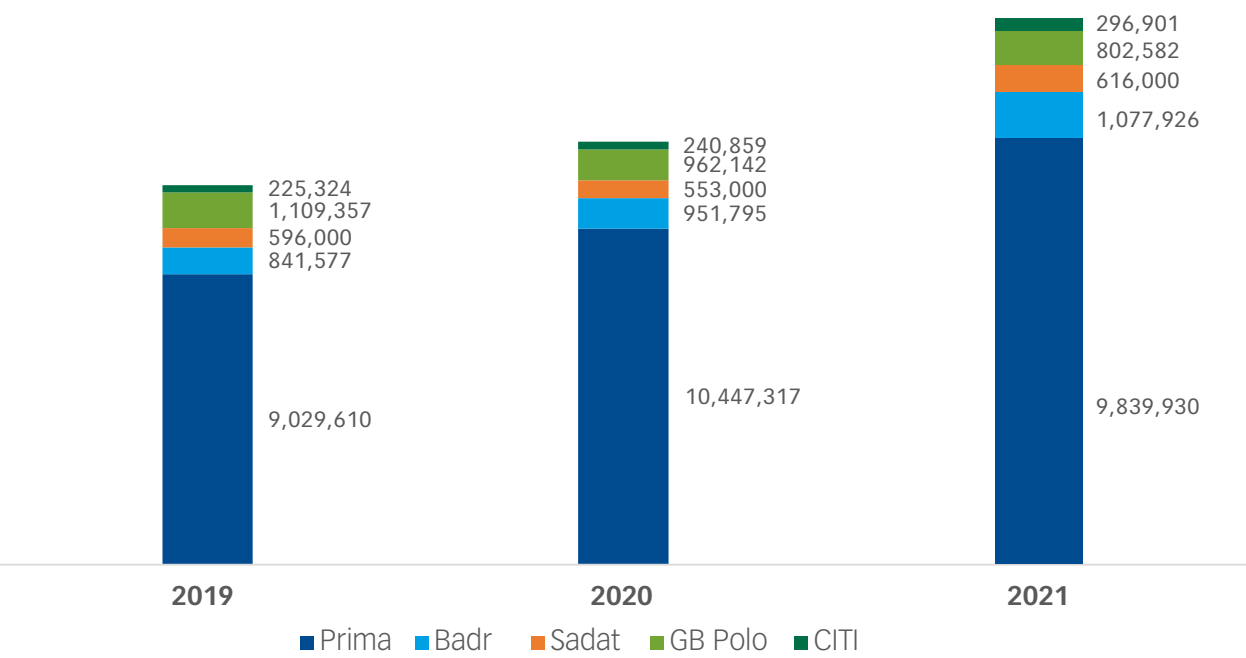
wastewater treatment capacity since 2020

MWP

4.387

expected total solar energy production capacity

Power Consumption 2019-2021 (kWh)



## Solar Energy Developments

A key initiative in GB Auto’s long-term strategy is a wide expansion into renewable and alternative energy sources to regulate consumption and reduce dependency on conventional power sources. In addition to the environmental benefits, the new retrofits at the PRIMA, Sadat and Badr plants will result in annual cost savings for GB Auto.

### PRIMA Plant

The company is building a new solar energy station at PRIMA with a capacity of 2.468 MWP. The station is expected to be operational by June 2022 and will yield enough power to account for 40% of the PRIMA plant’s annual consumption while resulting in a 56% CO2 offset reduction. Moreover, as of February 2021, the PRIMA plant converted from diesel oil use to natural gas, which reduced CO2 offset by 90%.

### Sadat Plant

Similarly at the Sadat plant, GB Auto is building a solar energy station with a 1.5 MWP capacity to yield 25% of the plant’s annual consumption. The installation is expected to run by June 2023 and will reduce CO2 offset by 64%. In September 2022, the company will begin the conversion to diesel oil at the facility which is projected to reduce CO2 offset by 91.2% at completion in March 2023.

### Badr Plant

Inline with developments at PRIMA and Sadat, a new solar energy station will be installed by June 2023 at the Badr plant with a capacity of 0.419 MWP. The energy generated will equal 70% of Badr’s annual consumption and is anticipated to reduce CO2 offset by 63%. Moreover, the conversion from natural gas to diesel oil which is scheduled to be completed by March 2022 will reduce CO2 offset by 91.2%.

## Natural Gas Vehicles

Egypt’s presidential initiative to convert vehicles into compressed natural gas (CNG) ones has been at the forefront of GB Auto’s portfolio expansion strategy and sustainability agenda. In 2021, despite the severe shortage of supply in CKD models and the late introduction of Chery Arrizo 5 to the program, GB Auto delivered 1,370 vehicles out of the 8,490 vehicles supplied through the initiative thus far. The Chery Arrizo 5 joins the Hyundai Accent RB, Hyundai Elantra HD and Chery Tiggo 3 in this product segment. Additionally, GB Auto participated in the TransMEA Exhibition and Smart Transport, Logistics Fair and Forum for the Middle East and Africa where it displayed its Higher Electric bus and Iveco bus, which is available in CNG, electric and diesel. GB Auto aims to further grow its market share in the CNG-vehicle market in the coming year.





Go Green

In January 2021, President Abdel Fattah Al-Sisi inaugurated the first Go Green Exhibition to convert vehicles to run on natural gas and clean energy as well as raise awareness on the economic and environmental benefits of the transition to natural gas. The event had a massive turnout with attendance from the Minister

of Industry and Trade, representatives from ministries and different auto manufacturers, bringing together over 20,000 attendees. GB Auto had the opportunity to showcase its CNG and electrical passenger cars as well as commercial vehicles to promote sustainability and emission reduction.



Iveco bus at the Go Green Exhibition



CNG passengar cars at the Go Green Exhibition



Water and Wastewater Treatment

GB Auto's adheres to the wastewater limits set by the National Center for the Study of Occupational Safety and Health. In 2021, as per best practice, the company recycled c. 60% (40,000 m3) of its annual water consumption for utilities to be used in the

paint shop circulation process. The company has a wastewater treatment capacity of 25m3/hour with plans to create a sludge disposal unit and to construct a desalination unit to reuse treated water in manufacturing and irrigation.



Wastewater treatment facility



Waste Reduction and Disposal

Waste reduction is at the core of GB Auto's sustainability plans. As such, the company is constantly seeking more efficient resource utilization and recycling methods. With regards to

waste and hazardous material disposal, GB Auto has entrusted industry professionals under the supervision of the Ministry of Environment to carry out the task.



Waste material disposal facility



# Corporate Social Responsibility



Collaboration between the Ghabbour Foundation and Governmental Partners

69

donations by GB Auto in 2021

5

vocational schools developed

346

graduates since 2020

40

theoretical teachers

LE/MN

30-35

annual funding for Ghabbour Foundation

825

students enrolled

60

trainers



The Company's social development efforts are weaved in with its ability to develop vocational education and training.

## Ghabbour Foundation for Development

The vast majority of the Company's social development efforts are weaved in with its ability to develop vocational education and training in its areas of expertise. With decades of experience in the automotive field, GB Auto is exceedingly familiar with the shortage in qualified personnel and the widening gap between the quality of vocational school graduates and the competitive requirements of the industry. In 2017, GB Auto launched the Ghabbour Foundation for Development to fulfill its social responsibilities and address the imperative need to develop vocational education towards driving social progress and meeting workforce demands.

The Foundation, in collaboration with the governmental partners, offers three-year vocational education and training through five schools, serving over 825 students, in specialization areas such as automotive mechatronics, body repair and automotive paint. Trainees are able to join the job market instantly upon graduation following accreditation exams offered by the German Arab Chamber of Industry and Commerce (AHK), which tests the knowledge, skills and application of material covered over the duration of the program in accordance with the German Dual Education System requirements. The Foundation partners with Saxony International School Middle East (SIS ME) to provide academic oversight and management assistance in the schools it develops.



Orientation Day presentation



Orientation Day participants



Orientation Day in collaboration with the Ministry of Education and Technical Education





Violence-Free Schools Initiative



Ghabbour Foundation for Development schools



# The Foundation Graduates its Second Class

In November 2021, Ghabbour Foundation celebrated the graduation of its second class from Imbaba Automotive Vocational Training Center as well as the first class of graduates from Muharam-Bek and Kafr El-Zayat Automotive Vocational Training Centers. The Foundation hosted a graduation celebration which was sponsored by ExxonMobil Egypt and attended by representatives from the Ghabbour Foundation, GB Auto, Ministry of Trade and Industry, SIS ME, AHK as well as the Foundation’s long-standing partners and supporters Starchem Trade, El Shiaty Foundation and Banque Misr Foundation for Community Development.

Graduates received certificates of accreditation from AHK, certificates for completion of studies from SIS ME as well as the Egyptian Diploma for Apprenticeship from the Productiv-



ity and Vocational Training Department. Top students from each of the three schools were recognized for their achievements and presented with financial awards offered jointly with ExxonMobil Egypt. Moreover, graduates received offers of employment at GB Auto as well as other large automotive companies that liaise with the Foundation’s career office and were introduced to franchising opportunities that would allow them to start their own businesses, if they choose, with the support of El Mikaneeky, a GB Auto affiliate company.



2021 Graduating Class



Ghabbour Foundation’s vocational education students

# Ghabbour Foundation Schools Open their Doors to Girls

For the first time in the automotive vocational education domain in Egypt, girls have joined Ghabbour Foundation’s schools in the 2021-2022 academic year to pursue their dream of becoming the first fully qualified class of female automotive technicians. The overwhelming demand from female students is a powerful testimony of the positive paradigm shift overtaking the Egyptian society in terms of gender equality and the distribution of roles. Ghabbour Foundation is delighted to be part of this transformational journey and commits to provide women with career opportunities that meet their full potential in a fair, secure and motivational environment.



Ghabbour Foundation school





## Newly Signed Agreements in 2021

### Ministry of Education and Technical Education

In February 2021, Ghabbour Foundation signed a collaboration protocol with the Ministry of Education and Technical Education officiating the launch of Ghabbour-1 and Ghabbour-2 Applied Technology Schools located in May 15th and 6th October cities. The two new schools bring the Foundation to a total of five vocational schools. The agreement falls within the framework of the new vocational education system 2.0 which aims to involve industry experts in fulfilling the requirements of both local and international market needs as well as establishing an adequate balance between education based on working and in-class learning. It also aligns with Ghabbour Foundation's objective to develop the ecosystem of vocational education in order to boost employability that meets the demands of national economic and social development plans and enhance the overall perception of vocational education.



Signing of Collaboration Protocol between Ghabbour Foundation and the Ministry of Education

### Goethe-Institut and Ideas Gym

The world today is rapidly evolving and technology is at the center of this evolution. In order to provide students with a chance to enhance their IT skills, Ghabbour Foundation collaborated with Goethe-Institut and Ideas Gym to introduce Arduino courses that best complement the students' education. The courses first cover the basic concepts of controlling circuits projects, designing and c-programming. At a more advanced level, the Arduino course paves the way for students interested in joining the Future Engineering in World Robot Olympiad Association, which inspires STEM education worldwide and inspires youth to be digital pioneers.

### El-Shiaty Foundation and Starchem Trade

In June 2021, Ghabbour Foundation signed a protocol of collaboration with Hamed El-Shiaty Foundation and Starchem Trade. As per the agreement, El-Shiaty Foundation will cover the cost of education and training for 22 students in the automotive paint specialization at Ghabbour-1 and Ghabbour-2 Applied Technology Schools and Starchem Trade will provide training materials and tools required by the students.



Signing of Agreement Protocol with Hamed El Shiaty Foundation and Starchem Trade





## Collaboration with Little Flock Foundation

In 2021, Ghabbour Foundation partnered with The Little Flock Foundation to provide students from remote governorates, particularly Upper Egypt, the opportunity to join schools developed by the Foundation in Cairo. In this partnership, The Little Flock Foundation provides students with housing accommodation, transportation and mentorship throughout the duration of their studies.

The Little Flock Foundation recognizes the need to invest and empower the marginalized segments of society with a particular focus on children and youth to align with the United Nation's 2030 commitment to leave no one behind. The collaboration has allowed Ghabbour Foundation to have a more meaningful impact in less privileged areas of Egypt.

## El Mikaneeky Franchising Opportunities

El Mikaneeky, a company established by GB Auto and Wahdan Auto Group, launched a franchising program that targets graduates of vocational schools looking to launch their own businesses under its umbrella. The program provides training, orientations, counseling, and shadowing for one-to-two years at GB Auto or El Mikaneeky's service centers across different job functions that pertain to running a service center. Eligible candidates also receive specialized training and counsel from the program's German partner Bosch. Moreover, and through its affiliate companies, GB Auto provides candidates with funding support in the form of facilitated loans with minimum interests during the first three years of operation. El Mikaneeky believes that the Foundation's graduates will provide added value to the company as they expand its operations nationwide while leading their own ventures, providing employment opportunities in their communities and demonstrating the expertise and professionalism they acquired through their studies. El Mikaneeky's operations further supports GB Auto's objective of improving lives and bolstering the economy.

## Employment Opportunities for Graduates

In April 2021, Ghabbour Foundation held its second annual Career Day for graduating students. Representatives from top automotive companies as well as GB Auto and GB Polo were invited to meet with prospective candidates and assess their qualifications. Between the events held in Alexandria and Cairo, 260 students presented their resumes and were invited for interviews.

In addition to Career Day, in 2020 the Ghabbour Foundation established an in-house Career Office, which connects graduates to potential employers in the automotive industry. The Career Office adopts a comprehensive career services model that includes pre- and post-hiring support, soft skills courses and one-on-one counseling sessions that assist graduates in identifying their career path and achieving their long-term goals.

## GB Ventures

GB Ventures is an incubator that combines the automotive and financial know-how of GB Auto with the aim to empower Egyptian startups led by ambitious founders to grow in the market and expand their businesses. GB Ventures' acceleration program supports startups with the needed funding, expertise, resources and networks, thus creating an enabling environment for innovation and entrepreneurship for founders to develop their strategies and take their businesses to the next level. Furthermore, selected startups receive office spaces at GB Academy and benefit from GB Auto's financial support, shared services and the executive team's mentorship.



Career Day Booth



Career Day for Graduating Students



2021 Graduating Class



2021 Graduation Ceremony



Ghabbour Foundation for Development installation



# Hyundai’s Sponsorships in 2021

## GB Auto at the CIB Egyptian Squash Open 2021

2021 has been an incredible year for Egyptian athletes who brought home more medals than ever before in a number of international competitions, including the Olympics. Egypt also hosted various international sport competitions throughout the year. Hyundai Egypt played a key role in many of these

competitions, supporting both athletes and fans alike. Hyundai gave away 10 cars to the top 10 players at the CIB Egyptian Squash Open, which saw athletes compete for the title at the foot of the Great Pyramids of Giza in a stellar performance.



CIB Egyptian Squash Open



2022 Tuscon at the Egyptian Squash Open



## BeFit 360 Automotive Sponsor

BeFit 360 is Egypt’s leading fitness hub with 15 facilities across the country. This summer, GB Auto acted at BeFit 360’s official automotive sponsor and awarded competition winners with fancy dinners and an opportunity to test-drive the latest Tucson and Elantra models. As Egypt continues to break barriers and reach new levels of sporting success, Hyundai will always be an active supporter.



BeFit winners



BeFit winners

## Zed Winter Festival 2021

Hyundai was the official automotive sponsor for the ZED Winter Festival 2021. ZED Park in Sheikh Zayed City hosts an annual winter festival bringing together an array of attractions, entertainment, carnival rides and food vendors. By

collaborating with ZED Winter Festival, Hyundai is able to further build on its brand equity and popularity especially as it launches its new generation of cars.



Hyundai at Zed Winter Festival



Hyundai at Zed Winter Festival



# Partnership with Egyptian Clothing Bank

GB Auto has partnered with the Egyptian Clothing Bank for the “من طفل إلى طفل” initiative, which allows GB Auto employees to donate clothes to children in need. Donation boxes are placed around GB Auto’s facilities and clothing items are packed and distributed by the Egyptian Clothing Bank.



GB Auto partnership with the Egyptian Clothing Bank



Donation boxes at GB Auto facilities

# Pulsar Rides

In 2021, GB Auto hosted the Pulsar Motorcycle Club and organized multiple Pulsar Rides throughout the year to destinations including Ain Elsokhna, Alexandria and Ismailiyah. The first of its kind activity, the ride raised brand awareness and attracted the community. Pre-ride preparations included

meetings with the selected riders to discuss ride instructions, safety and group riding techniques with a trainer. The ride was a great success and engaged participants through social media and in-person at the event with a series of activities.



Pulsar Ride participants



# Corporate Governance

## Board of Directors

GB Auto’s Board of Directors guides the company’s operations and monitors its performance to ensure transparency, mitigate risks, and provide advisory. The Board is led by professionals with extensive and diverse experience across public and private sectors in the region. These leaders’ collective expertise allows

them to assist the company in making strategic decisions and facilitate successes across the breadth of GB Auto’s operations. The Board consists of two executive and seven non-executive members, including five independent members.



**Dr. Raouf Ghabbour**  
Chairman of the Board of Directors

Dr. Ghabbour is the founder of the Ghabbour Group of Companies, which he began in-cepting in 1985. He launched his career at the tire division of his family’s auto-related trading business, where he quickly gained a commendable reputation in the market for his business savvy. Dr. Ghabbour went on to acquire agency agreements from global original equipment manufacturers, which he transformed into successful businesses. Today, he has successfully grown the Ghabbour Group of Companies to a leading auto-motive assembler and distributor in the Middle East and North Africa. He has chaired the Board since 2007.



**Mr. Nader Ghabbour**  
Chief Executive Officer

Mr. Ghabbour brings over 13 years of specialized experience in the automotive industry to his role, which he has cultivated through managerial and operational positions at GB Auto. Prior to this role, Mr. Ghabbour served as Group Chief Operating Officer, where he was responsible for a multitude of vehicular operations in Egypt and the region. Be-forehand, he had served as Passenger Car Chief Operating Officer and Project Manage-ment Officer Leader. Mr. Ghabbour trained in mergers and acquisitions at the London Business School in London. He holds a Bachelor of Arts in Business Administration from Boston University, and an MBA from IE Business School, Madrid. He has sat on the Board of Directors since 2012.



**Mr. Abbas El Sayed**  
Executive Director and Chief Financial Officer

Mr. El Sayed joined GB Auto in 2014 as Group Vice President Finance. He brings 14 years of experience with KPMG and Deloitte to his role, including one and a half years at KPMG UK LLP in the United Kingdom. Mr. El Sayed has vast experience in corporate finance, restruc-turing, strategic planning, audit, internal controls, advisory and compliance. He holds a Bachelor of Arts in Accounting from Ain Shams University. He is also a member of the Association of Chartered Certified Accountants (ACCA) in the UK and is a Certified Man-agement Accountant (CMA) in the USA. He has sat on the Board of Directors since 2019.



**Mr. Mansour Kabbani**  
Non-Executive Director

Mr. Kabbani brings over 30 years of experience to GB Auto, where he currently overseas group investments as well as the investor relations division. He joined GB Auto as Vice President for Project Coordination in 2015; and prior to this he spent ten years in the textile spinning industry before serving as Chief Financial Officer of Technological and Electrical Systems (TES) for two years. Between 1997 and 2015, Mr. Kabbani ran family investments and accumulated vast experience in capital markets. Alongside Dr. Ghab-bour and partners, he helped establish CITI in 1997, which later merged with GB Auto. He graduated from The American University in Cairo in 1981 with a Bachelor of Arts in Economics. He has sat on the Board of Directors since 2015.



**Mr. Mohamed Naguib**  
Non-Executive Director

Mr. Mohamed Naguib has served at the boards of various prominent banks and corporations in Egypt and has accumulated nearly 40 years of experience in the fields of Banking, Leasing and Credit. Between 2011 and 2018, Mr. Naguib was Chairman and Managing Director of SAIB Bank and prior to that as Vice-Chairman and Head of the Credit and Investment Com-mittee at Banque Misr. Mr. Naguib had also served at Misr International (MIBank) for over 20 years as General Manager of Credit and Marketing before joining Incolease as Member of the board from 2000 till 2010. Furthermore, Mr. Naguib served as Non-Executive Chairman of Misr Bank-Europe in Germany for two years as well as his membership of the boards of the National Bank of Egypt, the Civil Aviation Finance Holding Company, and the Small and Medium Sized Projects Fund among many others. Mr. Naguib has attended various banking and credit seminars across the United States and the UK in addition to retaining a CPA cer-tification in the state of Colorado for 12 years. Mr. Naguib holds a bachelor’s in Accounting from Cairo University and an MBA from the American University in Cairo. He has sat on the Board of Directors since 2019.





**Mr. Mounir Fakhry Abdelnour**  
Non-Executive Director

Mr. Mounir Fakhry Abdelnour is currently the Chairman of Beltone Financial Holding (BHF) and of Rashidi El Mizan, and Member of the Board of Directors of Audi Bank, Ghabbour Auto, EDITA, and Domty. He also acts as Senior Adviser for Rothschild & Co., one of the world’s largest independent financial advisory groups. Mr. Abdelnour, between 2011 and 2015, was Minister of Tourism, Minister of Investments and Minister of Trade and Industry; between 2006 and 2011, Secretary General of the Wafd Party; and between 2000 and 2005, leading the opposition in the Egyptian Parliament. Prior to joining the Egyptian Cabinet, Mr. Abdelnour was founder and Chairman of Hero Middle East and Africa, previously Société Egypto-Française pour les industries agro-alimentaires (Vitrac), member of the Board of Directors of Egypt Arab African Bank, Founder and Managing Director of Egyptian Finance Company, Vice President of American Express Bank and representative of Banque de l’Union Européenne Paris in Egypt and the Middle East. Mr. Abdelnour was a member of the Board of Directors of the Federation of Egyptian Industries, the Egyptian Competition Authority, the Cairo Stock Exchange and the Egyptian Expo and Convention Authority. He has also served as Chairman of the Egyptian Center for the Economic Studies. Mr. Abdelnour earned his undergraduate degree in Statistics from the Faculty of Economics and Political Science from Cairo University and a Master’s degree in Economics from the American University in Cairo. He has sat on the Board of Directors since 2016.



**Ms. Lobna El Dessouky**  
Non-Executive Director

Ms. ElDessouky leverages over two decades of professional experience in a wide range of sectors to fulfill her numerous advisory and board roles. She is currently an independent member of the Advisory Board of Alexandria Business Association Small and Micro Enterprise Project, independent Board and Audit Committee member at Cleopatra Hospital Company, Advisor for the European Bank for Construction and Development’s Enterprise Growth Program, and is an Advisor to the Audit Committee at Qalaa Holdings, having served as a member of the committee from December 2012 to 2014. Prior to this, she spent six years as Group Chief Financial Officer at Asec Holding and served on the Group’s board for eight years. Ms. El Dessouky spent most of her career with Coca Cola Egypt, starting as Head Office Financial Controller in 1997 and eventually working her way to Group Chief Financial Officer in 2001 where she served till 2006. She began her career at PricewaterhouseCoopers as part of the audit staff in 1993, ending her stint at the company as Audit Senior in 1997. She has also been highly involved in teaching since 1997, she worked with Eslsca Business School, Edinburgh Business School, The American University in Cairo (AUC), and The Regional Information Technology Institute (RITI) in association with Maastricht School of Management (MSM). Ms. El Dessouky holds a bachelor’s degree in Commerce from Helwan University and an MBA in Management Consultancy from Sheffield University, United Kingdom. She is a CPA, CFM, and CMA holder and is also a Member of the Association of Corporate Governance Practitioners and a Certified Director from the Egyptian Institute of Directors. She has sat on the Board of Directors since 2020.



Member Name	Feb 25th	May 11 <sup>th</sup>	Aug 11 <sup>th</sup>	Sep 16 <sup>th</sup>	Nov 14 <sup>th</sup>	Dec 20 <sup>th</sup>	Attendance Rate
Dr. Raouf Ghabbour	Attended	Attended	Attended	Attended	Attended	Attended	6/6
Mr. Nader Ghabbour	Attended	Attended	Attended	Attended	Attended	Attended	6/6
Mr. Abbas El Sayed	Attended	Attended	Attended	Attended	Attended	Attended	6/6
Mr. Mansour Kabbani	Attended	Attended	Attended	Attended	Attended	Attended	6/6
Mr. Mohamed Naguib	Attended	Attended	Attended	Attended	Attended	Attended	6/6
Mr. Mounir Fakhry Abdelnour	Attended	Attended	Attended	-	Attended	Attended	5/6
Ms. Lobna El Dessouky	Attended	Attended	Attended	-	Attended	Attended	5/6



## Board Committees GB Auto Committees

GB Auto’s Board of Directors has three standing committees that assist in fulfilling its responsibilities and ensure it is able act in the best interest of shareholders and stakeholders. The committees constitute a crucial element of the corporate governance framework by facilitating the implementation of transparent processes that provide the Board with credible oversight into the Company’s financial performance and operations.

### Audit Committee

In accordance with EGX listing rules, the Board has established an Audit Committee, consisting of four experienced non-Executive members, three of whom are independent. The Audit Committee

ensures objective reporting on the company’s performance, with specialized focus on financial operations and risk management. Its responsibilities include ensuring the following:

- The soundness and integrity of GB Auto’s financial statements
- GB Auto’s full compliance with relevant legal and regulatory requirements set forth by the Egyptian Stock Exchange and the Egyptian Capital Markets Authority
- The appointment of qualified, independent external auditors
- The effective performance of the internal audit function, by regularly reviewing its guidelines, procedures, and results to guard against corruption and improve efficiency across the company

Member Name	Position	Feb 23 <sup>rd</sup>	May 9 <sup>th</sup>	Aug 9 <sup>th</sup>	Nov 9 <sup>th</sup>	Attendance Rate
Ms. Lobna El Dessouky	President	Attended	Attended	Attended	Attended	4/4
Mr. Mounir Abdelnour	Member	Attended	Attended	Attended	Attended	4/4
Mr. Mansour Kabbani	Member	Attended	Attended	Attended	Attended	4/4
Mr. Mohamed Naguib	Member	Attended	Attended	Attended	Attended	4/4

### Remuneration Committee

The Board of Directors relies on the Remuneration Committee to achieve the following:

- Outline the company’s remuneration policy
- Advise on all matters pertaining to the company’s pay and benefits frameworks
- Advise on methods to further integrate transparency into the company’s remuneration process, which includes the compensation structure for the chairman, executive directors and senior management

Fees and other payments made out to non-executive directors do not fall under the purview of the Remuneration Committee. The payment structure is reviewed by a sub-committee comprised of the chairman and up to two executive directors of the Board.

Member Name	Position	Feb 25 <sup>th</sup>	Attendance Rate
Mr. Mounir Abdelnour	President	Attended	1/1
Ms. Lobna El Dessouky	Member	Attended	1/1
Mr. Mansour Kabbani	Member	Attended	1/1
Mr. Mohamed Naguib	Member	Attended	1/1

### Corporate Governance Committee

The Corporate Governance Committee assists the Board of Directors by ensuring the following:

- Communication between the Board and executive management prioritizes the interest of shareholder and plays an effective role in serving the functionality of the company
- The company maintains and updates an overarching corporate governance framework by regularly assessing the guidelines in place and making recommendations for needed advancements
- Company-related strategic decisions and opportunities are evaluated and acted upon as needed
- Management is held accountable to the Board by means of structures set in accordance with applicable laws, regulations and industry best practices
- Recommendations are made to the Board on new candidates, for election or appointment
- Risks are identified and mitigated in line with GB Auto’s relevant policies and procedures

Member Name	Position	Feb 25 <sup>th</sup>	Nov 14 <sup>th</sup>	Attendance Rate
Ms. Lobna El Dessouky	President	Attended	Attended	2/2
Mr. Mounir Abdelnour	President	Attended	Attended	2/2
Mr. Mansour Kabbani	Member	Attended	Attended	2/2
Mr. Mohamed Naguib	Member	Attended	Attended	2/2

Through its crisis evasion platform, GB Auto implements a risk mitigation and management framework that identifies and manages potential risks; tightens internal controls; and optimizes operational efficiency. The framework supports the company’s business strategy and operations while adhering to its vision and mission; oversees the effective and efficient use of resources; confirms the accuracy of financial reporting; and ensures compliance with applicable laws and regulations including FRA and EGX requirements.

### Business Continuity

Companies need to be predictive and proactive in their decision-making to ensure their businesses operate with minimal disruptions. Exposure to events such as a pandemic, supply chain issues, failed processes or policy breaches, have the potential to negatively impact our financial and operational results; therefore, a robust Business Continuity and Crisis Management policy is crucial to our success.

GB Auto follows an emergency Business Continuity and Crisis Management policy that is followed by all individuals present on GB Auto’s premises, with implementation overseen by the

Chairman of the Board, the Group Chief Operating Officer and the Business Continuity Planning Committee (BCPC). Outside active incidents, the BCPC tests responses to potential crises and collaborates with the Crisis Management Control Committee (CMCC) to formulate the company’s appropriate official responses and courses of actions. Both committees may also request the support of the company’s auditors to ensure correct application.

### Anti-corruption Efforts

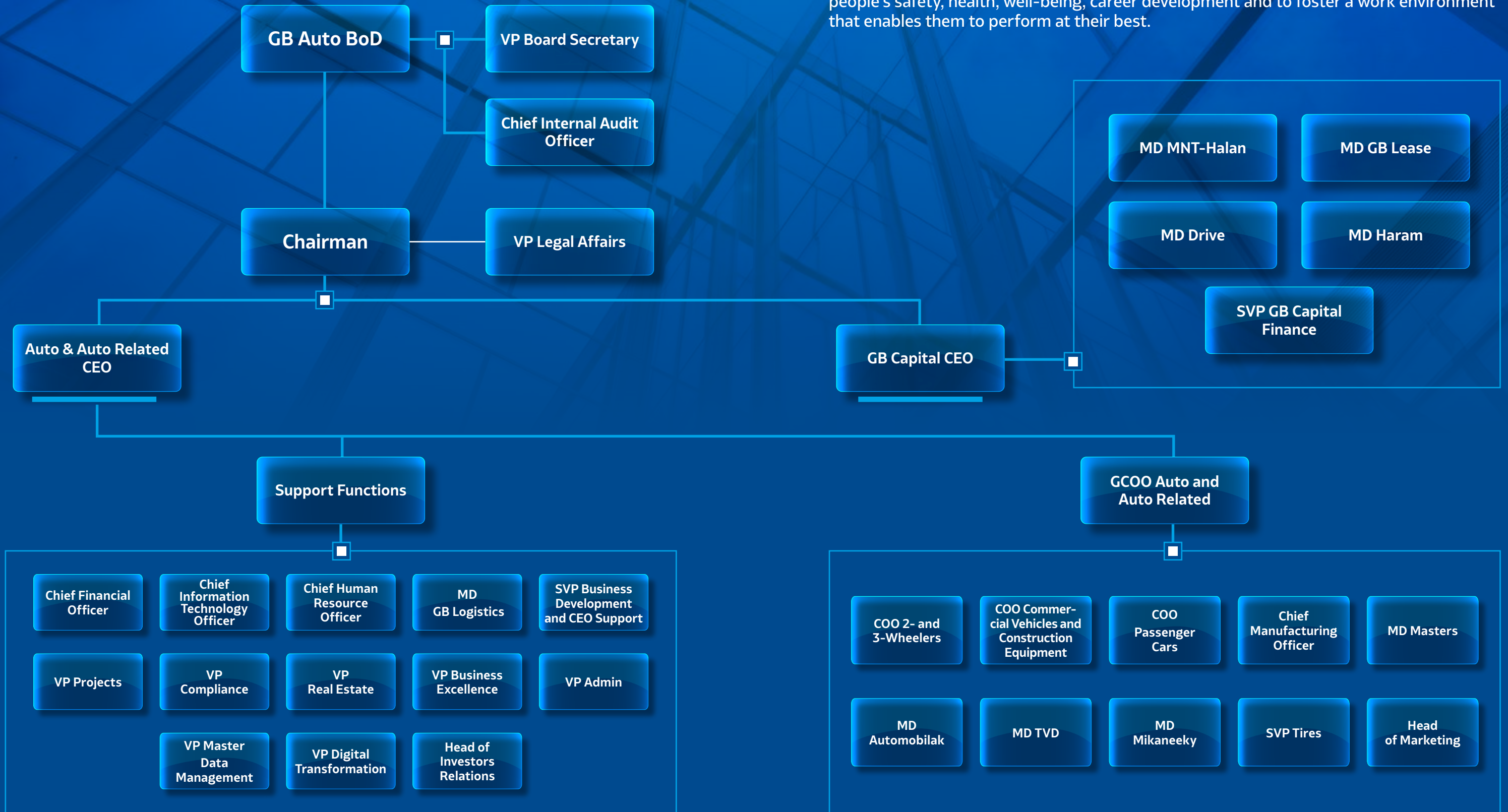
GB Auto aims to foster a work environment free from any corruption or illicit activity. To support these efforts and our commitment to operate with integrity, we continue to enhance our policies and procedures as well as the code of conduct. The policies establish consistent company-wide standards that address corruption and bribery and help guide our day-to-day business activities. GB Auto adopts a zero-tolerance policy against any deviation from the best practices outline in the policy that may harm the company or its stakeholders.

Risks are identified and mitigated in line with GB Auto’s relevant policies and procedures



# OUR PEOPLE

At GB Auto, we truly believe that our people are our greatest strength. Our team's personal commitment and professional expertise are the driving force behind our company's success story. We have made an unwavering commitment to prioritize our people's safety, health, well-being, career development and to foster a work environment that enables them to perform at their best.



# Executive Management

GB Auto's highly qualified executive management team brings profound multidisciplinary experience to the company's divisions and lines of business.



**Dr. Raouf Ghabbour**  
Chairman of the Board of Directors

Dr. Ghabbour is the founder of the Ghabbour Group of Companies, which he began incepting in 1985. He launched his career at the tire division of his family's auto-related trading business, where he quickly gained a commendable reputation in the market for his business savvy. Dr. Ghabbour went on to acquire agency agreements from global original equipment manufacturers, which he transformed into successful businesses. Today, he has successfully grown the Ghabbour Group of Companies to a leading automotive assembler and distributor in the Middle East and North Africa. He has chaired the Board since 2007.



**Mr. Nader Ghabbour**  
Chief Executive Officer

Mr. Ghabbour brings over 13 years of specialized experience in the automotive industry to his role, which he has cultivated through managerial and operational positions at GB Auto. Prior to this role, Mr. Ghabbour served as Group Chief Operating Officer, where he was responsible for a multitude of vehicular operations in Egypt and the region. Beforehand, he had served as Passenger Car Chief Operating Officer and Project Management Officer Leader. Mr. Ghabbour trained in mergers and acquisitions at the London Business School in London. He holds a Bachelor of Arts in Business Administration from Boston University, and an MBA from IE Business School, Madrid.



**Mr. George Sedky**  
Chief Human Resources Officer

Mr. George Sedky has two decades of experience in personnel management, having held positions in the Human Resources divisions of several major corporations. He has a long track record of success in recruiting and gaining top talent, organizational transformation, and building cultures of engagement. He was successful in re-engineering GB Auto's Human Resources department goals and practices, aligning them with the Group's strategic business goals. He is specialized in strategic management and planning; directing all HR functions; introducing new methodologies that maximize performance through training and development; compensation and benefits; and organizational development. He holds a BSc. In Aerospace Engineering from Cairo University and an MBA with an HR Specialization from Arab Academy for Science, Technology and Maritime Transport.



**Mr. Kamal Khafagy**  
Chief Information Technology Officer

Mr. Khafagy joined GB Auto as SVP Business Solutions in the IT department in 2015 and is currently the Chief Information Technology Officer. He came to GB Auto with more than 22 years of experience, most of it was gained from KPMG, Saudi Telecom, and Oger International. During his career, he contributed to enabling business transformation; implementing business-oriented and value-driven information systems aligned with organizational strategies and objectives. He has diverse business and IT knowledge in the sectors of automotive, manufacturing, construction, retail, and telecom.



**Ms. Cherine Kallal**  
Senior Vice President Business Development & CEO Support

Ms. Cherine Kallal joined GB Auto in November 2011 and currently spearheads the Group's Business Development Division in her capacity as Senior Vice President Business Development. She is responsible for overseeing the successful execution of business development initiatives and strategic projects as part of the Group's growth strategy. She also directs the Group's China based unit. In January 2016, Ms. Kallal was appointed as CEO Support in addition to her Business Development role, where she directly supports the Group's CEO in designated operational and organizational tasks. In her roles, she is a member of the Group's Executive Committee and Management Steering Committees. A diligent and results-oriented strategist with strong experience in structured planning and cross-functional management; Ms. Kallal spent several years in the Telecom services sector where she served in several roles prior to joining GB Auto Group. Ms. Kallal holds a BSc in Mechanical Engineering from Loughborough University in UK.



**Ms. Odette Gamil**  
Chief Internal Audit

Mrs. Odette Gamil joined Ghabbour in September 2013 as Senior Vice President –CEO Assistant. Mrs. Gamil has 22 years of experience in finance and internal audit, including 14 years in multinational companies (Nestle & Heineken). Prior to joining GB Auto, Mrs. Odette was Head of Internal Audit for Heineken Egypt for 5 years. Before the 9 years spent in Nestle Egypt, she held positions in finance, budgeting and reporting, financial analysis, costing and cost analyst and ended her career in Nestle as cost controller. In May 2017, Mrs. Gamil was appointed as the Head of Internal Audit in GB Auto. She has graduated from the Faculty of Commerce at Ain Shams University.



## GB Auto & Auto-Related Management



**Mr. Ramez Adeeb**  
Chief Manufacturing Officer

Mr. Ramez Adeeb joined GB Auto in 1995, holding a number of positions and gaining experience in functions including planning, engineering, and quality control until he left the company in 2001 for a position as a project manager at RITEC Consultancy. Mr. Adeeb rejoined GB Auto in 2003, garnering additional experience in the segments of localization management, aggregate planning, sales technical support, industrial projects management and, finally, the group technical support directorship. Mr. Adeeb graduated with a Bachelor's degree from Cairo University's Mechanical Engineering Department in 1993. He served as a Research Assistant in Rotor Dynamics and Vibration at Cairo University from 1994-95. He earned an MBA in Marketing Management from the Netherlands' Maastricht School of Management in 2005.



**Mr. Abbas El Sayed**  
Chief Financial Officer

Mr. El Sayed joined GB Auto in 2014 as Group Vice President Finance. He brings 14 years of experience with KPMG and Deloitte to his role, including one and a half years at KPMG UK LLP in the United Kingdom. Mr. El Sayed has vast experience in corporate finance, restructuring, strategic planning, audit, internal controls, advisory and compliance. He holds a Bachelor of Arts in Accounting from Ain Shams University. He is also a member of the Association of Chartered Certified Accountants (ACCA) in the UK and is a Certified Management Accountant (CMA) in the USA.



**Mr. Ghassan Kabbani**  
Chief Operating Officer of Two- and Three-Wheelers

Mr. Ghassan Kabbani brings more than 30 years' experience to GB Auto. He first worked in the family textile business from 1980 through 1994, when he left to join T.E.S. sheet metal. In 1996, together with Dr. Ghabbour and other partners, he established CITI (a two- and three-wheeler company). In 2007 CITI merged with GB Auto, at which time Mr. Kabbani joined the company. Mr. Kabbani graduated from AUC in 1979 with a BA in Economics and Business Administration.



**Mr. Karim Gaddas**  
Group Chief Operating Officer

Mr. Karim Gaddas joined GB Auto in 2015 as Chief Executive Officer of Tires, boasting 20 years of experience in general management, operations, and sales and marketing. In the last 16 years he occupied various positions at Pirelli that included headquarter-level roles in Milan and regional-level roles in Paris, Cairo, Alexandria, and Dubai. In addition to being the Global Sales Director for BU trucks, the CEO of the company's Middle East and India operations, and the CEO of African and Egyptian operations, Mr. Gaddas also served as Pirelli's Vice Chairman. He was also a member of the board at the Alexandria Tire Company for eight years. Mr. Gaddas began his career in 1996 at Gewiss, an electrical materials company based in Bergamo, Italy, where he was the Area Manager for Central America, the Middle East, and Africa. He holds a B.A. in Business Administration from the Sup de Co Montpellier in France and an MBA from SDA Bocconi in Milan, Italy.



**Mr. Ahmed Fathy**  
Senior Vice President, Tires

Mr. Ahmed Fathy brings over sixteen years of experience in the automotive and engineering fields to his role at GB Auto. Prior to his current role, he served across a plethora of positions at the Group, which include VP Commercial Vehicles in the Heavy Trucks, Trailers and Superstructure Department, as well as Division Head B2B, Trucks Sales Manager B2B and Trucks Senior Sales Engineer B2B for Volvo. Before joining GB Auto, Mr. Fathy held the position of Sales Engineer at Cairo Hydraulic Group. He has a BSc in Engineering from the faculty of Engineering in Zagazig University, and a mini-MBA in management from the Knowledge Academy.



**Mr. Ibrahim Naguib**  
Chief Operating Officer of Passenger Car Operations

Mr. Ibrahim Naguib has accumulated over 15 years of experience in the automotive industry. Mr. Naguib currently serves as Chief Operating Officer of the Passenger Car Operations where he is responsible for both Sales and After Sales operations. Mr. Naguib first joined GB Auto in 2003 as the Tires Department General Manager where he managed to double the business turnover in a period of three years. In 2007, he took charge of the Commercial Vehicles business where he managed to grow sales volumes and expand market share. In 2009, he assumed the role of Sales and Marketing Director for the Hyundai and Mazda franchises. After briefly relocating abroad, Mr. Naguib returned to GB Auto in 2016 where he was appointed SVP of the Passenger Cars sales operations where under his leadership, market share surged to an unprecedented 36%. Mr. Naguib holds a BA from the American International University in London, UK and an MBA from the Maastricht School of Management, The Netherlands.

# GB Capital Management



**Mr. Sherif Tawadros**  
Senior Vice President Finance

Mr. Tawadros is currently the Senior Vice President Finance for GB Capital. He has under his belt over 29 years of experience in the field of finance in Treasury & Cash Management, Banking, Leasing Company Portfolio Management, Financial & Strategic planning. He holds a BA in Business Administration and MBA from the American University in Cairo.



**Mr. Mounir Nakhla**  
Founder and CEO of MNT - Halan

Mr. Nakhla is the Founder and CEO of MNT - Halan, Egypt’s largest and fastest growing lender to the unbanked. Due to Mr. Nakhla’s entrepreneurial drive, shrewd management style and hands-on, bias-for-action approach to problem-solving, Halan is positioned to being the fastest growing Fintech player in the region with two million downloads surpassed and the facilitation of millions of transactions. Prior to Halan, Mr. Nakhla established what is now Egypt’s largest microfinance company in 2015 and an asset-based microfinance company in 2010 that focused on selling 2- and 3-wheelers, where both companies have disbursed more than USD 1.7 billion since inception. Nakhla holds a Master of Science in Environment & Development from the London School of Economics (2003), and a Bachelor of Science in International Business Studies from the European Business School (2000).



**Mr. Ahmed Ossama**  
Drive Chairman and MD

Mr. Ahmed Ossama holds the position of Chairman and MD of Drive. He has under his belt over two decades of experience in accounting and finance across a broad range of industries, including telecoms, petroleum, manufacturing, mining, and financial institutions. He holds a BA in Accounting from Helwan University.



**Mr. Hisham Helmy**  
Haram Tourism & Transport MD

Mr. Hisham Helmy joined GB Capital in 2021 as Managing Director (Executive) for Haram Tourism & Transport (HTT). He brings more than 30 years of experience in tourism and transportation services to GB Capital. Mr. Helmy gained his accumulative experience by joining multinational franchisees such as Hertz, Thrifty, Dollar, SIXT, as well as the American Telecom giant Lucent Technologies (AT&T). He also served in several major national entities such as New Shahd Limousine (Abu Ghali Group), Alkan Travel (Alkan Group), and Corplease (CI Capital). Before joining GB Group, Mr. Helmy has been functioning during the last 17 years in the role of General Manager. He holds a Bachelor of Arts in English Language and Literature from Cairo University.



**Mr. Sherif Sabry**  
GB Lease Chairman and MD

Mr. Sherif Sabry is the Chairman and MD of GB Lease, having held the post since 2008 when he was appointed to manage the restructuring of the company upon GB Auto Group’s acquisition of the firm under its financing arm. He has been a member of the GB Auto family since 1995 in several capacities, including Group Treasury Division Head and Group Treasury Director. He holds a BA of Commerce from Cairo University and an MBA in Finance and Banking from Maastricht School of Management. He is also a graduate of the Chase Manhattan Bank Credit Program.



## Recruitment

At GB Auto, we are focused on growing our business and making strategic talent acquisitions to attract calibers who can join us in achieving this goal. GB Auto places great emphasis on its people and strives to ensure that its hiring process adheres to its equality and diversity statements in a way that objectively evaluates candidates based on qualifications and competencies rather than age, race, gender or religion. In 2021, the company is very proud to have hired a total of 6,124 employees, of which 31% were female and 69% male hires. To complement its hiring efforts, GB Auto facilitates the success of its new employees by ensuring they are properly onboarded and effectively introduced to their new roles as well as relevant company policies, systems and processes. Additionally, GB supports employees with special needs and ensures they are provided with resources that cater for their individual needs on the job.

Promoting diversity, inclusion and non-discriminative behavior is a central pillar in GB Auto's recruitment strategy. The company prides itself on nurturing an environment for all talented and committed individuals and supporting underrepresented segments of the community. The automotive industry in Egypt has been known to lack gender diversity. To that end, we have leveraged our 2020 women empowerment initiative "More than just a lady" to launch GBforShe 2021, a month dedicated to celebrating GB ladies through a series of interviews that promote their great efforts, sacrifices and success stories. Additionally, to celebrate International Women's Day, GB Auto compiled a video where women engineers shared firsthand their experiences as the first women to lead a team of technicians on several production lines.



## Employee Recognition and Engagement

### GB Super Heroes

The GB Super Hero program aims to recognize and reward employees who have accomplished extraordinary achievements within the company. The Award recipient's contributions are innovative and tie into the values and strategic plans of the company. GB Auto is delighted to shed light on the recipients' stellar performances and celebrate their accomplishments amongst staff. In promoting employee recognition initiatives, GB Auto aims to incentivize and motivate employees across the organization to perform at the highest level.

### GB Auto Employee Satisfaction Survey

The "Employee Engagement Survey" was started in 2019 to foster an open feedback environment and gather insight to accurately identify best practices and focus on improvement opportunities. We believe that these insights will highly contribute to the reinforcement of positive organizational change. To ensure confidentiality and anonymity, this survey is managed on behalf of GB Auto by an independent third party to encourage the expression of ideas, suggestions and opinions. While it normally takes place bi-annually, the 2020 survey was postponed to 2021 due to the COVID-19 pandemic. Great results were achieved in 2021 with an 83% participation rate and results highlighting various positive indicators and enhancements.

### Team Building

GB Auto believes that a strong team goes beyond just having a group of experts in one room, it is in fact, the way these highly skilled individuals interact with each other and work collaboratively to complete tasks. Team Building initiative is an all-encompassing term the company uses for various types of activities that enhance social relations and define roles within teams, including:

- Aligning overall goals
- Building effective working relationships
- Reducing team members' role ambiguity
- Finding solutions to team problems

### GB Academy's Team Day

This year's Team Day had a beautifully colored Aswany/ Nubain theme. The objective of the day was to enhance the concept of diversity, getting to know and appreciate the Egyptian Aswany culture through exposure to visitors from Aswan, sharing hand-made products that convey local history, along with a show representing the Aswany folklore.

A mini-display was set for some of the famous Aswany hand-made products, herbs and incenses. Later, a Nubain folklore show took place on the tunes of some of their local music. GB Academy's team participated in a series of team-building activities focused on ownership and teamwork. Part of the day was dedicated to strengthening team spirit among the academy team members through fun, colorful, learning games and activities.





Skip Level Meeting

A Skip Level Meeting connects HR Business Partners to employees at all levels across the hierarchy. It is an opportunity for management to hear firsthand from employees about their day-to-day, challenges they might face and gather their thoughts on changes or improvements that have the potential to boost productivity and enrich their work environment. The primary

objective of the meeting is to assure that communication and transparency are effectively integrated within the company’s framework and to create a culture where constructive improvements can be implemented. The initiative has thus far been an invaluable success with hundreds of insightful conversations held and countless changes enacted.

GB Families

Our employees are our people and their children are part of the GB Family. This year on World’s Children Day, we held GB Got Talent Children’s Edition to turn the spotlight on our children’s hidden talents. Employees were asked to submit a video showcasing their little one’s talents be it singing, dancing, art, painting, reading or writing poetry, and we were impressed to say the least.

On the academic side, we are pleased to continue our annual Back to School initiative, which targets GB blue-collar employees to strengthen their role and the participation of their families in company activities. Per tradition, 3,500 school supply boxes and a flyer outlining the year’s competition were distributed across GB locations. This year, children were asked to produce a product made of recyclable material and their creativity amazed us.



GB People Facebook Group

The COVID-19 pandemic accentuated the need to be connected with others and widened the scope of virtual platforms to engage people socially. This is why GB Auto created the GB People Facebook Group, a new communication channel to bring employees

closer and promote organizational alignment. Since its creation in April 2021, the group has garnered 1,200 followers and continues to grow.

Talent Management and Organizational Development

360 Survey

In line with GB Auto’s goal to foster a supportive work environment and continuously improve performance across the organization, the company’s leadership relies on the 360 Feedback program. The program was designed to provide people managers with comprehensive review of their leadership skills based on feedback from their direct managers, peers, subordinates and their own self-assessment. The 360 Survey ensures anonymity for its participants, thus providing raw and honest feedback that has proven to be very effective as a tool for change. The program addresses the following five key pillars when assessing managers:

- Trust and Integrity
- Teamwork and Collaboration
- Communication and Influencing
- Drive for Results
- Inspiring and Engaging

GB Stars

GB Stars is one of GB Auto’s development programs that has been created to cultivate an encouraging environment that provides employees with the personal and professional development required to ascend to management roles within the company. Every year the talent team conducts an assessment process to select candidates for the program based on current competencies and potential for growth. The program includes mentoring, development activities and on the job hands-on assignments designed to prepare the selected individuals for future managerial roles within the company.

Ignition Program

In 2013, GB Auto launched the Ignition Program as a way of providing fresh graduates with the opportunity to launch their careers with the company. Despite 2021 being a challenging year for everyone in the Ignition program, it still managed to develop and enhance the growth of 11 talented young calibers in different departments. Throughout the program, the graduates received supervision and support from mentors and the talent management team, while being introduced to the different work aspects of their respective departments. The rotation plans also encourage the graduates to effectively apply their prior knowledge and experiences to their new contexts. The program shapes an agile

group of young talent with exposure to the professional work environment and introduces a fresh perspective to the company. The success of this year’s group despite the challenges shows great potential for the coming year where another 24 participants will be joining the program.

GB Academy

Encouraging employees to pursue development opportunities and advance their careers is an integral part of GB Auto’s commitment to its people. GB Academy was established in 2011 and is currently managed by Saxony International School. The primary objective of the Academy is to meet the learning and development needs within the organization to ensure a sustainable and ever-growing business. As such, the Academy provides a range of vocational and technical trainings that cover topics including after-sales, technical practices, business, computer skills, corporate knowledge and leadership skills. In 2021, GB Academy provided a total of 52,150 training hours to 10,430 attendees.



GB Auto Middle Management Program

The Golden Circle is a program that targets all managers ranging from SVPs to managers of staff and front-liners across GB Auto. This year’s objective was to empower top tier leaders to lead themselves, teams and the whole company to reach its greatest potential by catering to their needs, offering them knowledge, know-how and the right mindset to achieve results. The program aims to enhance leadership skills and introduce the concept of business simulation by taking on different roles in the business and seeing how it affects the profit and loss of the organization.



Compensation and Benefits

Underpinning our commitment to supporting our people is a focus on maintaining the wellbeing, satisfaction and motivation of our employees to enable them to achieve their goals and thrive. In

addition to wages and salaries, GB Auto employees are enrolled in a rich benefit scheme that covers their needs and rewards their hard work.

All Employees	Blue-collar Employees	Need-to Basis
<ul style="list-style-type: none"><li>• Life insurance</li><li>• Medical insurance</li><li>• Pension scheme</li><li>• Company buses</li><li>• Loans</li></ul>	<ul style="list-style-type: none"><li>• Back-to-school packages</li><li>• Ramadan food packages</li><li>• Meal allowance</li></ul>	<ul style="list-style-type: none"><li>• Company car</li><li>• Mobile phone</li><li>• Travel allowance</li></ul>



Health and Safety

Occupational safety is of utmost importance to protect and maintain the health of our workforce. GB Auto is committed to ensuring and certifying the highest level of occupation safety at all its facilities and requires that all employees comply with company regulations on health and safety. The company underwent inspections by EGESCO Quality in 2020 to verify that occupational health and safety at its premises is benchmarked against the highest standards in the industry. The certification body confirmed the company’s compliance with ISO 14001-2015 for environmental management and ISO 45001-2018 for occupational health and safety across its locations in Abu Rawash and Sadat City.

The health and safety of our employees goes beyond the operational hazards of the job on premises. Our comprehensive initiatives include a partnership with Cleopatra Hospi-

tals Group for free breast cancer screening for all GB ladies that covers mammograms and tumor marker screenings. Early detection is key and so we have encouraged all women at GB Auto to make use of this initiative and to reach out to the GB medical team to discuss the process or answer any questions. Moreover, on World Autism Awareness Day, GB Auto shared with employees material on autism, signs parents could look out for with their children as well as treatment and early intervention options available for autistic children.

COVID-19 Response

As the COVID-19 pandemic evolves through the emergence and progression of new variants, GB Auto continues to take decisive measures to limit its impact on the company’s people and operations. A dedicated crisis management team

comprised of management and deputies from different functions is entrusted with assessing the developing risks facing GB Auto’s people and business continuity to introduce necessary safeguards. Multiple precautionary measures have been implemented under the umbrella of health, safety and operational wellbeing and our time will continue to monitor the ongoing COVID-19 situation closely.

Hygiene and Personal Protection

Since the start of the pandemic, GB Auto hired a specialized company to provide sanitization services across the company headquarters, showrooms and service centers as well as disinfect all fleet vehicles and high-touch points twice a day. Furthermore, personal protection equipment (PPE), including gloves and masks, is distributed daily to all employees on company premises and must be worn at all times.



Social Distancing

Throughout 2021, the primary aim was to ensure GB Auto’s ability to operate while at the same time protecting the health of its staff. The company implemented company-wide safety measures to decrease face-to-face communication and effectively apply social distancing protocols to reduce contact risk and limit the spread of COVID-19. GB Auto also introduced digital alternatives by strengthening virtual communications through zoom meetings and video conferences, which enabled to employees to perform their duties remotely, if needed without disruptions.

Vaccine Deployment

The rollout of vaccines is an essential step forward in the collective efforts to slow the spread of COVID-19 and ultimately ending the global pandemic. GB Auto in collaboration with

the Ministry of Health and Population held a multi-day vaccine campaign for all GB employees and we are pleased to share that over 2,800 employees received their first and second doses of the COVID-19 vaccine in 2021.



GB Sustainable Face Masks

GB Auto distributes sustainable reusable masks (up to 30 washes), produced in accordance with WHO standards, to all its employees on a monthly basis. GB masks are required to be worn at all times by all employees while on premises.

GB Auto Sheds Light on Mental Health

GB Auto is partnered with Shezlong, the first online psychotherapy platform in the MENA region which provides access to professional licensed therapists, to raise awareness and mobilize support for mental health issues. On World Mental Health Day, GB Auto distributed #MentalHealthMattersToo brochures to educate employees on mental health in the workplace, how to cope with daily stress during the COVID-19 pandemic and outline the resources available through Shezlong. Additionally, employees were provided with promo codes and discounts to access Shezlong’s services.





# FINANCIAL STATEMENTS



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2021

(All amounts in thousand Egyptian Pound)	Note No.	31 December 2021	31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, equipment and projects under construction (Net)	(16)	4 208 324	4 167 572
Assets right of use	(17)	440 333	-
Intangible assets and goodwill	(18)	449 990	453 238
Payments under investment	(31)	54 528	72
Investment in associate	(35)	622 910	97 904
Other investments	(36)	104 000	-
Long term notes receivables (Net)	(12)	5 758 369	4 779 240
Deferred tax assets	(10-B)	331 341	540 627
Investment property	(19)	90 905	90 905
Debitors and other debit balances	(14-A)	688 262	153 379
<b>Total non-current assets</b>		<b>12 748 962</b>	<b>10 282 937</b>
<b>Current assets</b>			
Inventories (Net)	(11)	4 203 342	3 367 987
Accounts and notes receivables (Net)	(13)	10 239 476	7 106 385
Debitors and other debit balances (Net)	(14-B)	2 787 409	1 697 179
Due from related parties	(34)	193 228	337 332
Cash on hand and at banks	(15-A)	1 935 644	1 797 830
<b>Total current assets</b>		<b>19 359 099</b>	<b>14 306 713</b>
<b>Total assets</b>		<b>32 108 061</b>	<b>24 589 650</b>
<b>Equity</b>			
Issued and paid in capital	(20)	1 094 010	1 094 010
Treasury bills	(21)	( 8 510)	( 8 000)
General risk reserve	(40)	49 472	-
Legal reserve	(22)	523 961	451 064
Other reserves	(23)	2 140 621	2 156 417
Private risk reserve - Non banking financial service	(39)	90 399	-
Retained Earning		547 392	17 653
Net Profit for the year		1 477 953	916 955
<b>Equity attributable to shareholders of the parent</b>		<b>5 915 298</b>	<b>4 628 099</b>
Non-controlling interests	(24)	1 649 730	1 485 969
<b>Total equity</b>		<b>7 565 028</b>	<b>6 114 068</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans	(26)	3 514 992	3 582 377
Long term notes payables and creditors		588 088	325 082
Right of use Liability		327 299	-
Warranty provisions	(28)	13 909	3 697
Deferred tax liabilities	(10-B)	348 657	359 105
<b>Total non-current liabilities</b>		<b>4 792 945</b>	<b>4 270 261</b>
<b>Current liabilities</b>			
Provisions	(28)	225 970	185 011
Current tax liabilities	(10-A)	351 279	296 730
Loans, borrowings and overdrafts	(26)	13 628 224	10 459 290
Due to related parties	(34)	125 998	120 198
Trade payables and other credit balances	(27)	5 418 617	3 144 092
<b>Total current liabilities</b>		<b>19 750 088</b>	<b>14 205 321</b>
<b>Total liabilities</b>		<b>24 543 033</b>	<b>18 475 582</b>
<b>Total equity and liabilities</b>		<b>32 108 061</b>	<b>24 589 650</b>

\* The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith.

Group Chief Financial Officer  
Executive Board Member

**Abbas Elsayed**

Executive Board Member

**Nader Ghabbour**

# CONSOLIDATED STATEMENT OF INCOME

For the financial year ended

(All amounts in thousand Egyptian Pound)	Note No.	31 December 2021	31 December 2020
<b>Continuing operations</b>			
Operating revenue		31 437 533	23 310 764
Operating cost		(25 134 960)	(18 546 406)
<b>Gross profit</b>		<b>6 302 573</b>	<b>4 764 358</b>
Other income	(6)	229 992	425 605
Selling and marketing expenses		(1 849 389)	(1 369 201)
General and administrative expenses		(1 576 850)	(1 243 943)
Provisions and Impairment of Current and Non-Current assets (Net)	(8)	( 104 027)	(272 871)
<b>Operating results</b>		<b>3 002 299</b>	<b>2 303 948</b>
Finance costs (Net)	(7)	( 551 569)	( 779 114)
Investment in associates losses	(35)	( 39 416)	-
Investment liquidation losses		( 1 176)	-
<b>Net profit for the year before income tax</b>		<b>2 410 138</b>	<b>1 524 834</b>
Income tax (expense)	( 10-C )	( 563 274)	(408 773)
<b>Net profit for the year</b>		<b>1 846 864</b>	<b>1 116 061</b>
<b>Attributable to:</b>			
Shareholder's of the parent company		1 477 953	916 955
Non-controlling interests		368 911	199 106
		<b>1 846 864</b>	<b>1 116 061</b>
Basic earnings(EGP/Share)	(9)	1.352	0.844

\* The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended

(All amounts in thousand Egyptian Pound)	Note No.	31 December 2021	31 December 2020
Net profit for the year after income tax		1 846 864	1 116 061
<b>Other comprehensive income items</b>			
Foreign currency translation difference		(14 825)	( 108 194)
Modification surplus of fixed assets result		(22 284)	(30 467)
<b>Total other comprehensive income for the year before income tax</b>		<b>( 37 109)</b>	<b>( 138 661)</b>
Income tax related to other comprehensive income item		4 886	9 716
<b>Other comprehensive income for the year after income tax</b>		<b>( 32 223)</b>	<b>( 128 945)</b>
<b>Total other comprehensive income for the year</b>		<b>1 814 641</b>	<b>987 116</b>
<b>Other comprehensive income is attributable to:</b>			
Shareholder's of the parent company		1 470 097	836 144
Non-controlling interests		344 544	150 972
		<b>1 814 641</b>	<b>987 116</b>

\* The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith.



# CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

For the financial year ended

31 December 2021		Shareholder's equity of the parent company							Shareholder's equity of the parent company						
(All amounts in thousand Egyptian Pound)	Note No.	Share capital	Legal reserve	Treasury Bills	Foreign currency translation reserve	"ESOP (Fair value) reserve"	Revaluation surplus of fixed assets reserve	Share premium (Special reserve)	General risk reserve	Private risk reserve - Non banking financial service	Retained Earning	Net profit for the year	Total	Non-Controlling interests	Total equity
Balance at December 31, 2020		1 094 010	451 064	( 8 000)	1 057 721	88 882	97 833	911 981	-	-	20 333	916 955	4 630 779	1 485 969	6 116 748
Adjustments on opening balance															
Invsetment in associate losses	(35)	-	-	-	-	-	-	-	-	-	( 2 680)	-	( 2 680)	-	( 2 680)
Adjustments		-	-	-	-	-	-	-	-	-	( 17 551)	-	( 17 551)	( 11 534)	( 29 085)
Balance at December 31, 2020 Restated		1 094 010	451 064	( 8 000)	1 057 721	88 882	97 833	911 981	-	-	102	916 955	4 610 548	1 474 435	6 084 983
Transferred to retained earnings		-	-	-	-	-	-	-	-	-	916 955	( 916 955)	-	-	-
Total comprehensive income															
Net profit for the year		-	-	-	-	-	-	-	-	-	-	1 477 953	1 477 953	368 911	1 846 864
Modification surplus of fixed assets after income tax (Net)		-	-	-	-	-	( 17 398)	-	-	-	22 285	-	4 887	-	4 887
Other Comprehensive income items		-	-	-	9 542	-	-	-	-	-	-	-	9 542	( 24 367)	( 14 825)
Total comprehensive income		-	-	-	9 542	-	( 17 398)	-	-	-	22 285	1 477 953	1 492 382	344 544	1 836 926
Transactions with owners of the Company															
The impact of applying the new Egyptian standards.		-	-	-	-	-	-	-	-	-	15 016	-	15 016	22 732	37 748
General risk reserve		-	-	-	-	-	-	-	49 472	-	( 49 472)	-	-	-	-
Private risk reserve - Non banking financial service		-	-	-	-	-	-	-	-	90 399	( 90 399)	-	-	-	-
Decrease capital of subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	( 80 471)	( 80 471)
Change in non-controlling interests without changing in control		-	16 634	-	-	-	-	-	-	-	197 832	-	214 466	( 250 664)	( 36 198)
Dividends Distrbution		-	-	-	-	-	-	-	-	-	( 408 664)	-	( 408 664)	( 154 414)	( 563 078)
Purchase Treasury Bills		-	-	( 8 510)	-	-	-	( 30 172)	-	-	-	-	( 38 682)	-	( 38 682)
Selling Treasury Bills		-	-	8 000	-	-	-	22 232	-	-	-	-	30 232	-	30 232
Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	293 568	293 568
Transferred to legal reserve		-	56 263	-	-	-	-	-	-	-	( 56 263)	-	-	-	-
Total Transactions with owners of the company		-	72 897	( 510)	-	-	-	( 7 940)	49 472	90 399	( 391 950)	-	( 187 632)	( 169 249)	( 356 881)
Balance at December 31, 2021		1 094 010	523 961	( 8 510)	1 067 263	88 882	80 435	904 041	49 472	90 399	547 392	1 477 953	5 915 298	1 649 730	7 565 028

\* The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith.

# CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

For the financial year ended

31 December 2020	Shareholder's equity of the parent Company						Shareholder's equity of the parent Company					
(All amounts in thousand Egyptian Pound)	Share capital	Legal reserve	Treasury bills	Foreign currency translation reserve	"ESOP (Fair value) reserve"	Revaluation surplus of fixed assets reserve	Share premium (Special reserve)	Retained Earning/Carry forward (Losses)	Net profit for the year	Total	Non-Controlling interests	Total equity
Balance at December 31, 2019	1 094 010	381 508	-	1 117 779	88 882	118 584	916 801	22 596	42 674	3 782 834	1 364 896	5 147 730
Transferred to retained earnings	-	-	-	-	-	-	-	42 674	( 42 674)	-	-	-
Total comprehensive income												
Net profit for the year	-	-	-	-	-	-	-	-	916 955	916 955	199 106	1 116 061
Modification surplus of fixed assets after income tax(Net)	-	-	-	-	-	( 20 751)	-	30 469	-	9 718	-	9 718
Other Comprehensive income items	-	-	-	( 60 058)	-	-	-	-	-	( 60 058)	( 48 706)	( 108 764)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 60 058)</b>	<b>-</b>	<b>( 20 751)</b>	<b>-</b>	<b>30 469</b>	<b>916 955</b>	<b>866 615</b>	<b>150 400</b>	<b>1 017 015</b>
<b>Transactions with owners of the company</b>												
Change in non-controlling interests without changing in control	-	-	-	-	-	-	-	( 5 850)	-	( 5 850)	( 6 410)	( 12 260)
Dividends Distribution	-	-	-	-	-	-	-	-	-	-	( 65 504)	( 65 504)
Purchase Treasury Bills	-	-	( 10 000)	-	-	-	( 9 570)	-	-	( 19 570)	-	( 19 570)
Selling Treasury Bills	-	-	2 000	-	-	-	4 750	-	-	6 750	-	6 750
Capital increase	-	-	-	-	-	-	-	-	-	-	42 587	42 587
Transferred to legal reserve	-	69 556	-	-	-	-	-	( 69 556)	-	-	-	-
<b>Total Transactions with owners of the company</b>	<b>-</b>	<b>69 556</b>	<b>( 8 000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 4 820)</b>	<b>( 75 406)</b>	<b>-</b>	<b>( 18 670)</b>	<b>( 29 327)</b>	<b>( 47 997)</b>
<b>Balance at December 31, 2020</b>	<b>1 094 010</b>	<b>451 064</b>	<b>( 8 000)</b>	<b>1 057 721</b>	<b>88 882</b>	<b>97 833</b>	<b>911 981</b>	<b>20 333</b>	<b>916 955</b>	<b>4 630 779</b>	<b>1 485 969</b>	<b>6 116 748</b>

\* The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith.



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended

(All amounts in thousand Egyptian Pound)	Note No.	31 December 2021	31 December 2020
Net profit for the year before tax		2 410 138	1 524 834
<b>Adjustments for:</b>			
Interest expense	(7)	733 545	918 196
Depreciation and amortization for the year	(16,17,18)	420 369	310 190
Provisions movements (net)	(28)	125 247	53 884
Impairment losses on current assets (net)		44 709	212 268
Interest income	(7)	( 170 032)	( 152 421)
Gain from sale of property, plant, equipment and assets held for sale	(6)	( 57 023)	( 295 049)
Investment in associates losses		39 416	-
Investment liquidation losses		1 176	-
		<b>3 547 545</b>	<b>2 571 902</b>
<b>Changes in:</b>			
Inventories		( 836 794)	435 028
Accounts and notes receivables		(4 033 848)	(2 412 847)
Debtors and other debit balances		(1 605 003)	377 273
Due from related parties		( 137 186)	( 63 213)
Due to related parties		5 800	46 555
Payment rent for asset right of use		( 66 245)	-
Proceeds from loans and borrowings		2 625 908	1 155 212
Trade payables and other credit balances		1 958 692	391 910
<b>Cash provided from operating activities</b>		<b>1 458 869</b>	<b>2 501 820</b>
Provisions used		( 74 077)	( 93 852)
Income tax paid		( 305 001)	( 245 099)
Dividends paid		( 109 428)	( 65 504)
<b>Net cash provided from operating activities</b>		<b>970 363</b>	<b>2 097 365</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant, equipment and projects under constructions		( 467 981)	( 707 765)
Paid for Acquisition of non controlling interest		( 206 010)	-
Proceeds from sale of shares from subsidares		273 750	-
Acquisition of intangible assets		( 2 451)	( 2 964)
Interest income received		132 919	152 421
Payment under investment		( 54 456)	-
Payment for investment in associate		( 9 750)	( 42 550)
Payment for other investments		( 104 000)	-
Proceeds from sale of property, plant, equipment and assets held for sale		166 482	514 278
<b>Net cash (used in) investing activities</b>		<b>(271 498)</b>	<b>( 86 580)</b>
<b>Cash flows from financing activities</b>			
Proceeds from non controlling interest to increase capital of subsidiaries		588	42 587
Payment to Purchase Treasury bills		( 38 682)	( 19 570)
Dividends Distribution		( 299 236)	-
Dividends paid -minority equity		( 154 414)	-
Gain From selling Treasury bills		30 232	6 750
Proceeds from loans and borrowings		475 641	( 776 660)
Decrease capital of subsidiary		( 80 471)	-
Long-Term notes payable		263 006	161 578
Interest expense paid		( 766 910)	( 924 860)
<b>Net cash(used in) financing activities</b>		<b>( 570 246)</b>	<b>(1 510 175)</b>
<b>Net Increase/Decrease in cash and cash equivalents</b>		<b>128 619</b>	<b>500 611</b>
Cash and cash equivalents at the beginning of the year		1 797 830	1 408 948
Effect of movements in exchange rates on cash and cash equivalents		9 542	( 111 729)
<b>Cash and cash equivalents at end of the year</b>	<b>(15-B)</b>	<b>1 935 991</b>	<b>1 797 830</b>

\* The accompanying notes form an integral part of these consolidated financial statements, and to be read therewith.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended December 31,2021

(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

## 1. Background of the Group

GB Auto Co. is an Egyptian joint stock Company incorporated on July 15,1999 under the name of GB Capital for Trading and Capital Lease and under Law No. 159 of 1981, and was registered in the commercial register under No. 3422, Cairo.

Based on the decision of the Extraordinary General Assembly Meeting held on April 26, 2007, it has been agreed to change the Company's name to be GB Auto. This amendment was registered in the commercial register on May 23, 2007.

The Company is domiciled in the Industrial Zone – Abou Rawash Kilo meter 28 Cairo – Alexandria Desert Road, Arab Republic of Egypt.

The Company and its subsidiaries (will be referred to as “the Group”) main activities include trading, distributing and marketing of all transportation means including heavy trucks, semi-trucks, passenger cars, buses, mini buses, micro buses, agriculture tractors, pick-ups, mechanical tools equipment for sail movement and motors with their different structures and types whether locally manufactured and imported new and used ones and trading in spare parts, accessories whether locally manufactured or imported and tires for vehicles and equipment whether locally manufactured or imported. The Group also undertakes import and export activities, selling locally manufactured and imported products for cash, on credit or through finance leasing and microfinance. Also trade in all goods including light truck and sale by instalments and provide services of factoring and nonbanking financial services. The factoring services intended to buy existing and future rights of sellers of goods and services and provide related services.

The major shareholder's of the Company are Dr. Raouf Ghabbour and his family who collectively owns approximately 62.89% of the Company's shares as at December 31, 2021.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on February 24, 2021.

## 2. Basis of preparation of consolidated financial statements

The consolidated interim financial statements have been prepared in accordance with an updated Egyptian Accounting Standards (EAS) and the related Egyptian laws and regulations.

The Company's management adopted the special accounting treatment stated in annex (A) of the modified Egyptian Accounting Standard no. (13) as amended in 2015, “The Effects of Changes in Foreign Exchange Rates, whereby both the cost and accumulated depreciation of some fixed assets categories are modified using modification factors which are stated in the above- mentioned annex.

On August 14, 2018, Law No. 176 of 2018 was issued, regulating the activities of financial leasing and factoring. And article 1 of this law stipulates the abolition of Law No. 95 of 1995 on financial leasing.

The Ministry of Investment and International Cooperation issued Resolution No. 69 of 2019 on April 7, 2019, amending some provisions of the Egyptian accounting standards, including the abolition of the Egyptian Accounting Standard No. (20) rules and accounting standards related to financial leasing and replaced it with the Egyptian Accounting Standard No. (49) leasing contracts.

The Egyptian standard is applied to financial periods beginning on or after January 2020. Early application is permitted if Egyptian Accounting Standard (48) “ Revenue from Contracts with Customers 2019 ” is applied at the same time. As an exception, the first date of application shall be the beginning of the annual report period in which the Financial Leasing Law No. 95 of 1995 -and its amendments - was abolished, The issuance of the Financial Leasing and Factoring Activities Law No. 176 of 2018 (January 1, 2018) for financial leasing contracts that were subject to Law 95 of 1995 as well as contracts that are subject to Law 176 of 2018 and were to be processed in accordance with the Egyptian Accounting Standard No. (20) “Accounting Rules and Standards” Related to finance lease “

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. Given the current circumstances that the country is going through due to the outbreak of the new Corona virus and its Economic and financial effects related to it, in addition implementing prevention measures and countering its spread from imposing restrictions on the presence of human resources in companies at their full capacity on a regular basis. The Higher Committee for the Review of Egyptian Accounting Standards , Limited review, and Other Verification Tasks Formulated by Prime Minister Decision No. 909 of 2011 which states that the application of the New Egyptian Accounting standards can be postponed and the amendments related to this issued by decision No. 69 on the annual financial statements of these companies at the end of 2020 and include the combined effect for the whole year By the end of 2020 the laws have been postponed again on January 1, 2021, based on the Prime Minister’s Decision No. 1871 of 2020 .The most prominent amendments are as follows:

- Egyptian Accounting Standard No (47) Financial Instrument
- Egyptian Accounting Standard No (48) Revenue from contracts with customers
- Egyptian Accounting Standard No (49) Operating lease

The company has assessed the impact of the new accounting standards and applied them from 1 January 2021

### 3. Functional and presentation currency

The consolidated financial statements are presented in Egyptian Pounds which is the Group’s functional currency.

### 4. Use of judgement and estimates

- In preparing the consolidated financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed on an ongoing basis.
- The recognition of the change in accounting estimates in the period in which the change in estimate, if the change affects only that period, or in the period of change and future periods if the change affects both.

### A. Measurement of fair value

- The fair value of financial instruments determines based on the market value of a financial instrument or similar financial instruments at the date of the financial statements without deducting any estimate future costs of sale. The financial asset values determine at current prices for the purchase of those assets, while determining the value of financial liabilities at current prices, which could be settled by those commitments.
- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the transactions price that has recently or be guided by the current fair value of other instruments which is substantially similar. Or the use of discounted cash flow or any other evaluating method that leads to results can rely on it.
- When using the discounted cash flow method as a way for the evaluation, the future cash flows are estimated based on the best estimates of management. And determined the discount rate used in the prevailing market price at the date of the financial statements of financial instruments are similar in nature and terms.

### 5. Operating Segments

- The Group has the following four operational segments, which are its reportable segments to top management. These segments offer different products and services and are managed separately because they require different technology and marketing strategies.
- The following summery describes the operations for each reportable segment:

Reportable segment	Operations
Passenger car	Trading, distributing and marketing for all kinds of passenger cars, whether locally manufactured or imported.
Buses and trucks	Trading, distributing and marketing for all kinds of heavy trucks, semi-trucks, buses, mini buses, micro buses, agriculture tractors, whether locally manufactured or imported.
2 & 3 Wheels	Trading, distributing and marketing for all kinds of 2 & 3 Wheels, whether locally manufactured or imported.  Providing services of factoring and financial services non-banking.
Financial Services non-Banking	The factoring services intended to buy existing and future rights of sellers of goods and services and provide related services and selling the locally and imported goods and products by cash or post-paid financial leasing, small financing entities in all kinds of goods and trading such as light transportation and selling it by installments.
Other Operations	Trading spare parts, and its accessories whether locally manufactured or imported, tires for vehicles and equipment whether locally manufactured or imported and exported.

### A. Total Revenue

	December 31, 2021	December 31, 2020
Passenger car	47.13%	44.94%
Buses and trucks	4.05%	4.10%
2 & 3 Wheels	19.09%	20.11%
Financial Services non-Banking	20.73%	23.00%
Other Operations	9.00%	7.85%



## B. Revenue from foreign operations

	December 31, 2021	December 31, 2020
Passenger car	6.93%	19.68%
2 & 3 Wheels	34.55%	33.33%
Other Operations	0.00%	0.00%

## C. Segments results

	December 31, 2021	December 31, 2020
Passenger car	30.38%	22.23%
Buses and trucks	0.22%	1.70%
2 & 3 Wheels	16.65%	20.01%
Financial Services non-Banking	46.81%	48.56%
Other Operations	5.94%	7.50%

## D. Assets

	December 31, 2021	December 31, 2020
Passenger car	11.5%	12.0%
Buses and trucks	10.2%	7.9%
2 & 3 Wheels	8.4%	11.1%
Financial Services non-Banking	53.1%	49.5%
Other Operations	16.8%	19.5%

## E. Liabilities

	December 31, 2021	December 31, 2020
Passenger car	26.0%	30.6%
Buses and trucks	16.6%	13.0%
2 & 3 Wheels	1.3%	1.8%
Financial Services non-Banking	50.9%	50.4%
Other Operations	5.2%	4.2%

## F. Reconciliations of information on reportable segments to financial statements according to EASS

	December 31, 2021	December 31, 2020
<b>Revenues</b>		
Total revenues for operating segments	35 029 129	25 851 536
Elimination of inter-segment revenue	(3 591 596)	(2 540 772)
<b>Consolidated Revenue</b>	<b>31 437 533</b>	<b>23 310 764</b>
<b>Segments result</b>		
Gross profit for operating segment	6 384 396	4 792 215
Elimination of inter-segment gross profit	( 81 823)	( 27 857)
<b>Consolidated Gross Profit</b>	<b>6 302 573</b>	<b>4 764 358</b>
<b>Assets</b>		
Total assets for operating segments	52 141 142	42 368 159
Elimination inter-segment assets	(20 033 081)	(17 775 829)
<b>Total Consolidated Assets</b>	<b>32 108 061</b>	<b>24 592 330</b>
<b>Liabilities</b>		
Total Liabilities for operating segments	33 296 308	26 940 324
Elimination inter-segment Liabilities	(8 753 275)	(8 464 742)
<b>Total Consolidated Liabilities</b>	<b>24 543 033</b>	<b>18 475 582</b>

## G. Other martial amounts

	Total reportable segment	Adjustments	Total consolidated December 31, 2021
Finance income	170 032	-	170 032
Interest expense and Bank Charges	( 772 645)	39 100	( 733 545)
Capital expenditure	( 470 432)	-	( 470 432)
Depreciation and amortization	420 369	-	420 369

	Total reportable segment	Adjustments	Total consolidated December 31, 2020
Finance income	152 421	-	152 421
Interest expense and Bank Charges	( 924 906)	6 710	( 918 196)
Capital expenditure	( 710 729)	-	( 710 729)
Depreciation and amortization	310 190	-	310 190

## H. Operations results

	Passenger cars		Commercial vehicles		Two and three Wheelers		Financial Services Non Banking		Other operations		Total	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Operating revenue	14 817 588	10 487 743	1 271 724	957 959	6 000 667	4 694 114	6 516 668	5 337 844	2 830 886	1 833 104	31 437 533	23 310 764
Gross profit	1 914 736	1 058 559	13 656	81 169	1 049 118	988 761	2 950 260	2 314 409	374 803	321 460	6 302 573	4 764 358

	31-Dec-21	31-Dec-20
General and administrative expenses	(1 849 389)	(1 369 201)
Marketing and Selling expenses	(1 576 850)	(1 243 943)
Provisions and Impairment of Current and Non-Current assets (Net)	( 104 027)	( 272 871)
Other income	229 992	425 605
<b>Operating results</b>	<b>3 002 300</b>	<b>2 303 948</b>
Investment in associates losses	( 39 416)	-
Investment liquidation losses	( 1 176)	-
Finance cost(Net)	( 551 569)	( 779 114)
<b>Net profit for the year before income tax</b>	<b>2 410 138</b>	<b>1 524 834</b>
Income tax expense	( 563 274)	( 408 773)
<b>Net profit for the year</b>	<b>1 846 864</b>	<b>1 116 061</b>
<b>Attributable to:</b>		
Equity holders of the Company	1 477 953	916 955
Non-controlling interests	368 911	199 106
	<b>1 846 864</b>	<b>1 116 061</b>



## 6. Other Income

	December 31, 2021	December 31, 2020
Gain on sale of fixed asset	57 203	295 049
Scrap Sales	66 154	36 989
Commission for reissuance loans	43 564	36 915
Other revenues	26 309	19 518
Cash incentive revenue	6 510	19 466
Gain on transfer of ownership	-	6 663
Rent	30 252	11 005
	<b>229 992</b>	<b>425 605</b>

## 7. Finance Costs

	December 31, 2021	December 31, 2020
Interest income	149 652	122 933
Interest income on installment sales	20 380	29 488
Foreign exchange gain	11 944	( 13 339)
<b>Total Finance Income</b>	<b>181 976</b>	<b>139 082</b>
Interest expense and bank charges	( 733 545)	( 918 196)
<b>Total Finance Cost</b>	<b>( 733 545)</b>	<b>( 918 196)</b>
<b>Net Finance Cost</b>	<b>( 551 569)</b>	<b>( 779 114)</b>

## 8. Provisions and Impairment of Current and Non-Current assets

### Provisions no longer required

	December 31, 2021	December 31, 2020
Warranty provision	11 450	30 437
Impairment of accounts and notes receivables	131 229	14 711
Impairment of debtors and other debit balances	2 067	2 645
Other Provisions	7 657	20 152
Impairment of Cash and cash equivalents According to EAS 47	1 274	-
<b>Total provisions no longer required</b>	<b>153 677</b>	<b>67 945</b>

## Provisions formed

	December 31, 2021	December 31, 2020
Warranty provision	( 40 707)	( 51 092)
Impairment of accounts and notes receivable	( 148 534)	( 214 248)
Impairment of due from related parties	( 11 000)	-
Impairment of debtors and other debit balances	( 18 306)	( 2 099)
Legal Claims	-	( 1 038)
Impairment of Fixed assets	-	( 13 277)
Other provisions	( 39 157)	( 59 062)
<b>Total provisions formed</b>	<b>( 257 704)</b>	<b>( 340 816)</b>
<b>Net provisions in the income statement</b>	<b>( 104 027)</b>	<b>( 272 871)</b>

	Balance at 1/1/2021	Impairment during the period	Used during the period	Reversal of Impairment during the period	Effect of movements of exchange rates	the impact of the change in egyptian accounting standard charged on equity	Balance at 31/12/2021
Impairment of Accounts & Notes receivable	638 781	148 534	-	( 131 229)	( 1 184)	( 94 493)	560 409
Impairment of due from related parties	26 648	11 000	-	-	( 918)	-	36 730
Impairment of Debtors & Other debit balances	31 990	18 306	-	( 2 067)	( 968)	261	47 522
Impairment of Cash and cash equivalent	-	-	-	( 1 274)	-	1 621	347
	<b>697 419</b>	<b>177 840</b>	<b>-</b>	<b>( 134 570)</b>	<b>( 3 070)</b>	<b>( 92 611)</b>	<b>645 008</b>
Impairment of Inventory *	52 480	27 237	-	( 25 798)	-	-	53 919
	<b>749 899</b>	<b>205 077</b>	<b>-</b>	<b>( 160 368)</b>	<b>( 3 070)</b>	<b>( 92 611)</b>	<b>698 927</b>

\*The formation and reversal of inventory impairment are charged in cost of revenue at income statement.

## 9. Earnings per share

### i.Basic

Basic earnings per share is calculated by dividing net profit/(Loss) for the year (as it is shown in the previous paragraph), by the weighted average number of ordinary shares issued during the year.

	December 31, 2021	December 31, 2020
Net profit for the year attributable to the shareholders	1 477 953	916 955
Weighted average number of ordinary shares issued	1 093 524	1 086 298
Basic profit earnings per share/ EGP	<u>1.352</u>	<u>0.844</u>

## 10. Income tax

### A. Income tax liabilities

	December 31, 2021	December 31, 2020
Balance at 1 January	296 730	234 505
Taxes paid during the year	( 305 001)	( 245 099)
“Current income tax during the year (Note 10-C)”	359 550	307 324
Balance at the end of the year	<u>351 279</u>	<u>296 730</u>

## B. Deferred tax Asset and Liability

	Fixed Assets	Carried forward losses	Impairment of Inventory	Warranty Provision	Revaluation surplus of fixed assets	Notes payable	Capital Gains	Total	
								31-Dec- 21	31-Dec- 20
<b>Deferred tax assets</b>									
Balance at 1 January	11	355 563	4 173	44 305	-	136 574	-	540 626	618 310
Charged to the income statement	-	( 175 707)	132	145	-	( 33 855)	-	( 209 285)	( 77 683)
Balance at the end of the year	11	179 856	4 305	44 450	-	102 719	-	331 341	540 627
<b>Deferred tax liabilities</b>									
Balance at 1 January	( 297 220)	-	-	-	( 14 247)	-	( 47 638)	( 359 105)	( 345 055)
Charged to the income statement	( 9 231)	-	-	-	-	-	14 792	5 561	( 23 766)
Charged to Statement of comprehensive income	-	-	-	-	4 887	-	-	4 887	9 716
Balance at the end of the year	( 306 451)	-	-	-	( 9 360)	-	( 32 846)	( 348 657)	( 359 105)
<b>Net Balance at the end of the year</b>	<b>( 306 440)</b>	<b>179 856</b>	<b>4 305</b>	<b>44 450</b>	<b>( 9 360)</b>	<b>102 719</b>	<b>( 32 846)</b>	<b>( 17 316)</b>	<b>181 522</b>
<b>Net</b>									
Balance at 1 January	( 297 209)	355 563	4 173	44 305	( 14 247)	136 574	( 47 638)	181 521	273 255
Charged to the income statement (10-B)	( 9 231)	( 175 707)	132	145	-	( 33 855)	14 792	( 203 724)	( 101 449)
Charged to Statement of comprehensive income	-	-	-	-	4 887	-	-	4 887	9 716
Balance at the end of the year	( 306 440)	179 856	4 305	44 450	( 9 360)	102 719	( 32 846)	( 17 316)	181 522

. The deferred tax charge for revaluation surplus of fixed assets has been deducted in the consolidated statement of comprehensive income



### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the group can use the benefits therefrom.

	December 31, 2021	December 31, 2020
Impairment of accounts and notes receivables	126 092	143 726
Impairment of other debit balances	10 692	7 198

Liability for temporary differences related to investments in subsidiaries, associates and joint venture was not recognized because the group controls the timing of reversal of the related temporary differences and satisfied that they will not reverse in the foreseeable future.

### C. Income tax (expenses)

	December 31, 2021	December 31, 2020
Current income tax (Note 10-A)	( 359 550)	( 307 324)
Deferred tax – (Note 10-B)	( 203 724)	( 101 449)
<b>Income tax for the year</b>	<b>( 563 274)</b>	<b>( 408 773)</b>

### D. Amounts recognized in OCI

	December 31, 2021			December 31, 2020		
	Before Tax	Taxes	After Tax	Before Tax	Taxes	After Tax
Foreign Currency translation difference	( 14 825)	-	( 14 825)	( 108 194)	-	( 108 194)
Modification surplus of fixed assets cost	( 22 284)	4 886	( 17 398)	( 30 467)	9 716	( 20 751)
	<b>( 37 109)</b>	<b>4 886</b>	<b>( 32 223)</b>	<b>( 138 661)</b>	<b>9 716</b>	<b>( 128 945)</b>

## 11. Inventories

	December 31, 2021	December 31, 2020
Goods in transit	1 055 434	558 181
Cars, buses and trucks	1 536 578	1 338 961
Raw material and car components	736 660	767 392
Spare parts for sale	459 787	416 255
Work in progress	165 096	200 295
Tires	299 247	111 741
Oils	4 459	27 642
<b>Total</b>	<b>4 257 261</b>	<b>3 420 467</b>
Impairment of inventory *	( 53 919)	( 52 480)
<b>Net</b>	<b>4 203 342</b>	<b>3 367 987</b>

\* The formation and reversal of inventory impairment are charged in cost of revenue at income statement.

## 12. Long term notes receivables

	December 31, 2021	December 31, 2020
Long-term notes receivable	6 650 569	5 351 017
Interest income on installment sales	( 782 428)	( 497 081)
<b>Net present value for long-term notes receivable</b>	<b>5 868 141</b>	<b>4 853 936</b>
Impairment of long-term notes receivable	( 109 772)	( 74 696)
<b>Net</b>	<b>5 758 369</b>	<b>4 779 240</b>

## 13. Accounts and notes receivables

	December 31, 2021	December 31, 2020
Total notes receivable	10 541 069	7 546 402
<a href="#">Long-term notes receivable (Note 12)</a>		
Unamortized interest	( 782 428)	( 556 472)
<b>Net present value for short-term notes receivable</b>	<b>9 758 641</b>	<b>6 989 930</b>
Trade receivable	931 472	680 540
<b>Total</b>	<b>10 690 113</b>	<b>7 670 470</b>
Impairment of accounts and notes receivable balances	( 450 637)	( 564 085)
<b>Net</b>	<b>10 239 476</b>	<b>7 106 385</b>

The following table represents the decrease in the value of clients' balances and receivables according to the expected losses model on September 30, 2021:

### 1. Non Banking -Financial Services

	Stage 1: Expected credit losses over 12 months	Stage 2: Lifetime ECL is not credit impaired	Stage 3: Life Expected Credit Losses with impaired credit	Total
Account & notes recivables	12 178 461	1 449 316	631 159	14 258 936
<a href="#">Adjust:</a>				
Impairment of accounts and notes receivable balances	( 77 547)	( 18 064)	( 216 445)	( 312 056)
	<b>12 100 914</b>	<b>1 431 252</b>	<b>414 714</b>	<b>13 946 880</b>

## 2. Passenger cars, transport, buses and motorcycles sector - tuk-tuks and other operations

	The Balance	The percentage of expected losses	Decrease in the balance of account & notes receivable	Net
Notes Receivable	1 443 328	14%	( 196 910)	1 246 418
Trade receivables	453 849	1%	( 2 696)	451 153
From 1 to 30	127 878	2%	( 2 481)	125 397
From 31 to 60	81 772	4%	( 3 234)	78 538
From 61 to 90	18 318	7%	( 1 228)	17 090
From 91 to 120	33 143	7%	( 2 222)	30 921
More than 120	141 030	28%	( 39 582)	101 448
<b>Total</b>	<b>2 299 318</b>		<b>( 248 353)</b>	<b>2 050 965</b>

## 14. Debtors and other debit balances

### A. Long term debtors and other debit balance

	December 31, 2021	December 31, 2020
Debt securitization Companies	689 733	153 379
Provision of Expected credit loss	( 1 471)	-
	<b>688 262</b>	<b>153 379</b>

### B. Debtors and other debit balances

	December 31, 2021	December 31, 2020
Advance payments to suppliers	789 448	410 225
Withholding tax	450 966	302 681
Value added tax	41 378	172 679
Accrued interest	40 606	3 493
Accrued revenue	2 739	95 593
Letters of credit	791 566	345 557
Prepaid expenses	172 946	125 238
Security deposits with others	31 938	37 464
Letters of guarantee margin	285 919	134 797
Staff loans and custodies	37 004	33 113
Other debit balances	187 613	65 039
Customs duties	2 808	3 290
<b>Total</b>	<b>2 834 931</b>	<b>1 729 169</b>
Impairment of debtor and other debit balances	( 47 522)	( 31 990)
<b>Net</b>	<b>2 787 409</b>	<b>1 697 179</b>

## 15. Cash on hand and at banks

### A. Cash on hand and at banks

	December 31, 2021	December 31, 2020
Time deposits	359 595	353 258
Current accounts	1 308 674	1 132 586
Checks under collections	230 343	90 448
Treasury bills	37 379	221 538
<b>Total</b>	<b>1 935 991</b>	<b>1 797 830</b>
Impairment of Cash and cash equivalent According to EAS 47	( 347)	-
<b>Net</b>	<b>1 935 644</b>	<b>1 797 830</b>

### B. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and cash at banks	1 935 991	1 797 830
	<b>1 935 991</b>	<b>1 797 830</b>



## 16. Property, plant, equipments and projects under construction

	Land and Buildings	Machinery & equipment	Vehicles	Computers	Fixtures & furniture	Leasehold improvements	* Projects under construction	Total
<b>Cost</b>								
Cost at 1 January 2020	2 553 827	1 044 495	515 254	223 714	902 221	41 903	367 393	5 648 807
Additions during the year	82 526	16 020	224 515	32 358	44 844	32 681	274 822	707 765
Transferred from projects under construction to PP&E and intangible assets	7 506	74 541	-	742	56 131	1 504	( 160 867)	( 20 443)
Disposals during the year	( 175 974)	( 77 326)	( 76 019)	( 4 650)	( 6 994)	( 2 793)	( 1 693)	( 345 448)
Effect of cost modification using modification factor	-	-	( 4 028)	( 2 928)	( 2 396)	-	-	( 9 352)
Effect of movements of exchange rates	( 32 731)	( 1 396)	( 727)	( 270)	( 1 978)	( 386)	-	( 37 488)
<b>Balance at 31 December 2020</b>	<b>2 435 154</b>	<b>1 056 333</b>	<b>658 995</b>	<b>248 966</b>	<b>991 829</b>	<b>72 909</b>	<b>479 655</b>	<b>5 943 840</b>
Cost at 1 January 2020	2 435 154	1 056 333	658 995	248 966	991 829	72 909	479 655	5 943 840
Additions during the year	93 620	19 727	136 599	33 194	68 595	38 312	77 933	467 981
Transferred from projects under construction to PP&E and intangible assets	170 687	11 014	766	3 825	57 577	-	( 238 177)	5 692
Disposals during the year	( 44 373)	( 9 431)	( 89 029)	( 859)	( 12 790)	( 368)	( 15 318)	( 172 170)
Effect of cost modification using modification factor	-	-	( 1 112)	-	( 308)	-	-	( 1 420)
Effect of movements of exchange rates	( 10 496)	202	( 109)	( 16)	3 558	( 670)	-	( 7 531)
<b>Balance at 31 December 2021</b>	<b>2 644 592</b>	<b>1 077 846</b>	<b>706 108</b>	<b>285 110</b>	<b>1 108 461</b>	<b>110 183</b>	<b>304 093</b>	<b>6 236 392</b>
<b>Accumulated depreciation and impairment losses</b>								
Accumulated depreciation at 1 January 2020	299 904	577 503	178 871	173 212	350 603	25 495	-	1 605 588
Depreciation during the year	30 910	80 219	86 116	22 157	77 356	9 318	-	306 076
Disposals during the year	( 14 111)	( 69 269)	( 33 073)	( 3 645)	( 5 800)	( 322)	-	( 126 220)
Effect of accumulated depreciation modification using modification factor	-	( 5 147)	( 10 290)	( 2 928)	( 2 255)	-	-	( 20 620)
Impairment of fixed asset	-	-	-	-	-	-	13 278	13 278
Effect of movements of exchange rates	( 1 703)	( 27)	( 16)	( 3)	( 32)	( 54)	-	( 1 835)
<b>Accumulated depreciation at 31 December 2020</b>	<b>315 000</b>	<b>583 279</b>	<b>221 608</b>	<b>188 793</b>	<b>419 872</b>	<b>34 437</b>	<b>13 278</b>	<b>1 776 267</b>
Accumulated depreciation at 1 January 2020	315 000	583 279	221 608	188 793	419 872	34 437	13 278	1 776 267
Depreciation during the year	25 955	71 976	96 129	23 223	87 149	13 523	-	317 954
Disposals during the year	6368 -	( 8 073)	( 53 094)	( 831)	( 6 713)	( 368)	-	( 62 711)
Effect of accumulated depreciation modification using modification factor	-	( 674)	( 2 608)	8	( 631)	-	-	( 3 905)
Effect of movements of exchange rates	( 129)	59	95	125	537	( 224)	-	463
<b>Accumulated depreciation at 31 December 2021</b>	<b>347 194</b>	<b>646 565</b>	<b>262 130</b>	<b>211 318</b>	<b>500 214</b>	<b>47 368</b>	<b>13 278</b>	<b>2 028 068</b>
<b>Net carrying Amount</b>								
At 1 January 2020	2 253 923	466 992	336 383	50 502	551 618	16 408	367 393	4 043 219
At 31 December 2020	2 120 154	473 055	437 385	60 173	571 957	38 472	466 376	4 167 572
At 31 December 2021	2 297 397	431 281	443 978	73 792	608 247	62 815	290 815	4 208 324

\* Projects under construction represented in the cost of buildings, factories expansions and showrooms, which are being prepared and fixed for the group use

## 17. Asset Right Of Use

The company applied an Egyptian Accounting Standard No. (49) (lease contracts) as of January 1, 2021, and this resulted in the recognition of right of use assets and liabilities as follows:

	Land & building	Total
<b>Cost</b>		
Balance at 1 January 2021		
Asset right of use during the year	537 049	537 049
Balance at December 31, 2021	537 049	537 049
<b>Accumulated depreciation at 1 January 2021</b>		
Depreciation	96 716	96 716
Balance at December 31, 2021	96 716	96 716
Net carrying amount at December 31, 2021	440 333	440 333

The right of use is represented in renting warehouses and showrooms, which are used in the activities of the group companies.

## 18. Intangible assets and goodwill

	Goodwill	Computer software	Knowhow	Total
<b>Cost</b>				
Balance at 1 January	430 155	62 179	5 703	498 037
Additions during the year	-	2 451	-	2 451
Balance at December 31, 2021	430 155	64 630	5 703	500 488
<b>Accumulated amortization</b>				
Balance at 1 January	-	39 096	5 703	44 799
Amortization during the year	-	5 699	-	5 699
Balance at December 31, 2021	-	44 795	5 703	50 498
Net carrying amount at December 31, 2021	430 155	19 835	-	449 990
Net carrying amount at December 31, 2020	430 155	23 083	-	453 238

### Goodwill

On June 28, 2007, GB Auto Company fully acquired the shares of Cairo Individual Transport Industries "CITI" by acquiring 49.03% which were owned by the minority at a value of 210 EGP million pound, in return of acquiring shares of GB Auto share capital increase. The acquisition resulted in a goodwill amounting to EGP177 million which represents the increase in the acquisition value over the net fair value of the acquired Company's assets at the acquisition date. This goodwill has been allocated for the asset of the operating segment of two and three wheels' segment.

On September 8, 2008, GB Auto Company fully acquired the shares of GB for financial lease (S.A.E) which its business is financial leasing with all its fields, and the acquisition resulted in goodwill amounted to EGP 1 million.

During November 2010, the Group entered into 50% investment as a joint venture agreement in Almajmoa Alalamia Litijaret Al-saiarat (GK), in Jordan, to acquire the existing business of Hyundai Vehicles Agency in Iraq, the joint venture agreement gives the group the power to govern the financial and operating policies of (GK) and as a result of this investment the group recognized a goodwill with an Amount 249 EGP million pound . During the period the group increased its stake in The International Group For Cars Trading Company (GK) from 50% to 83.33 (Note no.42).

On October 26, 2017 GB Auto Company fully acquired the shares of Egyptian International Maintenance and cars Manufacturing Company EIAC (SAE), and the acquisition resulted in goodwill amounted EGP 2.8 million

## Impairment test of cash generating units including goodwill

Goodwill is allocated to the Group's cash generating units according to operating segments as presented below:

	December 31, 2021	December 31, 2020
Two and three wheels' activities	177 375	177 375
Hyundai Iraq sales	248 910	248 910
Financial leasing activity	1 000	1 000
After Sale service- PC	2 870	2 870
	430 155	430 155

The Company assesses annually the impairment of goodwill at December 31, to ensure whether the carrying amount of the goodwill is fully recoverable, unless there are indicators required to test the impairment through the year.

Impairment of goodwill is assessed based on value in use, which is determined using the expected discounted cash flows based on estimated budgets approved by the Board of Directors covering five years' period. The management is preparing these estimated budgets based on the financial, operating and market performance in the previous years and its expectations for the market development.

## 19. Investments property

	December 31, 2021	December 31, 2020
Balance at 1 January	90 905	90 905
Balance at the end of the period	90 905	90 905

## 20. Issued and paid in capital

	December 31, 2021	December 31, 2020
Authorized capital (5 000 000 000 shares with par value EGP 1 each)	5 000 000	5 000 000
Issued and paid capital (1 094 009 733 shares with par value of EGP 1 each)	1 094 010	1 094 010

On August 31, 2014, the Board of Directors according to the delegation of the extra ordinary assembly meeting held on June 27, 2013, has decided unanimously to increase the Company's issued capital with the par value in the limit of the authorized capital with an amount of EGP 6 444 645 divided on 6 444 645 shares with a par value of 1 EGP /share, wholly allocated to ESOP system which is applied by the Company, resulted in an issued capital of EGP 135 337 545 after the increase divided on 135 337 545 shares with a par value of 1 EGP/share, and this increase financially fully paid from the special reserve balance and annotated in the commercial registerat December 31, 2014.



### Private placement (Capital Increase)

At the date of February 4, 2015, the extra ordinary general assembly meeting, has agreed to increase the Company’s authorized capital from 400 million EGP to 5 billion EGP and to increase the Company’s issued capital from EGP 135 337 545 to be EGP 1 095 337 545 with an increase of EGP 960 000 000 to be divided on 1 095 337 545 shares with a par value of 1 EGP each. (In additional to issuance cost of 1 pts./share), and that increase to be fully allocated for the favor of old shareholders each according to their share in the Company’s issued capital , and it is agreed to use the subscription right separately from the original share, with the Company’s issued capital increase to be paid either cash and/or using due cash debts for the subscriber by the Company according to their contribution share.

### 21. Treasury Bills

On March 1, 2020, the Board of Directors of the company decided to purchase treasury shares with an amount of 10 000 000 shares of the company, which represents 0.914% of the total shares of the company, through the open market, and that implementation be carried out from the session of March 2, 2020 and Until April 2, 2020, or until the full amount is executed, with the same price of the security during trading sessions in the execution period in light of the amendment issued in Article (51) bis of the registration rules issued by the Board of Directors of the Financial Supervisory Authority No. 27 of 2020 on February 29, 2020 And that works in it as of the date of its issuance, as well as the statement posted on the announcement screens on the Egyptian Stock Exchange on March 1, 2020 regarding the exceptional procedures for companies whose securities are listed on the stock exchange wishing to purchase treasury shares.

During the period from March 3,2020 to March 18, 2020 ,The company has purchased 10 10 million shares with a total value of 19.570 million Egyptian pounds. The amount of 10 million pounds has been recorded as treasury shares representing the nominal value of the share. The difference between the purchase cost and the nominal value of the amount of 9.570 million Egyptian pounds has been recorded in the other reserves (Note 23).

During the year of 2020, the company sold 2 million shares with a total value of 6 750 million Egyptian pounds, resulting in a reduction of 2 million Egyptian pounds. This represents the nominal value of the share, and the difference between the sale value and the nominal value of 4 750 million Egyptian pounds was recorded within the other reserves .

During the period from January 1, 2021 to March 31, 2021, the company sold 8 million shares with a total value of 30 232 million Egyptian pounds, resulting in a reduction of 8 million Egyptian pounds. This represents the nominal value of the share and the difference between the sale value and the face value of 22,232 million Egyptian pounds among other reserves (Note 23)

During the period from November 28, 2021 to December 21, 2021, the company has purchased 8 509 733 shares with a total value of 38 681 million Egyptian pounds. The amount of 8 510 million Egyptian pounds has been recorded as treasury shares representing the nominal value of the share. The difference between the purchase cost and the nominal value of the amount of 30 172 million Egyptian pounds has been recorded in the other reserves (Note 23).

### 22. Legal reserve

	December 31, 2021	December 31, 2020
Balance at 1 January	451 064	381 508
Transferred to legal reserve	72 897	69 556
Balance at the end of the period	523 961	451 064

In accordance with the Companies Law No 159 of 1981 and the Company’s articles of association, 5% of annual net profit is transferred to the legal reserve. Upon the recommendation of the board, the Company may stop such transfer when the legal reserve

The legal reserve includes an amount of EGP 66 762 related to the Company, the rest of the balance represents the legal reserve of the Group’s Companies

### 23. Other reserves

	Foreign currency translation reserve	ESOP (Fair value) reserve	Surplus Revaluation of fixed assets reserve	Share premium (special reserves)	Total
Balance as at January 1, 2021	1 057 721	88 882	97 833	911 981	2 156 417
Foreign currency translation	9 542	-	-	-	9 542
Purchase Treasury Bills	-	-	-	( 30 172)	( 30 172)
Selling Treasury Bills	-	-	-	22 232	22 232
Modification surplus of fixed assets cost	-	-	( 17 398)	-	( 17 398)
Balance at December 31, 2021	1 067 263	88 882	80 435	904 041	2 140 621

#### Share premium

The share premium represented in the difference between the amount paid and par value for issued shares and issuance cost is deducted from it. The share premium was transferred to both legal reserve and special reserve according to Law No. 159 of 1981.

	December 31, 2021	December 31, 2020
Share premium	904 041	911 981

The special reserve represented in the transferred amount from the net share premium in 2007 less the amount transferred to the legal reserve (Note 23).

During 2011, the special reserve was reduced by an amount of EGP 2 990 thousand which represents the difference between treasury shares purchasing cost amounted to EGP 3 097 thousand and the par value of these shares amounted to EGP 107 thousand which was written off during 2012.

During 2012, the special reserve was reduced by an amount of EGP 2 114 thousand which represents the differences between treasury shares purchasing cost amounted to EGP 6 365 thousand and its reselling price amounted to EGP 4 251 thousand.

The share premium was reduced by an amount of 9 570 thousand EGP ,which represent the difference between cost of purchasing treasury shares during the year 2020 with an amount of 19 570 thousand EGP and the par value of shares of 10 million EGP.

The share premium has also been increased by an amount of 4,750,000 Egyptian pounds, representing the difference between the sale price of treasury shares during the year 2020 by an amount of 6,750,000 Egyptian pounds and the nominal value of the shares of 2 million Egyptian pounds.

## 24. Non-controlling Interest

	Capital	Payment Under capital increase	Reserves	Legal reserve	Private risk reserve - Non banking financial service	General risk reserve	Retained earnings	Total	
								December 31, 2021	December 31, 2020
Balance at 1 January	551 867	10 033	621 968	60 806	-	-	241 295	1 485 969	1 364 896
Adjustments	-	-	-	-	-	-	( 11 534)	( 11 534)	-
Net profit for the period	-	-	-	-	-	-	368 911	368 911	199 106
Foreign currency translation results	-	-	( 24 367)	-	-	-	-	( 24 367)	( 48 706)
Capital increase	301 413	( 7 845)	-	-	-	-	-	293 568	42 587
Capital Decrease	( 29 671)	-	( 50 800)	-	-	-	-	( 80 471)	-
Change in Non-controlling interests	( 85 603)	-	( 262 996)	( 16 634)	-	-	114 569	( 250 664)	( 6 410)
Trasnfer to legal reserve	-	-	-	12 583	-	-	( 12 583)	-	-
The Impact of new egyptian accounting standards	-	-	-	-	-	-	22 732	22 732	-
Transfer to risk reserve	-	-	-	-	36 829	-	( 36 829)	-	-
Transfer to general reserve	-	-	-	-	-	19 918	( 19 918)	-	-
Dividends	-	-	-	-	-	-	( 154 414)	( 154 414)	( 65 504)
<b>Balance at the end of the year</b>	<b>738 006</b>	<b>2 188</b>	<b>283 805</b>	<b>56 755</b>	<b>36 829</b>	<b>19 918</b>	<b>512 229</b>	<b>1 649 730</b>	<b>1 485 969</b>



## 25. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue on a going concern basis in order to provide returns to shareholders and benefits for other stakeholders who use these financial statements and to maintain an optimal capital structure to reducing the cost of capital.

In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans and borrowings and notes payables, less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The gearing ratio at December 31, 2021 and December 31, 2020 restated were as follows:

	December 31, 2021	December 31, 2020
Loans, borrowings and overdrafts	17 143 216	14 041 667
Short-term notes payable - suppliers	800 964	413 762
<b>Total loans and notes payables</b>	<b>17 944 180</b>	<b>14 455 429</b>
Less: Cash and cash equivalent	(1 935 644)	(1 797 830)
Letters of credit	( 791 566)	( 345 557)
Letters of guarantee	( 285 919)	( 134 797)
<b>Net debt</b>	<b>14 931 051</b>	<b>12 177 245</b>
Shareholders' equity	5 915 298	4 630 779
<b>Net debt to equity ratio</b>	<b>2.52</b>	<b>2.63</b>

## 26. Loans, borrowings and overdrafts

	December 31, 2021			December 31, 2020		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Banks overdraft	12 104 392	86 128	12 190 520	9 005 209	-	9 005 209
Loans	1 523 832	3 428 864	4 952 696	1 454 081	3 582 377	5 036 458
<b>Total</b>	<b>13 628 224</b>	<b>3 514 992</b>	<b>17 143 216</b>	<b>10 459 290</b>	<b>3 582 377</b>	<b>14 041 667</b>

### A. Banks overdraft

	December 31, 2021	December 31, 2020
Less than one year	12 190 520	9 005 209
	<b>12 190 520</b>	<b>9 005 209</b>

## B. Loans

The group (the non-banking financial services sector) obtained medium and long-term bank loans for the purpose of financing car sales contracts and operational and financial lease contracts. The repayment period for these loans reached 5 years for each operation financed by guaranteeing the financial rights of the contracts concluded and arising from those contracts towards the clients of the group companies

	December 31, 2021	December 31, 2020
Less than one year	1 523 832	1 454 081
More than one year and less than five years	3 428 864	3 582 377
	<b>4 952 696</b>	<b>5 036 458</b>

## 27. Trade payables and other credit balances

	December 31, 2021	December 31, 2020
Trade payables	2 144 143	1 397 145
Other credit balances	215 268	109 252
Advances from customers	1 128 358	338 300
Tax Authority	30 102	48 544
Value added tax	28 899	102 384
Accrued expenses	860 932	559 262
Accrued interest exoense	52 612	85 977
Deposits from others	45 370	35 886
Notes payables	800 964	464 374
Right of use liability	94 532	-
Dividends payable	2 237	2 500
Deferred revenues	15 200	468
	<b>5 418 617</b>	<b>3 144 092</b>

## 28. Provisions

	Legal Claims	Warranty Provision	Other Provisions	Total
<b>Balance at January 1, 2021</b>	<b>7 140</b>	<b>79 296</b>	<b>102 272</b>	<b>188 708</b>
Provisions formed during the year	11 055	40 707	130 839	182 601
Provisions utilized during the year	-	( 3 558)	( 70 519)	( 74 077)
Provisions no longer required	-	( 11 450)	( 45 904)	( 57 354)
Effect of movement of exchange rates	-	-	1	1
<b>Balance at December 31, 2021</b>	<b>18 195</b>	<b>104 995</b>	<b>116 689</b>	<b>239 879</b>
Balance at January 1, 2020	6 112	98 469	125 216	229 797
Provisions formed during the year	1 038	51 092	144 330	196 460
Provisions utilized during the year	-	( 39 828)	( 54 024)	( 93 852)
Provisions no longer required	-	( 30 437)	( 112 139)	( 142 576)
Effect of movement of exchange rates	(10)	-	( 1 111)	( 1 121)
<b>Balance at December 31, 2020</b>	<b>7 140</b>	<b>79 296</b>	<b>102 272</b>	<b>188 708</b>

## Legal claims

The amounts shown comprises of gross provisions in respect of legal claims brought against the Group, and management opinion, after taking appropriate legal advice, that the outcome of these legal claims will not exceed significantly the provision formed as at December 31, 2021.

## Warranty Provision

The Group provides warranty on its products and guarantees to either fix or replace the products that are not working properly, and the Group has estimated its warranty provisions to be EGP 104 995 at the end of the year for expected warranty claims in the light of management experience for repair and returns level in previous yearsThe warranty provision includes a long-term provision amounted as at December 31 ,2020 EGP 13 909 (December 31, 2020 EGP 3 697).

## Other provisions

Other provisions are related to claims expected to be made by a third party in connection with the Group operations. The information usually required by accounting standards is not disclosed because the management believes that to do so would seriously affects the outcome of the negotiation with that third party. These provisions are reviewed by management yearly and adjusted based on latest developments, discussions and agreements with the third party.

A portion of the value of the formed and (no longer required) of the other provisions is included in the sales revenue. The value of the formed provisions on December 31, 2020 amounted to 91 682 thousand Egyptian pounds and the value of the no longer required provisions is 38 274 thousand Egyptian pounds EGP.

# 29. Financial risk management

## 1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange rates risk, price risk, cash flows and fair value interest rate risk), credit risk and liquidity risk.

The Group's efforts are addressed to minimize potential adverse effects of such risks on the Group's financial performance

### A. Market risk

#### 1. Foreign currency exchange rate risk

The Group is exposed to foreign exchange rate risk arising from various currency exposures, primarily with respect to the US Dollar and Euro. Foreign exchange rate risk arises from future commercial transaction, assets and liabilities in foreign currency outstanding at the consolidated balance sheet date, and also, net investments in foreign entity.

The below table shows the exposures of foreign currencies at the consolidated balance sheet date, presented in EGP, as follows:

	December 31, 2021		December 31, 2020	
	Assets	Liabilities	Net	Net
US Dollars	347 449	(1 538 929)	(1 191 480)	( 652 217)
Euros	92 253	( 1 641)	90 612	( 20 104)
Other currencies	26 787	( 106 333)	( 79 546)	( 38 286)

#### 2. Price risk

The Group has no investments in a quoted equity security, so it's not exposed to the fair value risk due to changes in prices

### 3. Cash flows and fair value interest rate risk

The Group's interest rate risk arises from long-term loans. Long-term loans issued at variable rates expose the Group to cash flow interest rate risk. Long-term borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Loans, borrowings and overdrafts at the balance sheet date with variable interest rates are amounted to EGP17 143 216 as at December 31,2021 (EGP 14 041 667 as at December 31, 2020).

Financial assets that carry fixed interest rates are amounted to EGP 359 595 as at December 31, 2021(EGP 353 258 as at December 31, 2020).

		December 31, 2021	December 31, 2020
Time deposits	USD	57 489	57 474
Time deposits	EGP	302 106	295 784
		<u>359 595</u>	<u>353 258</u>

### B. Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as credit exposures to wholesalers and retail customers, including outstanding accounts and notes receivables.

For banks, the Group is dealing with the banks which have a high independent rating and banks with a good solvency in the absence of an independent credit rating.For suppliers and wholesalers, the Credit Controllers assess the credit quality of the wholesale customer, taking into account their financial position, past experience and other factors.

For individuals the legal arrangements and documents accepted by the customer are minimizing the credit risk to its lowest level. Provisions are accounted for doubtful debts on an individual basis.

The ratio of allowance for impairment of accounts and notes receivables to the total debts is as following:

	December 31, 2021	December 31, 2020
Notes and accounts receivables	18 123 110	13 577 959
Impairment of accounts and notes receivable balances	<u>560 409</u>	<u>638 781</u>
The ratio of the allowance to total accounts and notes receivable	<u>3.09%</u>	<u>4.70%</u>

### C. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group's management aims at maintaining flexibility in funding by keeping committed credit lines available.

### D. Fair value estimation

The fair value of financial assets or liabilities with maturity dates less than one year is assumed to approximate their carrying value less any estimated credit adjustments. The fair value of financial liabilities – for disclosure purposes – is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

For the fair value of financial instruments that are not traded in an active market, The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the financial instruments or similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. At the balance sheet date, the fair value of non-current liabilities does not significantly differ from their carrying amount, as the interest rates do not significantly differ.



### 30. Investment in subsidiary companies

The consolidated financial statements for GB Auto “S.A.E.”, include the financial statements of the following subsidiaries:

Companies	Percentage of ownership	
	December 31, 2021	December 31, 2020
RG Investment “S.A.E.”	99.99%	99.99%
International Trade Agencies and Marketing Co. (ITAMCO) “S.A.E.”	99.45%	99.45%
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) “S.A.E.”	99.53%	99.53%
Ghabbour Continental Trading Co. (GCT) –Alex “S.A.E.”	100.00%	100.00%
GB Polo Buses Manufacturing “S.A.E.”	80.00%	80.00%
Haram Transportation Co. “S.A.E.”	99.00%	99.00%
GB Company for financial lease “S.A.E.”	100.00%	100.00%
Haram for transpiration Tourism “S.A.E.”	100.00%	100.00%
GB Allab Company	66.20%	66.20%
Masters Automotive Company “S.A.E.”	75.00%	75.00%
Microfinance consultancy Services (Mashro’ey) “S.A.E.”	57.26%	65.00%
Almajmoa Alalamia; Litijaret Alsaiaarat (GK)	83.33%	50.00%
GB Logistics “S.A.E.”	99.98%	99.98%
GB Capital holding for financial investments “S.A.E.”	99.00%	99.00%
Gulf Company	100.00%	100.00%
Drive Automotive “S.A.E.”	100.00%	100.00%
Drive Finance “S.A.E.”	100.00%	100.00%
Ghabbour Al Qalam	68.00%	68.00%
GB Global Company	100.00%	100.00%
GBR Company	54.00%	54.00%
GBR Services Company	48.80%	48.80%
Egypt Auto Mall Company for used car “S.A.E.”	99.00%	99.00%
GB El Bostan	60.00%	60.00%
Ghabbour general trade	25.00%	25.00%
Pan African Egypt Company for Oil “S.A.E.”	100.00%	100.00%
Tires & more Company for car services “S.A.E.”	90%	90%
Suez Canal logistic services Co. “S.A.E.”	100.00%	100.00%
GB Automotive Manufacturing Co. “S.A.E.”	100.00%	100.00%
Ready Parts for automotive spare parts “S.A.E.”	100.00%	100.00%
GB Light transport manufacturing Company (GB LTMC) “S.A.E.”	100.00%	100.00%
GB for Import & export	100.00%	-
Tasaheel Microfinance Company ((Tasaheel)) “S.A.E.”	57.26%	65.00%
GB for heavy truck and construction equipment trading “S.A.E.”	100.00%	100.00%
GB for water and environment technology. “S.A.E.”	100.00%	100.00%
Engineering Company for transportation maintenance El Mikaneeky	65.00%	65.00%
Egyptian International Maintenance and cars Manufacturing Company EIAC “S.A.E.”	100.00%	100.00%
GB Finance S.A.R.L.	100.00%	100.00%

Companies	Percentage of ownership	
	December 31, 2021	December 31, 2020
MNT for SME Development “S.A.E”	57.6%	53.33%
BBAL Blue Bay Auto Loan Investments Cyprus LTD	100%	100%
Salexia L.T.D. Trading (Cyprus)	100.00%	100.0%
MNT Investment B.V. (Netherland)	57.26%	53.33%
GB Capital Securitization S.A.E.	100.00%	100.00%
Rassedy S.A.E.	55.10%	57.00%
GB Real Estate Mortgage Finance B.V.	100.00%	100.00%
GB Capital BV	100.00%	100.00%
Transport Vehicle Distribution TVD S.A.E.	51.00%	51.00%
Automobilk S.A.E	65.00%	65.00%
GB Finance Lease BV	100.00%	100.00%
GB Microcredit BV	57.26%	100.00%
GB Operational Lease BV	100.00%	100.00%
GB Consumer Finance BV	100.00%	100.00%
Rassedy For Collection S.A.E	55.10%	41.25%
GB Factoring BV	100.00%	100.00%
GB Global BV	100.00%	100.00%
Halan Consumer Finance	57.26%	-
GB Automative For Trade and Manufacture	100.00%	-

### 31. Payment under Investment

	December 31, 2021	December 31, 2020
Auto Market Company	54 456	-
GBM Global	72	72
Total	54 528	72

### 32. Capital Commitments

The capital contractual expenditure of the Group at the consolidated financial statements date reached EGP 98 353 at December 31,2021 (EGP 97 974 as at December 31, 2020) represented in the amount to be paid upon the completion of the new production lines under construction and other branches across the country.

### 33. Contingent liabilities

There are contingent liabilities on the Group represented in letters of guarantee .The balance of the letters of guarantee granted by the Group in Egyptian Pounds and foreign currencies through its regular business, presented in EGP are as follows:

	December 31, 2021	December 31, 2020
USD	2 566 108	908 966
EGP	167 736	139 657
Japanese Yen	9 752	47 108
Euro	7 026	14 396
Cny	124	12 179

### 34. Related party transactions

The subsidiaries have current accounts with related parties which include all payments made on behalf of or through the subsidiaries. The subsidiaries collect and pay these amounts regularly.

	December 31, 2021	December 31, 2020
<b>Due from related parties</b>		
El Bostan Holding	66 865	66 992
SARL SIPAC – Algeria	11 251	11 978
Algematco – Algeria	27 291	25 270
Halan for Information technology	92 505	178 150
Kassed Shareholders' Current Account	10 805	7 746
El Qalam Shareholders' Current Account	2 520	73 844
Auto Market Misr	18 721	-
Total	229 958	363 980
Impairment of due from related parties	( 36 730)	( 26 648)
	193 228	337 332

	December 31, 2021	December 31, 2020
<b>Due to related parties</b>		
Marco Polo Company	59 545	59 659
EQI	761	761
Al Watania for car accessories and spare parts	8 084	6 146
Gaya	10 345	11 119
Wahdan Company	68	2 534
EL Ghalban Company	47 195	39 979
	125 998	120 198

The following is the nature and the values for the most significant transactions with the related- parties during the year:

Related party name	Relation type	Transaction nature	Transaction amount	
			December 31, 2021	December 31, 2020
Executive BOD	Board of Directors	Management Salaries	40 070	32 093
Al Watania for Vehicles Accessories and spare parts	Related Party	Purchases	11	11
SARL SIPAC – Algeria	Related Party	Cash transfer	727	1 649
Kassed Shareholders' current account	Shareholder in one of the subsidiaries	Sales	-	-
		Cash transfer	( 7 746)	3 407
El- Qalam Shareholder current account	Shareholder in one of the subsidiaries	Sales	( 108 271)	( 108 271)
		Services	34 427	14 355
Marco Polo Company	Shareholder in one of the subsidiaries	Services	113	1 568
Algematco – Algeria	Shareholder in one of the subsidiaries	Cash transfers	2 021	3 338
Bostan Holding	Related Party	Foreign Currency translation difference	127	1 315
Halan for Information technology	Related Party	Cash transfers	( 85 645)	( 108 006)
Gaya	Shareholder in one of the subsidiaries	Cash transfers	774	6 029
El Ghalban	Shareholder in one of the subsidiaries	Cash transfers	7 216	39 617

### 35. Investment in associates

	Contribution percentage	December 31, 2020	Adjustment on Opening balance	December 31,2020 Restated	Addition during the period	Net Profit /Losses for the period	December 31, 2021
Halan for Information technology	40.13%	8 034	-	8 034	564 422	( 36 587)	535 869
Bedaia for Real estate Financing	33.33%	50 000	5 859	55 859	-	6 762	62 621
Tokyo Marine	37.50%	42 550	( 8 539)	34 011	-	( 9 591)	24 420
		<b>100 584</b>	<b>( 2 680)</b>	<b>97 904</b>	<b>564 422</b>	<b>( 39 416)</b>	<b>622 910</b>



## 36. Other investments

	Contribution percentage	December 31, 2021	December 31, 2020
Sky reality holding	7.50%	103 500	-
Tawfiqia .com	10.00%	500	-
		<u>104 000</u>	<u>-</u>

## 37. Income statement according to expense nature

	December 31, 2021	December 31, 2020
Operating Revenue	31 437 533	23 310 764
Operating Cost	(25 134 960)	(18 546 406)
<b>Gross Profit</b>	<b>6 302 573</b>	<b>4 764 358</b>
Other income	229 992	425 605
Provisions no longer required	46 533	113 338
Investment in associates losses	( 39 416)	-
Investment liquidation losses	( 1 176)	-
Interest income	149 652	122 933
Installment sales interest	20 380	29 488
Bank charge	( 86 421)	( 91 660)
Interest expense	( 647 125)	( 826 536)
Salaries & Benefits	(2 124 611)	(1 529 451)
Selling & Marketing	( 239 557)	( 198 518)
Rents	( 86 048)	( 121 619)
Net Gain foreign exchange transaction	11 944	( 13 339)
Provisions formed	( 150 559)	( 386 209)
Depreciation and Amortization	( 229 447)	( 146 287)
Consulting	( 137 137)	( 112 672)
Transportation	( 42 782)	( 60 014)
vehicles expense	( 61 785)	( 38 646)
Governmental Fees & stamps	( 39 919)	( 47 444)
IT Expense	( 73 145)	( 59 916)
Other Expenses	( 53 750)	( 60 584)
Insurance	( 18 475)	( 17 987)
Security Expense	( 27 119)	( 22 904)
Repair/Maintenance Expenses	( 1 261)	( 1 101)
Administration Supplies	( 50 876)	( 42 021)
Utilities	( 24 770)	( 22 356)
Donations & Puplic relation	( 127 670)	( 70 603)
Medical Fund	( 78 433)	( 51 362)
Freight	( 9 454)	( 9 659)
<b>Net profit for the year before income tax</b>	<b><u>2 410 138</u></b>	<b><u>1 524 834</u></b>

## 38. Securitized Operations

During the year the group (the non-banking financial services sector) signing into money transfer contracts and the data on securitization operations are as follows:

The securitization portfolio consists of financial rights and deferred dues secured by various guarantees in favor of the assignor, which have been transferred to the assignee. The assignor has transferred financial rights and deferred payment dues for the purpose of issuing securitized bonds.

	December 31, 2021		December 31, 2020	
	Total Value	Current Value	Total Value	Current Value
	11 764 213	10 565 882	3 769 976	2 988 824

## 39. Private Risk Reserve

The risk reserve is represented in non-banking financial services, the effects of applying the Egyptian Accounting Standard No. 47 “Financial Instruments” equivalent to 1% of the assets listed in the risk weights in accordance with the provisions of the decisions issued by the Board of Directors of the General Authority for Financial Supervision No. 200 of 2020 on some companies that engage in financial activities

Non-banking, and the balance on September 30, 2021 reached 90 million Egyptian pounds, and the balance of this reserve will not be used after applying Standard No. 47 except after obtaining the prior approval of the Authority.

## 40. General Risk Reserve

A general risk reserve is the difference between applying the expected credit loss model according to the non-bank financial companies’ application of the Egyptian Accounting Standard No. 47 on January 1, 2021 for the provision for doubtful debts, and the management of the subsidiaries decided to create this reserve until it was presented to the general assemblies of the subsidiaries for approval.

## 41. Change in common control without change in control

During June 2021 , the group was acquired 33.33% from Almajmoa Alalamia Litijaret Alsaiaarat (GK) and the result from this acquisition gain 45.5 million egyptian pounds has been recorded as retained earnings at equity statement and there are other results from this acquisition increase in legal reserve with 19 million Egyptian pounds recorded at equity statement of the parent ,and decrease retained earnings with 30 million Egyptian pounds.

During September 2021 , the group sold 5% from MNT (BV) and the result from this transaction gain 251 million Egyptian pounds has been recorded as retained earnings at equity statement and there are other results from this transaction decrease in legal reserve with 3 million Egyptian pounds recorded at equity statement of the parent ,and increase retained earnings with 72 million Egyptian pounds.

## 42. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are summarized below:

### A. Business combination

- The Group accounts for business combination using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase recognized in profit or loss immediately.
- Transaction cost is expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognised in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that met the definition of financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

1) Subsidiaries

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

2) Non-controlling interests

NCI are measured at their proportionate share of the acquirer’s identifiable net assets at the date of acquisition. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4) Transaction elimination on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency

1) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in Other comprehensive income:

- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

2) Foreign Operations

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

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss. Then the partial share must be reclassified.

C. Discontinued operation

A discontinued operation is a component of the Group’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative period.

D. Revenue from customer contracts.

**Egyptian Accounting Standard No. 48 - Revenue from contracts with customers.**

Egyptian Accounting Standard No. 48 specifies a comprehensive framework for determining the value and timing of revenue recognition. This standard replaces the following Egyptian accounting standards (Egyptian Accounting Standard No. (11) “Revenue” and Egyptian Accounting Standard No. (8) “Construction Contracts”. Revenue is recognized

When a customer is able to control units or services, determining the timing of the transfer of control - over a period of time or at a point in time - requires a measure of personal judgment.

**Revenue Recognition**

According to the nature of the group’s activities, in addition to the group’s current accounting policies, the effect of Egyptian Accounting Standard No. 48 on the recognition of revenue by the group will be immaterial, as the net effect of retained earnings amounted to 12.5 million Egyptian pounds.

**The costs of assign a contract with customers**

Under Egyptian Accounting Standard 48, some of the additional costs incurred in acquiring a contract with a customer (“contract costs”), which previously did not qualify for recognition as an asset under any of the other accounting standards, have been deferred in the consolidated statement of financial position.

The effect of capitalization of contracts costs resulting from the application of Egyptian Accounting Standards (no.48)



**Transitional period**

The Group applied the standard using the modified cumulative effect method, which means that the effect of applying the standard has been recognized in retained earnings with effect from January 1, 2021, and the comparative figures have not been adjusted. The effect of applying Egyptian Accounting Standard 48 on the opening balances of the group’s financial position, as of January 1, 2021, and this resulted in an impact on the retained earnings on January 1, 2021, an amount of 12.5 million Egyptian pounds

**E. Employee benefit**

**1) Short – term employee benefits**

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

**2) Share – based payment arrangements**

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

**3) Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group pays contributions to the Public Authority for Social Insurance for their employees based on the rules of the social insurance law no 79 for the year 1975. The employees and employers contribute under this law with a fixed percentage of wages. The Group’s commitment is limited to the value of their contribution. And the Group’s contribution amount expensed in profits and losses according to accrual basis.

**4) Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then

they are discounted - before tax – to reflect the time value of money.

**F. Finance income and finance costs**

The Group’s finance income and finance costs include:

- interest income.
- interest expense.
- Foreign currency gains or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

**G. Income Tax**

The recognition of the current tax and deferred tax as income or expense in the profit or loss for the period, except in cases in which the tax comes from process or event recognized - at the same year or in a different period - outside profit or loss, whether in other comprehensive income or in equity directly or business combination.

**1) Current income tax**

The recognition of the current tax for the current period and prior periods and that have not been paid as a liability, but if the taxes have already been paid in the current period and prior periods in excess of the value payable for these periods, this increase is recognized as an asset. The taxable current liabilities (assets) for the current period and prior periods measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to issue in the end of the financial period. Dividends are subject to tax as part of the current tax. But do not be offset for tax assets and liabilities only when certain conditions are met.

**2) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- a. Taxable temporary differences arising on the initial recognition of goodwill.,
- b. Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:
  - 1) business combination
  - 2) And not affects neither accounting nor taxable profit or loss.
- c. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. deferred tax assets are reassessed at each reporting date, and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

**H. Inventories**

Inventories are valued at cost or net realisable value whichever is lower. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate share of production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

I. Property, plant and equipment

1) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The modified cost model was adopted which the cost and accumulated depreciation for some categories of fixed assets (Machinery and equipment, Vehicles, Furniture and office equipment, Tools and supplies) are modified using modification factors stated in annex (A) of EAS no. (13). The increase of net fixed assets which are qualified to modification, were recognized in other comprehensive income items and was presented as a separate item in equity under the name of “modification surplus of fixed assets”. The realized portion of modification surplus of fixed assets is transferred to retained earnings or losses in case of disposal or abandonment of the asset which qualified for modification or usage (depreciation difference resulting from the adoption of the special accounting treatment).

2) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the (straight-line method) over their estimated useful lives for each item, and is generally recognised in profit or loss.

Land is not depreciated. Estimated depreciation rates for each type of assets for current and comparative periods are as follow:

Asset	Depreciation rate
Buildings	2%-4%
Machinery & equipment	10%-20%
Vehicles	20%-25%
Fixtures & Office furniture	6%-33%
IT infrastructure & Computers	25%
Leasehold improvements	20% or lease period whichever is less

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4) Reclassification to investment property

The reclassification of assets to investment property when the use of a property changes from owner -occupied to investment property.

5) Project under construction

The projects under construction recognized at cost. All expenses related to cost includes direct and necessary to prepare the asset to the state that is ready to use and in the purpose for which it was acquired for. The asset transferred from projects under construction to fixed assets when it is completed and ready to use.

J Intangible assets and goodwill

1) Recognition and measurement

I. Goodwill:

Arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

II. Other intangible assets:

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

III. Computer software

Costs associated with developing or maintenance of computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate future economic benefits beyond one year, are recognised as intangible assets.

Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Expenditure to acquire computer software is capitalized and included as an intangible asset. Computer software costs recognised as assets are amortised using the straight-line method over their useful lives and not exceeding a year of 3 years.

IV. Knowhow

The amounts paid against knowhow are recognized as intangible assets in case of knowhow have a finite useful life and amortized over their estimated useful lives.

2) Subsequent expenditure

Subsequent expenditure is capitalised only when the intangible asset will increase the future economic benefits embodied in project, research, and development under construction which is recognized as intangible assets. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3) Amortization

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the (straight-line method) over their estimated useful lives, and is generally recognised in profit or loss.

Goodwill is not amortised.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

K. Investment property

Investment property is property held by the Group for rental or rise in value, or both and initially measured at cost and subsequently at cost less accumulated depreciation and impairment, and recognize in profit and loss the depreciation expenses and impairment losses.

The depreciation of investment property calculated using (straight-line method) over their estimated useful lives for each type of investment property, land is not depreciated.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

L. Financial instruments

EAS 47 – Defined the recognition and measurement of financial assets and financial liabilities and some of non-financial items agreements for sale or purchase. This standard replaces EAS 25 financial instruments: presentation and disclosure and EAS 26 financial instruments.

The recognition and measurement and EAS 40 financial instruments disclosures applied on 2021 disclosures.



Financial assets and financial liabilities Classification and measurement

- The new standard requires the company to value the classification of financial assets at the company's financial statements according to the financial assets cash flow conditions and the company related business module for financial assets certain category.
- EAS 47 has no longer available for sale classification for financial assets. The new standard contains different requirements for financial asset in debit instruments or equity instruments.

The financial instruments must be classified and measured by one of the following:

- Amortized cost, which actual interest rate will be applied or
- Fair value through comprehensive profit and loss with subsequent reclassification to profits and losses when the financial assets sale .
- fair value through profit and losses

a. Investments in equity instruments must be classified and measured by one of the following methods except for those considered and applied owners' equity accounting

- Fair value through other comprehensive income through subsequent reclassification to profits and losses statement when financial assets have been sold
- Fair value through profits and losses

b. The company initially continues in measurement of financial assets by using fair value plus cost of transaction at the initial recognition except the financial assets measured at fair value through profits and loss in accordance with the current practices, most of financial assets classification have not been effected by the adoption of EAS 47 at 1 January 2021

EAS 47 largely retains the current requirements including those in EAS 26 for financial liabilities classification and measurements

The application of EAS 47 didn't have a significant impact on the company's accounting policies related to financial liabilities and derivatives.

Impairment: -

c. EAS 47 uses the expected credit loss model, which replaces the exposure loss model EAS 26, where there was no need for a provision for doubtful debts except in cases in which there is actual loss incurred in contrast, the ECL model requires the company to recognize for doubtful debts provisions on all financial assets included in amortized cost as well as debt instruments classified as fair value through other comprehensive income since initial recognition regardless of whether loss was incurred as a result, the company's doubtful debts provisions has been increased when applying EAS 47 at 1 January 2021 Below are the main changes in the group's accounting policy for impairment of financial assets.

When determining a default for the purpose of determining the risk of a default, the entity shall apply a default definition consistent with Identification used for internal credit risk management purposes of the relevant financial instrument and theoretical qualitative indicators when appropriate. However, it is a rebuttable assumption that the default does not occur later when the financial asset is due.

for a period of 90 days unless an entity has reasonable and supportive information to demonstrate that the non-satisfactory default criterion is the most appropriate.

The default definition used for these purposes is applied consistently to all financial instruments unless information is available.

Which prove that non-consensual recognition of the other is not appropriate for a particular financial instrument.

A three-stage approach is applied to measure expected credit losses for financial assets listed at cost depreciated and debt instruments designated as Fair value through other comprehensive income. Assets are transferred through

The following three stages are based on the change in the quality of credit ratings since initial recognition for these assets :

Principle of these assets

- Stage one: 12-month expected credit losses

For exposures that have not resulted in a quantitative increase in credit risk since initial recognition, a portion of the credit risk is recognized. Lifetime ECL based on the probability of default occurring over the next 12 months

- Stage two: Lifetime ECL - not credit-impaired

For credit exposures that have resulted in a significant increase in credit risk since initial recognition, but not Credit impaired, lifetime expected credit losses are recognized.

- Stage Three: Lifetime Expected Credit Loss Financial assets are credit-impaired when the One or more events that have a detrimental effect on the estimated future cash flows of those assets Finance.

- Measurment

The company apply the simplified approach to calculate expected credit losses for the Auto &Auto related sector companies due to the absence of an important credit component associated with their contracts with customers while apply for the non-banking financial sector companies, the general approach was applied to calculate expected credit losses due to the presence of an important credit component in contracts with customers of that sector.

- hedge accounting

Egyptian Accounting Standard No. 47 increases the company's ability to apply hedge accounting. In addition, it has been Align the requirements of the standard more closely with the company's risk management policies, so high coverage will be measured in the future.

- Transitional period

The company applied the standard using the modified cumulative effect tick, which means that the impact of applying the standard has been recognized In retained earnings as of January 1, 2021, the comparative figures have not been adjusted

M. Share capital

1) Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS No. (24) "Income Tax".

2) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

N. Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### 1) Warranties

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

### 2) Legal Claims

The recognition of the provision for legal claims when there are legal claims against the Group and after receiving appropriate legal advice.

### 3) Other Provisions

Provisions are recognized when there are other expected claims from third parties with respect to the activities of the Group and, according to the latest developments and discussions and agreements with those parties.

## O. Leases

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

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

An entity shall determine the lease term as the non-cancellable period of a lease, together with both:

- Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option.
- Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

#### As a lessor:

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if its transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

Examples of situations that individually or in combination would normally lead to lease being classified as a finance lease are:

- A- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term.
- B- The lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised.
- C- The lease term is for the major part of the economic life of the underlying asset even if title is not transferred.
- D- At the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset.
- E- The underlying asset is of such a specialised nature that only the lessee can use it without major modifications.

#### Subsequent measurement of the right-of-use asset

After the commencement date, a lessee shall measure the right-of-use asset applying a cost model:

- a) Less any accumulated depreciation and any accumulated impairment losses.
- b) Adjusted for any re-measurement of the lease liability

#### Recognition and measurement

##### Initial measurement

At the commencement date, a lessor shall recognise assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- A- Fixed payments (including in-substance fixed payments as described in paragraph B42), less any lease incentives payable.
- B- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- C- Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee. The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- D- Assessed considering the factors described in paragraph B37 (payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option).
- E- Terminate the lease.

#### Operating leases

##### Recognition and measurement

Recognition of the lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

#### Sale and leaseback transactions

If an entity (the seller-lessee) transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, both the seller-lessee and the buyer-lessor shall account for the transfer contract and the lease applying:

##### 1) Assessing whether the transfer of the asset is a sale

The Company shall apply the requirements for determining when a performance obligation is satisfied in EAS (48) to determine whether the transfer of an asset is accounted for as a sale of that asset.

##### 2) Transfer of the asset is a sale

a) If the transfer of an asset by the seller-lessee satisfies the requirements of EAS (48) to be accounted for as a sale of the asset:

- The seller-lessee shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.
- The buyer-lessor shall account for the purchase of the asset applying applicable Standards, and for the lease applying the lessor accounting requirements in this Standard.

b) If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, an entity shall make the following adjustments to measure the sale proceeds at fair value:

- Any below-market terms shall be accounted for as a prepayment of lease payments.
- Any above-market terms shall be accounted for as additional financing provided by the buyer lessor to the seller-lessee.

c) The entity shall measure any potential adjustment required on the basis of the more readily determinable of:

- The difference between the fair value of the consideration for the sale and the fair value of the asset.
- The difference between the present value of the contractual payments for the lease and the present value of payments for the lease at market rates.



### 3) Transfer of the asset is not a sale

If the transfer of an asset by the seller-lessee does not satisfy the requirements of EAS (48) "Revenue from Contracts with Customers" to be accounted for as a sale of the asset:

- The seller-lessee shall continue to recognise the transferred asset and shall recognise a financial liability equal to the transfer proceeds. It shall account for the financial liability applying EAS (47) "Financial Instruments".
- The buyer-lessor shall not recognise the transferred asset and shall recognise a financial asset equal to the transfer proceeds. It shall account for the financial asset applying EAS (47) "Financial Instruments".

#### As a lessee:

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. The Company may elect not to apply that for the short-term leases and leases for which the underlying asset is of low value, the lessee shall recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

#### Initial measurement of the right-of-use asset

The cost of the right-of-use asset shall comprise:

- A- The amount of the initial measurement of the lease liability shall measure at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.
- B- Any lease payments made at or before the commencement date, less any lease incentives received.
- C- Any initial direct costs incurred by the lessee.
- D- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period

#### Subsequent measurement of the right-of-use asset

After the commencement date, a lessee shall measure the right-of-use asset applying a cost model:

- a) Less any accumulated depreciation and any accumulated impairment losses.
- b) Adjusted for any re-measurement of the lease liability.

#### Initial measurement of the lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

#### Subsequent measurement of the lease liability

After the commencement date, a lessee shall measure the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability.
- b) Reducing the carrying amount to reflect the lease payments.
- c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

- Right-of-use asset and lease liabilities shall present in the statement of financial position separately from other assets and other liabilities.

- Lease contracts includes lessee performing maintenance and insurance for the leased asset, the lease contract does not include any arrangements to transfer of ownership by the end of the lease period.

- For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. As a practical expedient, a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

#### Egyptian Accounting Standard No. (49) - Lease contracts

- The Egyptian Accounting Standard (49) replaces the Egyptian Accounting Standard No. (20) - the accounting rules and standards related to financial leasing operations.

- Egyptian Accounting Standard No. (49) "Lease Contracts" provides a single accounting model for the lessor and the lessee where the lessee recognizes the right to use the leased asset within the company's assets and recognizes a commitment which represents the current value of unpaid lease payments within the company's obligations, bearing in mind that Leases are not classified to the lessee as an operating lease or a finance lease. There are optional exemptions for short-term and low-value leases.

- With regard to the lessor, the lessor must classify each of his lease contracts either as an operating lease contract or as a finance lease contract.

- With regard to the financial lease, the lessor must recognize the assets held under a finance lease contract in the balance sheet and display them as receivable sums in an amount equal to the net investment in the lease contract.

- For an operating lease, the lessor must recognize lease payments from operating lease contracts as income, either on a straight line basis or on any other regular basis.

#### Recognition and measurement

- Upon the commencement of the contract, the company evaluates whether the contract contains lease arrangements, and for such arrangements for leasing contracts, the company recognizes Right of use assets and liabilities for lease contracts, with the exception of short-term leasing contracts and low-value asset contracts as follows:

- On initial recognition, the Right of use asset is measured as the amount equal to the rental obligation measured initially and adjusted for pre-contract lease payments, initial direct cost, rental incentives, and the discounted value of the estimated costs of dismantling and removing the asset.

In the subsequent measurement, the right of use base is measured at cost deducted from the depreciation aggregate and the sum of the impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the Right of use assets or the lease term, whichever is less.

- Lease commitment is measured at the beginning of the lease contract at the present value of the lease payments unpaid on that date over the lease period. Lease payments must be deducted using the country's incremental borrowing rate in general. The company uses the additional borrowing rate as the discount rate.

Then the lease contract liability is measured at amortized cost using the effective interest rate method.

- The Right of use assets and lease obligation of the lease contracts will be re-measured later in the event that any of the following events occur:

- The change in the rental price due to the link to the price or the rate that became effective in the period.
- Amendments to the lease contract
- Reassessment of the lease term

Leases of non-core assets that are not related to the main operating activities of the company, which are short-term in nature (less than 12 months including renewal options) and low-value commodity leases are included in the income statement as incurred.

#### Transitional period

The company has applied the Egyptian Accounting Standard No. (49) with effect from January 1, 2021, and the comparative figures have not been modified. Upon switching to LAS 49, the company chose to apply the practical method to exclude the valuation whereby transactions represent lease contracts. It applied Egyptian Accounting Standard 49 only to contracts that were previously defined as lease contracts. Contracts that were not defined as lease contracts under Egyptian Accounting Standard 20 were not re-evaluated. Consequently, the definition of a lease contract under Egyptian Accounting Standard 49 was applied only to contracts concluded or changed on or after January 1, 2021, as the company adopted practical incentives. When applying the Egyptian Accounting Standard No. (49) to the following:

Lease contracts previously classified as operating leases under the Egyptian Accounting Standard No. (20):

Application of a single discount rate to a group of leases with reasonably similar characteristics the average additional interest rate applied to the lease obligations recognized on January 1, 2021, was 9.12%.

The application of the exemption by not recognizing the assets and liabilities of the Right of use asset that expire during the year 2021.

Excluding the initial direct cost from measuring the Right of use asset on the first application date.

The company has also chosen to use recognition exemptions for leasing contracts whose lease period does not exceed 12 months or less from the date of the first application and does not contain the option to purchase “short-term lease contracts” as well as low-value leasing contracts for “low-value assets.”

#### Important rulings in determining the lease term for contracts that include renewal options

The term of the leasing contract determines, along with a period of time, the lease option contract, or this right may be exercised, and to a reasonable extent, or periods covered by the option to terminate the lease, may exercise this right

The company has the option under some lease contracts to lease assets for additional periods, the company applies judgment in assessing whether it is certain and to a reasonable degree to exercise the renewal option, and this means that all relevant factors that create an economic incentive to practice renewal are taken into consideration, after the start date

The company shall return the lease term if there is a major event or change in the circumstances under its control that affects its ability to exercise (or not exercise) the renewal option (for example) a change in the business strategy.

## P. Segmental reports

A segment is a group of related assets and operations that are subject to risks and returns that are different from those of other sectors or within a single economic environment subjects to risks and returns that relate to it, other than those relate of segments operating in a different economic environment.

## Q. Dividends

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Group's shareholders.

## R. Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

## 43. Important events

During the period, the group increased its shares in Almajmoa Alalamia for Cars Trading (GK) from 50% to 83.33%, and the acquisition resulted a profit of 45.5 million Egyptian pounds, which were included in the retained earnings within the total equity of the parent company , Also The group sold, during the period, part of its stake in MNTPV by 7%, to become 57.46% instead of 65%, and from this sale gain a profit of 251 million Egyptian pounds.