


Translation of consolidated financial statement
Originally issued in Arabic

GB Corp
(An Egyptian Joint Stock Company)

Consolidated Financial Statements
For The Financial Year Ended December 31, 2023
And Auditor's Report

 **Hazem Hassan**
Public Accountants & Consultants

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Translation of Auditor's Report

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Auditor's Report

To the Shareholders of GB Corp (S.A.E.)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GB Corp (S.A.E.), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated Statements of Profit or Loss and comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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



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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GB Corp (S.A.E.) as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Emphases of matter

We would like to draw attention to Note No. (29 -1- A-1) of the accompanying notes of the financial statements , that as a result of the current global and local economic circumstances and geopolitical risks and its consequences, this may affect the Company's ability to manage its financial and operational obligations in foreign currencies..

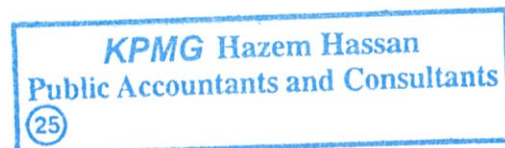
Report on Other Legal and Regulatory Requirements

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

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo February 29, 2024



GB Corp
(An Egyptian Joint Stock Company)
Consolidated Statement of Financial Position
as at December 31, 2023

(All amounts in thousand Egyptian Pound)	Note No.	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property, plant, equipment and projects under construction (Net)	(16)	5 965 736	4 945 174
Assets right of use	(17)	530 025	431 535
Intangible assets and goodwill	(18)	350 473	361 277
Payments under investment in fair value through profit or losses	(31)	72	72
Investment in associate	(35)	10 625 833	9 559 706
Investments in fair value through OCI	(36)	106 500	106 500
Long term notes receivables (Net)	(12)	5 382 482	2 973 743
Deferred tax assets	(10-B)	186 945	257 769
Investment property	(19)	90 905	90 905
Debtors and other debit balances	(14-A)	182 642	398 886
Subordinated Loan	(35)	50 000	50 000
Total non-current assets		23 471 613	19 175 567
Current assets			
Assets held for sale	(44)	855 000	855 000
Inventories (Net)	(11)	6 366 072	3 920 044
Accounts and notes receivables (Net)	(13)	4 042 327	3 060 579
Debtors and other debit balances (Net)	(14-B)	2 998 370	3 323 285
Due from related parties	(34)	347 598	185 008
Cash and cash equivalents	(15)	4 504 238	4 098 083
Total current assets		19 113 605	15 441 999
Total assets		42 585 218	34 617 566
Equity			
Issued and paid in capital	(20)	1 085 500	1 085 500
Reserve for financial Solvency	(43)	7 612	10 711
General risk reserve	(42)	-	131
Legal reserve	(22)	562 734	533 542
Other reserves	(23)	4 383 857	3 277 220
Private risk reserve - Non banking financial service	(41)	20 393	20 393
Retained Earning		11 887 833	1 820 099
Net Profit for the year		1 890 727	9 984 958
Equity attributable to parent Company		19 838 656	16 732 554
Non-controlling interests	(24)	1 362 958	728 195
Total equity		21 201 614	17 460 749
Liabilities			
Non-current liabilities			
Loans	(26)	4 563 174	2 940 313
Bonds Long term	(39)	200 000	280 000
Long term notes payables and creditors		288 593	380 317
Right of use Liability		371 314	344 343
Warranty provisions	(28)	7 070	13 935
Deferred tax liabilities	(10-B)	333 053	331 615
Total non-current liabilities		5 763 204	4 290 523
Current liabilities			
Provisions	(28)	340 596	346 315
Current tax liabilities	(10-A)	415 090	324 089
Loans, borrowings and overdrafts	(26)	7 674 496	6 040 231
Due to related parties	(34)	68	101 739
Bonds	(39)	80 000	241 538
Trade payables and other credit balances	(27)	7 110 150	5 812 382
Total current liabilities		15 620 400	12 866 294
Total liabilities		21 383 604	17 156 817
Total equity and liabilities		42 585 218	34 617 566

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

Group Chief Financial Officer and
Executive Board Member
Abbas Elsayed

Executive Board Member
Nader Ghabbour

** Auditor's report "attached"

GB Corp
(An Egyptian Joint Stock Company)
Consolidated Statement of Profit or Loss
for the financial year ended 31 December 2023

(All amounts in thousand Egyptian Pound)	Note No.	31 December 2023	31 December 2022
Operating revenue	(5)	28 317 230	29 789 079
Operating cost	(5)	(21 432 690)	(21 676 145)
Gross profit		6 884 540	8 112 934
Other income	(6)	523 052	285 557
Selling and marketing expenses	(37)	(1 027 837)	(2 164 790)
General and administrative expenses	(37)	(2 402 802)	(2 048 396)
Provisions and Impairment of Current and Non-Current assets (Net)	(8)	(268 832)	(229 788)
Operating Profit		3 708 121	3 955 517
Finance costs (Net)	(7)	(2 465 024)	(962 993)
Gain from investment in associate	(35)	1 066 090	100 587
(Loss) / Gain from sale & Revaluation of investment associate	(40)	(4 425)	8 207 309
Net profit for the year before income tax		2 304 762	11 300 420
Income tax	(10-C)	(493 234)	(762 322)
Net profit for the year after income tax		1 811 528	10 538 098
Attributable to:			
Shareholder's of the parent company		1 890 727	9 984 958
Non-controlling interests		(79 199)	553 140
		1 811 528	10 538 098
Basic earning per share (EGP/Share)	(9)	1.682	9.175

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

GB Corp
(An Egyptian Joint Stock Company)
Consolidated Statement of Comprehensive Income
for the financial year ended 31 December 2023

(All amounts in thousand Egyptian Pound)	31 December 2023	31 December 2022
Net profit for the year after income tax	1 811 528	10 538 098
Other comprehensive income items		
Foreign currency translation difference	1 222 124	1 429 548
Unrealized Foreign currency exchange losses	-	(447 997)
Modification of fixed assets cost	(13 368)	(13 580)
Total other comprehensive income for the year before income tax	1 208 756	967 971
Income tax related to other comprehensive income	1 320	2 982
Total other comprehensive income for the year after income tax	1 210 076	970 953
Total comprehensive income for the year	3 021 604	11 509 051
Comprehensive income is attributable to:		
Shareholder's of the parent company	2 946 857	11 289 556
Non-controlling interests	74 747	219 495
	3 021 604	11 509 051

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

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Shareholder's equity of the parent company

	Share capital	Legal reserve	Foreign currency translation reserve	ESOP (Fair value) reserve	Revaluation surplus of fixed assets (Fixed assets reserve)	Share premium (Special reserve)	Reserve for financial risk	General risk reserve	Non banking financial reserve -	Retained Earning	Net profit for the year	Total	Non-Controlling Interests	Total equity
Balance at December 31, 2022	1 085 500	533 542	2 214 460	88 882	69 837	904 041	10 711	131	20 393	1 820 099	9 984 938	16 732 554	728 195	17 460 749
Transferred to retained earnings	-	-	-	-	-	-	-	-	-	9 984 938	(9 984 938)	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	1 890 727	1 890 727	(79 199)	1 811 528
Net profit for the year	-	-	-	-	(12 048)	-	-	-	-	-	-	(12 048)	-	(12 048)
Modification surplus of fixed assets cost after income tax	-	-	1 014 871	-	-	-	-	-	-	-	-	1 014 871	207 253	(122 124)
Other Comprehensive Income Items	-	-	-	-	(12 048)	-	-	-	-	-	-	-	128 054	3 021 604
Total comprehensive income	-	-	1 014 871	-	(12 048)	-	-	-	-	-	1 890 727	2 893 550	-	-
Transactions with owners of the Company	-	-	-	-	-	-	4 792	-	-	(4 792)	-	-	-	-
Reserve for financial solvency risk	-	-	-	-	-	-	-	-	-	13 368	-	13 368	-	13 368
Modification of fixed assets cost	-	-	-	-	-	-	-	(1 311)	-	131	-	(64 636)	(159 087)	(223 723)
General risk reserve	-	-	-	-	-	-	-	-	-	193 142	-	263 820	15 535	15 535
Dividends Distributions	-	(23 245)	103 814	-	-	-	(7 801)	-	-	-	-	-	-	-
Change in non-controlling interests without changing in control	-	-	-	-	-	-	-	-	-	(54 437)	-	-	-	-
Capital increase	-	54 437	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment under capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Transactions with owners of the company	-	29 192	103 814	-	-	(3 099)	(1 311)	-	-	82 776	-	212 552	506 709	719 261
Balance at December 31, 2023	1 085 500	562 734	3 333 145	88 882	57 789	904 041	7 612	-	20 393	11 887 833	1 890 727	19 838 636	1 502 938	21 201 614

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

GB Corp
(An Egyptian Joint Stock Company)
Consolidated Statement of Shareholders' Equity
for the financial year ended 31 December 2022

31 December 2022

31 December 2022	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)	Reserve for financial solvency risk	General reserve	Non banking financial service	Retained Earning	Net profit for the year	Total	Non-Controlling Interests	Total equity
Balance at December 31, 2021 Restated	1 094 010	513 961	(8 510)	1 067 263	88 882	80 435	904 041	-	49 472	90 339	440 890	1 408 511	5 739 354	1 640 720	7 380 074
Transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	1 408 511	(1 408 511)	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	9 984 958	9 984 958	553 140	10 538 098
Net profit for the year	-	-	-	-	-	(10 598)	-	-	-	-	-	-	(10 598)	(10 598)	(10 598)
Modification surplus of fixed assets cost after income tax	-	-	-	1 147 706	-	-	-	-	-	-	-	-	1 147 706	281 842	1 429 548
Other Comprehensive Income Items	-	-	-	-	-	-	-	-	-	-	(447 997)	-	(447 997)	-	(447 997)
Foreign currency translation losses	-	-	-	1 147 706	-	(10 598)	-	-	-	-	(447 997)	9 984 958	10 684 667	834 384	11 509 051
Total comprehensive income	-	-	-	1 147 706	-	(10 598)	-	-	-	-	(447 997)	9 984 958	10 684 667	834 384	11 509 051
Transactions with owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserve for financial solvency risk	-	-	-	-	-	-	-	10 711	-	-	(10 711)	-	-	-	-
Modification of fixed assets cost after income tax (Net)	-	-	-	-	-	-	-	-	-	-	13 580	-	13 580	-	13 580
special risk reserve - Non banking financial service	-	-	-	-	-	-	-	-	-	(43 322)	43 322	-	-	(5 361)	(5 361)
capital decrease of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cancel Treasury Bills	(8 510)	-	8 510	-	-	-	-	-	-	-	(499 989)	-	(499 989)	(150 507)	(650 496)
Dividends Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal net profit for the period of the non-controlling interest until the date of loss of control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss of control of subsidiary	-	(56 888)	-	(509)	-	-	-	-	(49 309)	(26 666)	939 819	-	806 447	(1 199 916)	(384 469)
Change in non-controlling interests without changing in control	-	(30)	-	-	-	-	-	-	(32)	(18)	(827)	-	(907)	17 966	14 700
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	14 700	14 700
Transferred to legal reserve	-	66 499	-	-	-	-	-	-	-	-	(66 499)	-	-	-	-
Physical stock capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	500	500
Total Transactions with owners of the company	(8 510)	18 691	8 501	(509)	-	-	10 711	(38 630)	(119 347)	348 688	418 605	319 131	(1 438 376)	(3 175 982)	(1 438 376)
Balance at December 31, 2022	1 085 500	542 052	(309)	2 214 460	88 882	69 837	914 752	(38 630)	(67 875)	439 088	1 820 095	10 384 089	14 995 645	(710 788)	17 460 749

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

GB Corp
(An Egyptian Joint Stock Company)
Consolidated Statement of Cash Flows
for the financial year ended 31 December 2023

(All amounts in thousand Egyptian Pound)

	Note No.	31 December 2023	31 December 2022
Net profit for the year before tax		2 304 762	11 300 420
Adjustments for:			
Interest expense	(7)	1 296 592	890 717
Depreciation and amortization for the year	(16,17,18)	531 403	451 098
Provisions movements (net)	(28)	26 884	81 784
Impairment losses on current assets (net)		5 495	159 270
Interest income	(7)	(330 691)	(166 751)
(Loss) / Gain from sale & Revaluation of investment associate		4 425	(8 207 309)
Gain from sale of property, plant, equipment and assets held for sale	(6)	(37 741)	(15 063)
Impairment on fixed assets		375 486	-
Gain from investment in associate		(1 066 090)	(100 587)
Dividends from associates		-	6 143
Gain from foreign currency exchange		-	(447 997)
Unrealized Foreign currency exchange losses		77 699	-
		3 188 224	3 951 725
Changes in:			
Inventories (Net)		(2 204 041)	471 040
Accounts and notes receivables		(3 248 248)	10 295 375
Debtors and other debit balances		957 158	(414 234)
Due from related parties		(185 199)	(69 673)
Due to related parties		(101 671)	(24 259)
Payment rent for asset right of use		(67 687)	(63 364)
Proceeds from loans and borrowings		1 844 623	(7 062 762)
Trade payables and other credit balances		1 060 765	708 614
Cash provided from operating activities		1 243 924	7 792 462
Provisions used		(45 082)	(28 234)
Income tax paid		(328 651)	(729 999)
Dividends distributions paid for employees and members of the board of directors		(45 560)	(96 029)
Net cash provided from operating activities		824 631	6 938 201
Cash flows from investing activities			
Payment for acquisition of property, plant, equipment and projects under constructions		(2 055 957)	(1 160 574)
Payment to acquire non controlling interest		(7 000)	-
Proceeds from sale of shares from subsidiaries		1 032 134	-
Payment for acquisition of intangible assets		(7 431)	(6 118)
Interest income received		184 412	121 803
Payment under investment		-	54 456
Proceed from sale of investment		-	1 361 104
Payment for investments in associates	(40)	-	(2 456 148)
Proceeds from sale of property, plant, equipment and assets held for sale		254 339	29 029
payment to purchase assets held for sale		-	(855 000)
Net cash (used in) investing activities		(599 503)	(2 911 448)
Cash flows from financing activities			
Bonds		(241 538)	521 538
Dividends distributions paid -non-controlling interest		-	(150 507)
Dividends distributions paid		-	(403 960)
Proceeds from loans and borrowings		1 412 503	(1 099 910)
capital decrease of subsidiary		-	(5 361)
Long-Term notes payable		(91 724)	(207 771)
Interest expense paid		(1 348 858)	(943 502)
Net cash (used in) financing activities		(269 617)	(2 289 473)
Net Increase in cash and cash equivalents		(44 489)	1 737 279
Cash and cash equivalents at the beginning of the year		4 098 184	1 935 991
Effect of movements in exchange rates on cash and cash equivalents		453 212	424 914
Cash and cash equivalents at end of the year	(15)	4 506 907	4 098 184

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

GB Corp (S.A.E)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

1- Background of the Group

GB Corp S.A.E 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.

Based on the decision of the Extraordinary General Assembly Meeting held on March 26, 2023, it has been agreed to change the Company's name to be GB Corp S.A.E This amendment was registered in the commercial register on May 7, 2023.

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, crans, mechanical tools equipment for soil 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 and tires for vehicles and equipment whether locally manufactured or imported. The Company 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 trucks 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 the family of Dr. Raouf Ghabbour who collectively owns 63.38% of the Company's shares as at December 31, 2023.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on February 29, 2024.

2- Basis of preparation of consolidated financial statements

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

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.

GB Corp (S.A.E)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

- The recognition of the change in accounting estimates in the period in which the change in estimate occurs, 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 estimated future costs of sale. The financial asset values are determined 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 liabilities.
- 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 evaluation method that leads to results that can be relied upon 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 summary describes the operations for each reportable segment:

<u>Reportable segment</u>	<u>Operations</u>
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, minibuses, 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.
Financial non-Banking Services	Providing services of investments and real estate financing and insurance and provides services of factoring and financial non-banking services. And operation and finance lease and microfinancing and 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 on credit and trade in all kinds of goods 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.

GB Corp (S.A.E)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

5-Operating Segments(Continued)

A-Total Revenue

1-Percentage of total Revenue by sectors

	December 31, 2023	%	December 31, 2022	%
Passenger car	16 682 367	58.91%	12 750 795	42.80%
Buses and trucks	1 798 176	6.35%	1 790 339	6.01%
2 & 3 Wheels	1 921 730	6.79%	4 654 904	15.63%
Financial non-Banking Services	4 463 218	15.75%	7 995 111	26.84%
Other Operations	3 451 739	12.20%	2 597 930	8.72%
	28 317 230	100%	29 789 079	100%

2-Percentage of revenues from foreign operations out of total revenues

	December 31, 2023	%	December 31, 2022	%
Passenger car	5 355 487	32.10%	2 291 318	17.97%
2 & 3 Wheels	2 479 350	55.55%	2 439 635	52.41%

B- Segments results

	December 31, 2023	%	December 31, 2022	%
Passenger car	4 005 782	58.19%	2 219 887	27.36%
Buses and trucks	423 772	6.16%	282 441	3.48%
2 & 3 Wheels	385 068	5.59%	1 005 120	12.39%
Financial non-Banking Services	1 070 849	15.55%	4 111 801	50.68%
Other Operations	999 069	14.51%	493 686	6.09%
	6 884 540	100%	8 112 934	100%

C-Assets

	December 31, 2023	%	December 31, 2022	%
Passenger car	5 654 036	13.3%	5 642 663	16.3%
Buses and trucks	7 921 770	18.6%	5 123 400	14.8%
2 & 3 Wheels	3 627 779	8.5%	3 877 167	11.2%
Financial non-Banking Services	15 325 289	36.0%	11 596 885	33.5%
Other Operations	10 056 345	23.6%	8 377 451	24.2%
	42 585 218	100%	34 617 566	100%

D- Liabilities

	December 31, 2023	%	December 31, 2022	%
Passenger car	6 163 794	28.8%	3 191 168	18.6%
Buses and trucks	5 324 517	24.9%	4 186 263	24.4%
2 & 3 Wheels	406 288	1.9%	1 921 564	11.2%
Financial non-Banking Services	7 313 334	34.2%	5 747 534	33.5%
Other Operations	2 175 670	10.2%	2 110 288	12.3%
	21 383 604	100%	17 156 817	100%

GB Corp. (S.A.E)
Notes to the consolidated financial statements for the financial year ended December 31, 2023
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

5-Operating Segments (Continued)

E-Reconciliations of information on reportable segments to financial statements according to EASs

	December 31, 2023	December 31, 2022
Revenues		
Total revenues of operating segments	30 413 736	32 576 933
Elimination of revenue between group inter-segment	(2 096 506)	(2 787 854)
Consolidated Revenue	28 317 230	29 789 079
Segments result		
Gross profit of operating segment	6 946 685	8 188 595
Elimination of gross profit between group inter-segment	(62 145)	(75 661)
Consolidated Gross Profit	6 884 540	8 112 934
Assets		
Total assets of operating segments	76 802 482	62 435 956
Elimination of assets between group inter-segment	(34 217 264)	(27 818 390)
Total Consolidated Assets	42 585 218	34 617 566
Liabilities		
Total Liabilities of operating segments	38 572 508	30 649 859
Elimination of Liabilities between group inter-segment	(17 188 904)	(13 493 042)
Total Consolidated Liabilities	21 383 604	17 156 817

F-Other profit or loss amounts

	Total reportable segment	Elimination between group	Total consolidated December 31, 2023
Finance income	330 691	-	330 691
Interest expense and Bank Charges	(1 592 464)	295 872	(1 296 592)
Capital expenditure	(2 063 388)	-	(2 063 388)
Depreciation and Amortization	531 403	-	531 403
	Total reportable segment	Elimination between group	Total consolidated December 31, 2022
Finance income	166 751	-	166 751
Interest expense and Bank Charges	(903 920)	13 203	(890 717)
Capital expenditure	(1 166 692)	-	(1 166 692)
Depreciation and Amortization	451 098	-	451 098

CIB Corp (S.A.E)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

5- Operating expenses (continued)

16- Operating costs

	Parent corp		Indirect and share		Third and share holders		Branches/ Non Banking Services		Other operations		Total	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Operating revenue	16 682 367	12 750 795	1 798 176	1 790 339	1 921 730	4 654 904	4 463 218	7 995 111	3 451 739	2 597 929	28 317 230	29 789 079
Operating cost	(12 677 015)	(10 530 749)	(1 374 449)	(1 507 928)	(1 536 704)	(3 649 891)	(3 391 744)	(3 883 748)	(2 452 777)	(2 104 332)	(21 433 890)	(21 676 445)
Gross profit	4 005 352	2 220 046	423 727	282 411	385 026	1 005 013	1 071 474	4 111 363	998 962	493 597	6 884 540	8 112 934
Selling and Marketing expenses											(1 027 837)	(2 164 790)
General and administrative expenses											(2 402 802)	(2 048 396)
Provisions and Impairment of Current and Non-Current assets (Net)											(268 832)	(229 768)
Other income											523 052	285 557
Operating profit											3 708 121	3 965 517
Gain from investment in associate											1 066 090	100 587
(loss) / gain from the sale and remeasurement of investments in associate											(4 425)	8 207 309
Finance cost (Net)											(2 465 054)	(962 993)
Net profit for the year before income tax											2 304 762	11 300 420
Income tax expense											(493 234)	(762 322)
Net profit for the year after income tax											1 811 528	10 538 098
Attributable to:												
Shareholders of the parent Company											1 890 727	9 984 958
Non-controlling interests											(79 199)	553 140
											1 811 528	10 538 098

6- Other Income	December 31, 2023		December 31, 2022	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Gain on sale of fixed asset	37 741		15 063	
Gain from Scrap Sales	62 843		54 876	
Commission for restructuring of loans	-		63 457	
Other revenues	165 476		125 595	
Cash incentive revenue	253 478		6 589	
Rent Income	3 514		17 977	
Total	523 052		285 557	

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GB Corp (S.A.E)
Notes to the consolidated financial statements for the financial year ended December 31, 2023
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

7-Finance Costs (Net)

	December 31, 2023	December 31, 2022
Interest Income	313 906	147 471
Interest Income on installment sales	16 765	19 280
Total Finance Income	330 691	166 751
Interest expense and bank charges	(1 296 592)	(590 717)
Foreign exchange loss	(1 499 123)	(239 027)
Total Finance Cost	(2 795 715)	(1 129 744)
Net Finance Cost	(2 465 024)	(962 993)

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

	Balance at 1/1/2023	Provisions formed during the year	Disposal During the year	Provisions no longer required during the year	Effect of movements of exchange rates	Balance at 31/12/2023
Expected credit loss of Accounts & Notes receivable	386 775	91 220	-	(128 975)	1 556	330 576
Expected credit loss of due from related parties	64 623	165 234	-	(142 625)	-	87 232
Expected credit loss of Debtors & Other debit balances	77 400	41 349	-	(26 112)	(55)	92 562
Expected Credit Loss of Cash and cash equivalent	101	5 239	-	(2 671)	-	2 669
Warranty provision	24 476	36 008	-	(23 419)	-	37 065
Other Provision	64 312	261 803	-	(8 219)	-	317 896
	597 687	600 853	-	(332 021)	1 501	868 020
* Impairment of Inventory	72 103	35 039	-	(32 346)	934	75 730
	669 790	635 892	-	(364 367)	2 435	943 750

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

GB Corp (S.A.E)
Notes to the consolidated financial statements for the financial year ended December 31, 2023
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

9-Earnings per share

A- EPS in consolidated net profit

Basic earnings per share is calculated by dividing net consolidated profit for the year by the weighted average number of ordinary shares issued during the year.

	December 31, 2023	December 31, 2022
Net profit for the year (parent company share)	1 890 727	9 984 958
Employees share of profit*	(48 258)	-
Board of directors bonus*	(17 183)	-
	<u>1 825 286</u>	<u>9 984 958</u>
Weighted average number of ordinary shares issued	1 085 500	1 088 222
Basic profit earnings per share/ EGP	<u>1.682</u>	<u>9.175</u>

* Proposed from the board of directors and under the approval of the general assembly

10-Income tax

A-Income tax liabilities

	December 31, 2023	December 31, 2022
Balance at 1 January	324 089	351 279
Taxes paid during the year	(328 651)	(729 999)
Current income tax during the year (Note 10-C)	419 652	702 809
Balance at the end of the year	<u>415 090</u>	<u>324 089</u>

GB Corp (S.A.E)
Notes to the consolidated financial statements for the financial year ended December 31, 2023
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

10-Income tax (Continued)										Total	
B-Deferred tax Asset and Liability	Note No.	Fixed Assets	Carried forward losses	Inventory Impairment	Warranty Provision	Revaluation surplus of fixed assets*	Notes payable	Capital Gains	31-Dec-23	31-Dec-22	
Deferred tax assets											
Balance at 1 January	11	155 295	3 349	35 709	-	63 405	-	-	257 769	331 341	
Charged to the income statement	-	(24 468)	5 794	(6 398)	-	(45 752)	-	-	(70 824)	(73 572)	
Balance at the end of the year	11	130 827	9 143	29 311	-	17 653	-	-	186 945	257 769	
Deferred tax liabilities											
Balance at 1 January	(306 512)	-	-	-	(6 377)	-	(18 726)	(331 615)	(348 657)		
Charged to the income statement	(19 018)	-	-	-	-	-	16 260	(2 758)	14 059		
Charged to Statement of comprehensive income	-	-	-	-	1 320	-	-	1 320	2 983		
Balance at the end of the year	(325 530)	-	-	-	(5 057)	-	(2 466)	(333 053)	(331 615)		
Net Balance at the end of the year	(325 519)	130 827	9 143	29 311	(5 057)	17 653	(2 466)	(146 108)	(73 846)		
Net											
Balance at 1 January	(306 501)	155 295	3 349	35 709	(6 377)	63 405	(18 726)	(73 846)	(17 316)		
Charged to the income statement	(10-C) (19 018)	(24 468)	5 794	(6 398)	-	(45 752)	16 260	(73 582)	(59 513)		
Charged to Statement of comprehensive income	-	-	-	-	1 320	-	-	1 320	2 983		
Balance at the end of the year	(325 519)	130 827	9 143	29 311	(5 057)	17 653	(2 466)	(146 108)	(73 846)		

* The deferred tax charge for revaluation surplus of fixed assets has been charged to the consolidated statement of other comprehensive income

GB Comp. (S.A.E)
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10-Income tax (Continued)

B-Deferred tax assets and liabilities (Continued)

Unrecognised deferred tax assets

Some deferred tax assets have not been recognised because it is not certain confirmation to use that tax benefit in the future

	December 31, 2023	December 31, 2022
Expected credit loss for accounts and notes receivables	74 380	82 524
Expected credit loss for other debit balances	20 831	17 415

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 given that they will not reverse in the foreseeable future.

C-Income tax expense

	December 31, 2023	December 31, 2022
Current income tax (Note 10-A)	(419 652)	(702 809)
Deferred tax – (Note 10-B)	(73 582)	(59 513)
Income tax for the year	(493 234)	(762 322)

D-Amounts recognized in OCI

	December 31, 2023			December 31, 2022		
	Before Tax	Taxes	After Tax	Before Tax	Taxes	After Tax
Foreign Currency translation difference	1 222 124	-	1 222 124	1 429 548	-	1 429 548
revaluation surplus of fixed assets cost	(13 368)	1 320	(12 048)	(13 580)	2 983	(10 597)
	1 208 756	1 320	1 210 076	1 415 968	2 983	1 418 951

11-Inventories

	December 31, 2023	December 31, 2022
Goods in transit	1 306 965	561 352
Cars, buses and trucks	2 576 045	1 681 277
Raw material and car components	1 063 733	791 597
Spare parts for sale	958 374	681 779
Work in progress	391 112	171 001
Tires	144 300	102 806
Oils	1 273	2 335
Total	6 441 802	3 992 147
* Impairment of inventory	(75 730)	(72 103)
Net	6 366 072	3 920 044

* The formation and reversal of inventory impairment are charged in cost of sales at statement of profit / loss.

GB Corp (S.A.E)
Notes to the consolidated financial statements for the financial year ended December 31, 2023
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

12-Long term notes receivables

	December 31, 2023	December 31, 2022
Long-term notes receivable	6 598 222	3 488 544
Interest income on installment sales	(1 098 666)	(431 255)
Net present value for long-term notes receivable	5 497 556	3 057 289
Expected credit loss for long-term notes receivable	(115 074)	(83 546)
Net	5 382 482	2 973 743

13-Accounts and notes receivables

	December 31, 2023	December 31, 2022
Total notes receivable	3 805 621	2 675 735
Unamortized interest	(1 098 666)	(431 255)
Net present value for short-term notes receivable	2 706 955	2 244 480
Trade receivable	1 550 874	1 099 328
Total	4 257 829	3 343 808
Expected credit loss for accounts and notes receivable balances	(215 502)	(283 229)
Net	4 042 327	3 060 579

The following table represents the Expected credit loss for accounts and notes receivables according to the expected losses model on December 31, 2023:

1-Non Banking -Financial Services

	Stage 1: Expected credit losses over 12 months	Stage 2: Lifetime ECL that is not credit impaired	Stage 3: Lifetime ECL with impaired credit	Total
Account & notes receivables	7 014 364	469 360	454 669	7 938 393
Adjust: Expected credit loss for accounts and notes receivable balances	(53 713)	(33 590)	(174 751)	(262 054)
Net	6 960 651	435 770	279 918	7 676 339

2- The sector of passenger and transport vehicles, buses, two- and three-wheelers vehicles and other operations

	The Balance	* The percentage of expected losses	Expected credit loss of account & notes receivables	Net
Notes Receivable	344 518	3%	(10 904)	333 614
Trade receivables	994 137	2%	(21 790)	972 347
From 1 to 30	237 638	1.0%	(2 334)	235 304
From 31 to 60	110 922	2%	(2 583)	108 339
From 61 to 90	23 699	5%	(1 147)	22 552
From 91 to 120	7 413	18%	(1 331)	6 082
More than 120	98 665	29%	(28 433)	70 232
Total	1 816 992		(68 522)	1 748 470

* The percentage vary according to the nature of each sector of the group and the payment method nature of customers
(Bank purchase order customers - Governmental customers - Credit customers - Insurance & Foreign warranty customers - Other customers)

GB Corp (S.A.E)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

14-Debtors and other debit balances

A-Long term debtors and other debit balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Excess in securitization operations	182 642	398 886
	<u>182 642</u>	<u>398 886</u>

B-Debtors and other debit balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Advance payments to suppliers	971 926	764 608
Withholding tax	487 668	575 580
Value added tax	50 696	47 714
Accrued interest	146 279	44 948
Accrued revenue	152 399	6 040
Letters of credit	442 262	1 070 366
Prepaid expenses	196 206	78 339
Security deposits with others	16 217	24 998
Letters of guarantee margin	208 238	332 354
Staff loans and custodies	90 936	33 493
Other debit balances	326 256	420 793
Customs duties	1 869	1 452
Total	3 090 952	3 400 685
Expected credit loss for debtor and other debit balances	(92 582)	(77 400)
Net	2 998 370	3 323 285

15-Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits	931 063	145 745
Cash and Cash equivalents	3 401 510	3 852 593
Checks under collections	54 103	74 990
Treasury bills	120 231	24 856
Cash and Cash equivalents According to cash flow	4 506 907	4 098 184
Expected credit loss for Cash and cash equivalent	(2 669)	(101)
Net	4 504 238	4 098 083

GB Corp (S.A.E)

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Notes to the consolidated financial statements for the financial year ended December 31, 2023

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16 - Property, plant, equipments and projects under construction

	Land and Buildings	Machinery & equipment	Vehicles	Computers	Fixtures & furniture	Leasehold improvements	* Projects under construction	Total
Cost								
Cost at 1 January 2022	2 659 560	1 077 846	706 108	285 110	1 108 461	110 183	333 497	6 280 765
Additions during the year	176 925	22 770	171 654	15 528	49 868	4 391	522 022	963 158
Transferred from projects under construction to PP&E and intangible assets	-	26 858	-	37	16 148	5 731	(48 774)	-
Disposals during the year	(2 601)	(77 979)	(106 882)	(106 007)	(130 361)	(603)	(27 119)	(451 552)
Effect of cost modification using modification factor	-	-	(884)	(4 809)	(231)	-	-	(5 924)
Effect of movements of translation of foreign entities	246 773	26 477	18 779	7 745	72 023	8 315	-	380 112
Balance at 31 December 2022	3 080 657	1 075 972	788 775	197 604	1 115 908	128 017	779 626	7 166 559
Cost at 1 January 2023								
Additions during the year	3 080 657	1 075 972	788 775	197 604	1 115 908	128 017	779 626	7 166 559
Transferred from projects under construction to PP&E and intangible assets	263 827	70 683	221 711	14 746	16 403	3 350	1 109 508	1 700 228
Disposals during the year	91 160	22 374	-	7 447	91 455	-	(212 436)	-
Effect of movements of translation of foreign entities	(87 226)	(5 702)	(69 160)	(4 429)	(15 753)	(203)	(12 059)	(194 532)
Balance at 31 December 2023	170 361	19 112	11 961	4 645	51 389	6 146	-	263 614
	3 518 779	1 182 439	953 287	220 013	1 259 402	137 310	1 664 639	8 935 869
Accumulated depreciation and impairment losses								
Accumulated depreciation at 1 January 2022	347 194	646 565	262 131	211 318	500 214	47 368	13 278	2 028 068
Depreciation during the year	35 351	65 753	74 456	19 644	86 188	16 617	-	298 009
Disposals during the year	(7 773)	(26 640)	(55 279)	(50 892)	(45 779)	(30 658)	-	(217 021)
Effect of accumulated depreciation modification using modification factor	-	(9 343)	(691)	(23)	(1 229)	-	-	(11 286)
Effect of movements of translation of foreign entities	53 401	15 686	3 551	5 943	38 507	6 527	-	123 615
Accumulated depreciation at 31 December 2022	428 173	692 021	284 168	185 990	577 901	39 854	13 278	2 221 385
Accumulated depreciation at 1 January 2023								
Depreciation during the year	428 173	692 021	284 168	185 990	577 901	39 854	13 278	2 221 385
Disposals during the year	46 720	91 185	85 858	26 567	102 921	11 338	-	364 589
Disposals during the year	(13 961)	(3 688)	(38 802)	(2 369)	(10 702)	(197)	-	(69 719)
Effect of accumulated depreciation modification using modification factor	-	(1 315)	(2 429)	-	(2 188)	-	-	(5 932)
Impairment of fixed assets	370 653	4 687	-	-	22	122	-	375 484
Effect of movements of exchange rates	37 907	11 430	(3 131)	4 351	28 145	5 624	-	84 326
Accumulated depreciation at 31 December 2023	869 492	794 320	325 664	214 539	696 099	56 741	13 278	2 970 133
Net carrying Amount								
At 1 January 2022	2 312 366	431 281	443 977	73 792	608 247	62 815	320 219	4 252 697
At 31 December 2022	2 652 484	383 951	504 607	11 614	538 007	88 163	766 348	4 945 174
At 31 December 2023	2 649 285	388 117	627 621	5 472	563 301	80 567	1 651 359	5 965 736

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

GB Corp (S.A.E)
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17- Asset Right Of Use

	<u>Land & building</u>	<u>Total</u>
Cost		
Balance at January 1, 2022	537 049	537 049
Addition during the year	151 703	151 703
Disposals during the year	(118 659)	(118 659)
Effect of exchange rates	63 383	63 383
Balance at December 31, 2022	633 476	633 476
Balance at January 1, 2023	633 476	633 476
Addition during the year	243 948	243 948
Disposals during the year	(53 107)	(53 107)
Effect of exchange rates	71 105	71 105
Balance at December 31, 2023	895 422	895 422
Accumulated depreciation and impairment losses		
Accumulated depreciation at January 1, 2022	96 716	96 716
Depreciation during the year	115 344	115 344
Disposals during the year	(21 709)	(21 709)
Effect of exchange rates	11 590	11 590
Accumulated depreciation at December 31, 2022	201 941	201 941
Accumulated depreciation at January 1, 2023	201 941	201 941
Depreciation during the year	148 578	148 578
Disposals during the year	(12 576)	(12 576)
Effect of exchange rates	27 454	27 454
Accumulated depreciation at December 31, 2023	365 397	365 397
Net Book value at December 31, 2023	530 025	530 025
Net Book value at December 31, 2022	431 535	431 535

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

GB Corp (S.A.E)

Notes to the consolidated financial statements for the financial year ended December 31, 2023
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18- Intangible assets and goodwill

	Goodwill	Computer software	Knowhow	Right to use trademark	Total
Cost					
Balance at 1 January	252 780	70 748	5 703	177 375	506 606
Additions during the year	-	7 431	-	-	7 431
Balance at December 31, 2023	252 780	78 179	5 703	177 375	514 037
Accumulated amortization					
Balance at 1 January	-	50 938	5 703	88 688	145 329
Amortization during the year	-	12 323	-	5 912	18 235
Balance at December 31, 2023	-	63 261	5 703	94 600	163 564
Net Book value at December 31, 2023	252 780	14 918	-	82 775	350 473
Net Book value at December 31, 2022	252 780	19 810	-	88 687	361 277

Goodwill

On September 8, 2008, GB Corp (GB Auto Previously) 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 Alsaiaarat (GK), in Jordan, to acquire the existing business 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 EGP 249 million . During 30 september 2021 increased its stake in Almajmoa Alalamia Litijaret Alsaiaarat (GK) from 50% to 83.33% .

On October 26, 2017 the group fully acquired the shares of Egyptian International Maintenance and cars Manufacturing Company EIAC (S.A.E), and the acquisition resulted in goodwill amounted EGP 2.8 million.

Goodwill is allocated as presented below:

	December 31, 2023	December 31, 2022
Iraq PC- Sales	248 910	248 910
Financial leasing activity	1 000	1 000
After Sale service- PC	2 870	2 870
	252 780	252 780

GB Corp (S.A.E)
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18-Intangible assets and goodwill (Continued)

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 business plan approved by the Board of Directors covering five years' period. The management is preparing these estimated business plan based on the financial, operating and market performance in the previous years and its expectations for the market development.

Right to use trademark

On June 28, 2007, GB Corp (GB Auto Previously) fully acquired the shares of Cairo Company for Personal Transportation Industries (Citi) by purchasing 49.03%, which was owned by the minority, at a value of 210 million Egyptian pounds, in return for obtaining shares from the issuance of shares to increase the capital of the company. GB Corp (GB Auto Previously). Based on this acquisition, the company obtained the right to use the trademark of one of the company's main suppliers related to the activity of the 2&3 wheelers Sector, at an amount of 177 million Egyptian pounds on the date of acquisition.

19-Investments property

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance at 1 January	90 905	90 905
Balance at the end of the period	<u>90 905</u>	<u>90 905</u>

The fair value of investment property which is represented in the fair value of the land held on December 31 ,2023 amounted to 157 million Egypt pounds according to a prepared study by an independent a real estate office .

20-Issued and paid in capital

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized capital (5 000 000 000 shares with par value EGP 1 each)	5 000 000	5 000 000
Issued and paid capital (1 085 500 000 shares with par value of EGP 1 each)	<u>1 085 500</u>	<u>1 085 500</u>

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 register at December 31, 2014.

Private placement (Capital Increase).

on 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 addition 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.

This increase was subscribed by an amount of EGP 958 672 188 (EGP 473 225 502 in Cash and EGP 485 446 686 covered through the outstanding balances due to shareholders) divided on 958 672 188 shares with a par value of 1 EGP each to be the total capital issued and fully paid after the increase equals to EGP 1 094 009 733, it has been annotated in the commercial register at May 31, 2015.

The Extraordinary General Assembly unanimously agreed on June 5, 2022 to excute the company's treasury shares amounting to 8,509,733 shares and to reduce the capital by the amount of these shares, so that the issued and paid-up capital of the company after the reduction becomes 1,085,500,000 Egyptian pounds, and it was approved by the General Authority for Investment on 3/8/2022 It was annoted in the Commercial Register on August 15, 2022.

Misr for Central Clearing Depsitary & Registry accepted the implementation of the capital reduction decision on October 26, 2022.

GB Corp (S.A.E)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

21-Treasury Shares

On March 1, 2020, the Board of Directors of the company decided to purchase treasury shares with an maximum 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) 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 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 Thousand 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 thousand 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 thousand 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 Thousand 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 thousand Egyptian pounds. The amount of 8 510 Thousand 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 thousand Egyptian pounds has been recorded in the other reserves (Note 23).

On June 5, 2022 the Extraordinary General Assembly unanimously approved the execution of the company's treasury shares, amounting to 8 509 733 shares, and the reduction of the capital by the amount of these shares, so that the issued and paid-up capital of the company after the reduction became 1 085 500 000 Egyptian pounds, and it was approved by the General Authority for investment on August 3, 2022 and annoted in commercial register on 15 August 2022 .

22-Legal reserve

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance at 1 January	533 542	523 961
Transferred to legal reserve	54 437	9 581
Change of non controlling interest without change in control	(25 245)	-
Balance at the end of the period	<u>562 734</u>	<u>533 542</u>

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 reaches 50% of the issued capital. The legal reserve is not eligible for distribution to shareholders.

The legal reserve includes an amount of EGP 74 773 thousand related to the parent Company, the rest of the balance represents the legal reserve of the Group's Companies

GB Corp (S.A.E)
Notes to the consolidated financial statements for the financial year ended December 31, 2023
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

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, 2023	2 214 460	88 882	69 837	904 041	3 277 220
Foreign currency differences	1 118 685	-	-	-	1 118 685
Modification surplus of fixed assets cost	-	-	(12 048)	-	(12 048)
Balance at September 30, 2023	3 333 145	88 882	57 789	904 041	4 383 857

Share premium

The share premium represented in the difference between the amount paid and nominal 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, 2023	December 31, 2022
Share premium	904 041	904 041

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

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 nominal 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 nominal value of shares of 10 million EGP.

The share premium has also been increased by an amount of 4,750 thousand Egyptian pounds, representing the difference between the sale price of treasury shares during the year 2020 by an amount of 8,750 thousand 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	Financial Solvency Reserve	General risk reserve	Retained earnings	December 31, 2023	December 31, 2022
Balance at 1 January	314 141	2 688	571 559	45 861	-	-	(206 054)	728 195	1 640 720
Net profit for the year	-	-	-	-	-	-	(79 199)	(79 199)	553 140
Foreign currency translation results	-	-	207 253	-	-	-	-	207 253	281 842
Capital increase	2 688	15 535	-	-	-	-	-	18 223	15 200
Capital Decrease	-	-	-	-	-	-	-	-	(5 361)
Change in Non-controlling interests without changing in control	185 304	-	(49 856)	25 213	-	-	486 912	647 573	17 966
Transfer to legal reserve	-	-	-	5 449	-	-	(5 449)	-	-
Change in Non-controlling interests with change in control	-	-	-	-	-	-	-	-	(1 190 916)
Transfer to financial solvency reserve	-	-	-	-	6 228	-	(6 228)	-	(433 889)
Dividends Distributions	-	-	-	-	-	-	(159 087)	(159 087)	(150 507)
Balance at the end of the period	502 133	18 223	728 956	76 523	6 228	-	30 895	1 362 958	728 195

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI (Almajma Alalamia Lilijarat Alsalarat (GK) 16.87%, Ghabbour AL Qalam (GQ) 32% & GB Company for financial lease and factoring "S.A.E" 45% Automobila "S.A.E" 15% & Transport Vehicle distribution "S.A.E" 8%), before any Intra-group eliminations:

	December 31, 2023
Non-current assets	3 754 685
Current assets	8 062 893
Non-current liabilities	(2 999 999)
Current liabilities	(4 124 322)
Net assets attributable to NCI	1 294 956
Revenue	8 512 243
Net Profit for the year	692 634
Net profit attributable to NCI	183 004

GB Corp (S.A.E)
Notes to the consolidated financial statements for the financial year ended December 31, 2023
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

25-Capital Management

The group's management aims to manage capital to maintain the group's ability to continue in a way that achieves a return for shareholders and provides benefits to other stakeholders that use the financial statements. Providing and maintaining the best capital structure for the purpose of reducing the cost of capital. To maintain the best capital structure, management changes the value of dividends paid to shareholders, reduces capital, or issues new shares for the group's capital.

The Group's management monitors the capital structure using the ratio of net loans to total capital. Net loans are the total of loans, advances and notes payable minus cash. The total capital represents the company's total equity as shown in the consolidated balance sheet, in addition to net loans.

Net debt to equity ratio at December 31, 2023 and December 31, 2022 as follows:

Total loans and notes payables

	December 31, 2023	December 31, 2022
Loans, borrowings and overdrafts	12 237 670	8 980 544
Short-term notes payable - suppliers	387 663	330 992
Total loans and notes payables	12 625 333	9 311 536
Less:		
Cash and cash equivalent	(4 504 238)	(4 098 083)
Letters of credit	(442 262)	(1 070 366)
Letters of guarantee	(208 238)	(332 354)
Net debt	7 470 595	3 810 733
Shareholders' equity	19 838 656	16 732 554
Net debt to equity ratio	0.38	0.23

26-Loans, borrowings and overdrafts

	December 31, 2023			December 31, 2022		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Banks overdraft	5 788 806	-	5 788 806	4 376 303	-	4 376 303
Loans	1 885 690	4 563 174	6 448 864	1 663 928	2 940 313	4 604 241
Total	7 674 496	4 563 174	12 237 670	6 040 231	2 940 313	8 980 544

A. Banks overdraft

	December 31, 2023	December 31, 2022
Less than one year	5 788 806	4 376 303
	5 788 806	4 376 303

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, 2023	December 31, 2022
Less than one year	1 885 690	1 663 928
More than one year and less than five years	4 563 174	2 940 313
	6 448 864	4 604 241

GB Corp. (S.A.E)
Notes to the consolidated financial statements for the financial year ended December 31, 2023
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)
27-Trade payables and other credit balances

	December 31, 2023	December 31, 2022
Trade payables	3 249 478	2 855 987
Other credit balances	358 992	323 623
Advances from customers	821 168	282 774
Tax Authority	13 912	14 625
Value added tax	145 907	82 588
Accrued expenses	1 307 251	1 095 372
Accrued interest expense	52 266	52 785
Retention from others	89 642	58 681
Notes payables	387 663	330 992
Right of use liability	514 038	580 374
Dividends payable	10 317	7 948
Deferred revenues	134 387	6 511
Due to clients for securitization	25 129	120 122
	7 110 150	5 812 382

28-Provisions

	Legal Claims	Warranty Provision	Other Provisions	Total
Balance at January 1, 2023	62 931	108 536	188 783	360 250
Provisions formed during the year	10 990	36 009	94 689	141 688
Provisions utilized during the year	-	(14 528)	(30 554)	(45 082)
Provisions no longer required	-	(23 419)	(91 386)	(114 805)
Effect of movement of exchange rates	203	2 319	3 093	5 615
Balance at December 31, 2023	74 124	108 917	164 625	347 666
Balance at January 1, 2022	18 195	104 995	173 240	296 430
Provisions formed during the year	44 440	54 543	161 026	260 009
Provisions utilized during the year	-	(25 111)	(3 123)	(28 234)
Provisions no longer required	-	(30 067)	(148 158)	(178 225)
Effect of movement of exchange rates	296	4 176	5 798	10 270
Balance at December 31, 2022	62 931	108 536	188 783	360 250

Legal claims provision

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, 2023.

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 108 917 thousand at the end of the period for expected warranty claims (local component) in the light of management experience for repair and returns level in previous years the warranty provision includes a long-term provision amounted as at December 30, 2023 EGP 7 070 thousand (at December 31, 2022 EGP 13 935 thousand).

GB Corp. (S.A.E)

Notes to the consolidated financial statements for the financial year ended December 31, 2023
(In the notes all amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

28-Provisions (Continued)

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, 2023 amounted to 167 114 thousand Egyptian pounds and the value of the no longer required provisions is 83 176 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 management aims 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, 2023			December 31, 2022
	Assets	Liabilities	Net	Net
US Dollars	2 537 474	(1 239 863)	1 297 611	(1 220 191)
Euros	98 498	(65 593)	32 905	171 453
Other currencies	90 253	(54 594)	35 659	(23 970)

In light of the global and local economic conditions and geopolitical risks facing the country, the government, represented mainly by the Central Bank of Egypt, took a package of financial measures during the years 2022 and 2023 to contain the impact of these crises, as well as the resulting inflationary impact on the Egyptian economy, which led to the devaluation of the Egyptian pound. In exchange for foreign currencies, raising the interest rate on full day deposits and lending, and setting maximum limits on cash withdrawals and deposits in banks. Which resulted in a decrease in the rates of exchange and availability of foreign currencies through official channels, which led to a delay in the payment of debts in foreign currencies, as well as an increase in purchase costs and payment costs.

With reference to Minister of Finance Resolution No. 34 of 2024 regarding the adoption of the percentage of change in price differences resulting from the arrangement of foreign currencies when determining the income tax base for the year 2023, and if the company uses it as guidance when translating net balances of a monetary nature into the currency on December 31, 2023, and the effect will be positive in the profit or loss as there is a surplus in the foreign currency in the group.

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

Some of the group companies are exposed to the risk of changes in interest rates due to the existence of long-term loans. Long-term loans with variable interest rates expose the group to the risk of cash flows being affected by changes in interest rates. Long-term loans with fixed interest rates expose the group to the risk of the fair value being affected by changes in interest rates.

Loans, advances and bank overdrafts with variable interest rates amounted to 12,237,670 thousand Egyptian pounds on December 31, 2023 (8,980,544 thousand Egyptian pounds on December 31, 2022). It is worth noting that most of these loans and advances (non-banking financial services sector) were used for customer contracts for the purpose of financing car sales contracts and operating and financing lease contracts, and they are transferred by guaranteeing the financial rights of the contracts concluded and arising from those contracts towards the customers of the group companies.

Financial assets that carry fixed interest rates are amounted to EGP 931 063 thousand as at December 31, 2023 (EGP 145 745 thousand as at December 31, 2022).

		December 31, 2023	December 31, 2022
Time deposits	USD	863 450	136 659
Time deposits	EGP	67 613	9 086
		931 063	145 745

GB Corp (S.A.E)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

B-Credit risk

Credit risk is managed on a group basis. Due to presence of cash and bank deposits, 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts receivables	11 952 717	7 263 607
Expected credit loss for accounts and notes receivable balances	330 576	366 775
The ratio of the expected credit loss to the total accounts and notes receivable	2.77%	5.05%

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 is assumed to approximate the fair value less than any estimated credit adjustments for financial assets and financial liabilities with maturity dates of less than one year, and for disclosure purposes, the interest rates available to the company for similar financial instruments are used to reduce the contractual future cashflow to estimate the fair value of the financial liabilities

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.

GB Corp (S.A.E)
Notes to the consolidated financial statements for the financial year ended December 31, 2023
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30-Investments in subsidiaries

The consolidated financial statements for GB Corp. "S.A.E.", include the financial statements which represents the proportion of direct and indirect investment as follows:

Company Name	December 31, 2023	December 31, 2022
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."***	100.00%	80.00%
Haram Company for Transportation and trading "S.A.E."	99.00%	99.00%
GB Company for Financial Lease and Factoring "S.A.E."**	55.00%	100.00%
GB Auto Rental For Transportation "S.A.E."	100.00%	100.00%
GB Allab Company	66.20%	66.20%
Masters Automotive Company "S.A.E."	75.00%	75.00%
Almajmoa Alalamia Litijaret Alsaiaarat (GK)	83.33%	83.33%
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 for Car Trading "S.A.E."	100.00%	100.00%
Drive for Financing and Non Banking Service "S.A.E."	100.00%	100.00%
Ghabbour Al Qalam	68.00%	68.00%
GB Global Company	100.00%	100.00%
GBR Auto 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."	100.00%	100.00%
Ready Parts for Automotive Spare Parts "S.A.E."	97.67%	97.67%
Engineering Company for Transportation Maintenance El Mikanecky "S.A.E."	65.00%	65.00%
Egyptian International Maintenance and cars Manufacturing Company EIAC "S.A.E."	100.00%	100.00%
GB Finance BV (Luxembourg previously)	100.00%	100.00%
Salexia L.T.D. Trading (Cyprus)	100.00%	100.00%
BBAL Blue Bay Auto Loan Investments Cyprus LTD	100.00%	100.00%
GB Capital Securitization S.A.E.	100.00%	100.00%
GB for Import & export	100.00%	100.00%

GB Corp (S.A.E)
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GB Capital BV	100.00%	100.00%
GB Real Estate Mortgage Finance BV	100.00%	100.00%
Transport Vehicle Distribution TVD S.A.E.****	75.07%	75.07%
Automobilk S.A.E*	85.00%	65.00%
GB Finance Lease BV**	40.00%	100.00%
GB Operational Lease BV	100.00%	100.00%
GB Consumer Finance BV	100.00%	100.00%
SME's credit facilities company B.V.(GB Factoring B.V. Previously)	100.00%	100.00%
GB Global BV	100.00%	100.00%
GB Automotive For Trade and Manufacture	100.00%	100.00%
SME Credit Eteman "S.A.E."	100.00%	100.00%
International Company For car components (S.A.E)	51.00%	51.00%
GB Kenya	100.00%	100.00%
GB capital sukuk (S.A.E)	100.00%	-
GB Tanzania	100.00%	-

* During 2023, the group increased the percentage of investment in Automobilk S.A.E by 20%, so the total value of the investment became 85% instead of 65%.

** The Board of Directors of GB Capital for Financial Investments S.A.E, which is 99.99% owned by GB Corp S.A.E (GB Auto previously) , on September 6, 2022, agreed to enter a negotiation into an agreement to sell an indirect percentage representing 60% of GB Lease BV shares, with a total value of 855 million Egyptian pounds, and on January 19, 2023, GB Capital for Financial Investments S.A.E. carried out the final sale process, as the sale resulted in a decrease in the company's shareholding in GB Leasing Company S.A.E. 45%, so that the indirect ownership percentage of GB Corp (GB Auto Previously) in GB Leasing S.A.E, after executing the sale transaction, reached 55%.

*** During 2023, the group increased the percentage of investment in GB Polo Buses Manufacturing "S.A.E." by 20%, so the total value of the investment became 100% instead of 80%.

**** During 2023, the group increased the percentage of investment in Transport Vehicle Distribution TVD S.A.E. by 18.93%, so the total value of the investment became 94% instead of 75.07%.

***** The Company controls the investee as it is exposed to or entitled to variable returns through its participation and its ability to influence returns through its power over the investee .

31- Payment under Investment fair value through profit and losses

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
GBM Global	72	72
Total	72	72

32- Capital Commitments

The capital contractual expenditure of the Group at the consolidated financial statements date reached EGP 158 965 thousand at December 31,2023 (EGP 463 730 thousand as at December 31, 2022) represented in the amount to be paid upon the completion of the new production lines under construction and other branches across the country.

33- Cointaigent 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 ordinary business, presented in EGP are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
USD	2 206 887	1 573 452
EGP	143 129	138 112
Japanese Yen	152 993	72 210
Euro	279 223	3 620
Crona Swidish	16 457	64 052

GB Corp (S.A.E)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

34-Related party transactions

The subsidiaries have current accounts with related parties which include all payments made on behalf of the subsidiaries.

Balances due from and to related parties are as follows:

<u>Due from related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
El Bostan Holding	65 350	105 091
SIPAC – Algeria	23 243	18 015
Algematco – Algeria	48 536	41 048
MNT Investment B.V. Group	289 408	81 517
Auto Market Misr	3 345	-
El Qalam Shareholders' Current Account	4 948	3 960
Total	434 830	249 631
Expected credit loss for due from related parties	(87 232)	(64 623)
	347 598	185 008

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Due to related parties</u>		
Marco Polo Company	-	93 587
Al Watania for car accessories and spare parts	-	8 084
Wahdan Company	68	68
	68	101 739

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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, 2023	December 31, 2022
Executive BOD Members	Board of Directors	Top Management Salaries	48 158	43 597
SIPAC – Algeria	Associate	Foreign Currency translation difference	(5 228)	(6 764)
El- Qalam Shareholder current account	Shareholder in one of the subsidiaries	Services	4 948	3 960
Maroo Polo Company	Shareholder in one of the subsidiaries	Services	93 587	(34 042)
Algematco – Algeria	Shareholder in one of the subsidiaries	Foreign Currency translation difference	7 488	13 757
Bostan Holding	Company owned by a shareholder of one of the subsidiaries	Foreign Currency translation difference	39 741	(38 226)
MNT Investment B.V. Group	Associate	Cash transfers	207 891	(10 988)
QI Investment (Gaya previously)	Shareholder in one of the subsidiaries	Cash transfers	-	10 345

35- Investment in associates

	Contribution percentage	December 31, 2022	Net Profit /Losses for the year	settlements	credit balances	Dividends Distribution	December 31, 2023
MNT Investment B.V. Group (Netherlands) *	49.50%	9 456 932	1 085 424	-	-	-	10 542 356
Bedaia for Real estate Financing	33.33%	84 898	1 065	1 975	-	(4 461)	83 477
Kaf for life insurance **	37.50%	17 876	(20 399)	-	2 523	-	-
		<u>9 559 706</u>	<u>1 066 090</u>	<u>1 975</u>	<u>2 523</u>	<u>(4 461)</u>	<u>10 625 833</u>

* During the year 2022, the company sold a share of its shares by 7.5% in the (MNT BV) group , so that the percentage of the company after the sale became 49.5%, and as a result of this sale, it lost control of the (MNT BV) group , then the company by re-evaluating the remaining shares at fair value in the (MNT BV) group on the date of losing control, and the re-evaluation resulted in profits resulting from the re-measurement at fair value, and it was classified on the income statement during the year 2022, and therefore the comparative figures include the results of the business of the (MNT BV) group.

** GB Capital holding for Financial Investments "S.A.E." has granted KAF for life insurance (Tokyo Marine previously) a long term subordinated loan amounted EGP 50 Million without any interests and/or returns starting from May 30, 2022 and will end on May 29,2027.

36-Other investments with fair value through Comprehensive income

	Contribution percentage	December 31, 2023	December 31, 2022
Sky reality holding	7.49%	103 500	103 500
Atlana company for car service	29.60%	2 000	2 000
Seatr application	17.50%	500	500
Tawfiqia .com	10.00%	500	500
		<u>106 500</u>	<u>106 500</u>

These investments have not been classified as associated companies due to the lack of significant influence on the financial and operating policy decisions of these companies.

GB Corp (S.A.E)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

37- Income statement according to expense nature

	December 31, 2023	December 31, 2022
Operating Revenue	28 317 230	29 789 079
Operating Cost	(21 432 690)	(21 676 145)
Gross Profit	6 884 540	8 112 934
Other income	523 052	285 557
Provisions no longer required	101 418	86 206
Gain from investment in associate	1 066 090	100 587
(Loss) / Gain from selling and remeasurement of investments in subsidiaries	(4 425)	8 207 309
Interest income	313 906	147 472
Installment sales interest	16 784	19 280
Bank Expense	(183 609)	(134 947)
Interest expense	(1 112 983)	(755 770)
Salaries & Benefits	(1 711 571)	(2 514 607)
Selling & Marketing	(145 828)	(181 449)
Rents	(88 857)	(121 486)
Net Losses foreign exchange transaction	(1 499 123)	(239 027)
Provisions formed	(370 250)	(315 994)
Depreciation and Amortization	(230 105)	(301 491)
Consulting	(173 996)	(272 843)
Transportation	(41 051)	(48 101)
Vehicles expense	(62 627)	(72 258)
Governmental Fees & stamps	(109 638)	(98 749)
IT Expense	(75 715)	(83 842)
Other Expenses	(111 979)	(202 323)
Impairment in fixed assets	(375 486)	-
Insurance	(29 697)	(26 451)
Security Expense	(28 432)	(24 500)
Training employees	(29 310)	(27 222)
Repair/Maintenance Expenses	(2 907)	(1 309)
Administration Supplies	(43 932)	(65 493)
Utilities	(23 644)	(26 586)
Donations & Public relation	(54 917)	(60 625)
Medical Fund	(60 096)	(69 545)
Freight	(30 849)	(14 307)
Net profit for the period before income tax	2 304 762	11 300 420

38- Securitized Operations

During the period 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, 2023		December 31, 2022	
Total Value	Present Value	Total Value	Present Value
37 704 694	16 660 872	19 146 302	12 396 833

GB Corp (S.A.E)

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

39-Bonds

Drive finance company has adopted a bond issuance program on several issues under the private placement system, which are tradable and non-transferable nominal bonds over several issues for a period of (3) years at an amount of 2,000,000 Egyptian pounds (only two billion Egyptian pounds only) and for a period of no less than For thirteen months for each issue, and with an equal rank in the priority of payment and guarantee with the rank of the current and future long-term financial debts of the issuing company with the exception of the legally established privileges and with the exception of the secured loans mentioned in the information memorandum in accordance with the decision of the Board of Directors of the Financial Supervisory Authority No. 54 of 2014 and its amendments And at a nominal value of (100) pounds per bond.

The first version of the program was launched at an amount of 700 million Egyptian pounds on 23/06/2022, as follows:

Part (A): Nominal bonds that are negotiable, non-convertible to shares and not subject to accelerated call-up for a period of thirteen (13) months starting from the day following the date of closing the subscription door, with a value of EGP 300,000,000,000 (only three hundred million Egyptian pounds) with a nominal value of 100 EGP (only one hundred Egyptian pounds) per bond, it is to be consumed monthly as of the first month from the date of closing the subscription door with a fixed monthly installment amounting to 23 076 923 Egyptian pounds and with a fixed annual return of 14%, calculated starting from the day following the date of closing the subscription door It is paid monthly, starting from the first month of the subscription closing date.

Part (B): Nominal bonds that are negotiable, non-convertible into shares, and subject to accelerated call-up starting from coupon No. (14) (the 14th month of issuance) and for a period of sixty (60) months starting from the next day from the date of closing the subscription door, with a total value of 400,000,000,000 EGP (only four hundred million Egyptian pounds) with a nominal value of 100 EGP (only one hundred Egyptian pounds) per bond to be amortized over a period of (60) months starting from the first month of the subscription closing date with a fixed monthly installment 6 666 667 EGP with a fixed annual return It amounts to 13.5% and is calculated starting from the day following the closing date of the subscription and is paid monthly, starting from the first month of the closing date.

December 31, 2023

	Total Value	Borrowing Cost	Converted from more than one	Paid	Net
Installments Due within a year	356 923 077	(1 907 072)	140 534 160	(415 550 165)	80 000 000
Installments Over a year	343 076 923	(2 542 763)	(140 534 160)	-	200 000 000
Total	700 000 000	(4 449 835)	-	(415 550 165)	280 000 000

GB Corp (S.A.E)

Notes to the consolidated financial statements for the financial period ended December 31, 2023

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

40- Loss of control on subsidiary:

During the year 2022, the company sold a share by 7.5% in the MNT BV group of companies, often the percentage of the company after the sale became 49.5% , accordingly, it lost control on the MNT BV group of companies, after that the company re-evaluate the remaining shares at the fair value in the MNT BV group of companies on the date of loss of control, there's a profits resulting from the re-measurement at fair value, and it was classified to the Profit and Losses during the year.

The company has applied the accounting treatment related to the loss of control on the subsidiary in accordance with the requirements of Egyptian Accounting Standard No. (42) Consolidated Financial Statements.

40-1 Gain from sale of investment

	<u>December 31, 2022</u>
Proceed from sale 7.5% from shares of MNT BV Group	1 361 104
* Payment will be collect at first quarter at 2023	258 302
Expenses related to the sale of share have not been paid	(186 600)
Net sale value	1 432 806
The book value of the sold shares at the date of loss of control	(305 336)
Gain for the group from sale of 7.5% from shares of MNT BV Group	1 127 470

* The payment was collected on February 9, 2023.

40-2 Gain from revaluation investment at fair value

	<u>December 31, 2022</u>
Net book value of the investment	(393 338)
Disposal the book value of the assets and liabilities of the subsidiary at the date of loss of control	(3 135 110)
Disposal the book value of the Non-Controlling interest at the date of loss of control	1 190 917
Net revaluation of investment at fair value through profit and losses	9 417 370
Gain for the group from revaluation of the investment in associates	7 079 839
Total Gain from Sale & revaluation of investment in associates	8 207 309

The following is a statement of the net profits of MNTB Group during the period ending in :

	<u>The period from January 1, 2022 until the date of loss of control</u>
Operating revenue	5 207 226
Expenses	(3 788 586)
Net profit for the year before income tax	1 418 640
Income Tax	(363 091)
Net profit for the period	1 055 549
Shareholder's of the parent company	621 709
Non-controlling interests	433 840
	1 055 549

40-3 For cash flow purposes

Net Movement of investments in associates	(8 842 352)
Net revaluation of investment at fair value through profit and losses	9 417 370
Disposal of investments in associates at the date of loss of control	(693 635)
Disposal the book value of the assets and liabilities of the subsidiary at the date of loss of control	(3 135 110)
Disposal the book value of the Non-Controlling interest at the date of loss of control	1 190 917
Net book value of the investment	(393 338)
The net movement of investments in associates as shown in the statement of cash flows	(2 456 148)

GB Corp (S.A.E)

Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

41 –Special 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 December 31, 2023, reached 20.3 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.

42 – 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.

43- Reserve for financial Solvency

In accordance with Article No. (6) of the Financial Regulatory Authority’s Board of Directors Decision No. (191) of 2018, a general provision is formed at the rate of (1%) of the total regular balances, and a provision is formed on doubtful balances according to the rates of delay in collection divided into four Levels according to the degree of regularity in payment for each individual case.

An amount of retained profits or losses is set aside in the solvency risk reserve account within equity, and the reserve amount is calculated and always adjusted by deduction from or refund to the retained profits or losses, by the amount of the excess of the impairment provision calculated in accordance with the solvency standards over the provision for impairment of customers that was recognized in accordance with Egyptian accounting standards at the date of the financial statements.

Account	
(1) The balance of provisions for doubtful financing balances in accordance with the basis for calculating provisions in Article No. (6) of the Financial Regulatory Authority’s Board of Directors Resolution No. (191) of 2018.	41 036
(2) Balance of net impairment of customers as recorded in the books and according to Egyptian accounting standards (expected credit losses).	(33 424)
The balance of reserve for financial solvency	7 612

44- Assets held for sale

The balance represents the value of land obtained from one of the group's subsidiaries customer, as the company's management intends to sell this land in the short term.

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Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

45- Significant accounting policies

The following accounting policies that are adopted in the preparation of the 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 net assets acquired.
- Any goodwill that is tested annually for Impairment. Any gain on a bargain purchase recognized in profit or loss immediately.
- Transaction cost is expensed as incurred, except for the issuance of securities related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of previously outstanding 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 in addition to the 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 authority 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 recognized 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 from consolidation financial statements

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from investment transactions that are accounted for using equity method 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 of the transferred assets.

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Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

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.

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.

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

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.

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.

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 implied 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 fair value (at the date of grant) of equity-settled share-based payment arrangements granted to employees in the form of equity instrument is generally recognised as an expense, with a corresponding increase in equity, over the maturity 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 grants that meet the related service and non-market performance conditions at the maturity date.

For share-based payment (equity instrument) grants with non-maturity conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no outstanding adjustments between expected and actual outcomes.

3) Defined contribution plans

The Obligations for the 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 government social insurance system 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.

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Notes to the consolidated financial statements for the financial year ended December 31, 2023

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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 financial statements 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.

Interest income of non-banking financial corporations is represented in cost of sales and other corporations within finance costs.

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 recognized event - at the same period 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

GB Corp (S.A.E)

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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 depreciable. Estimated depreciation rates for each type of assets for current and comparative periods are as follow:

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Notes to the consolidated financial statements for the financial year ended December 31, 2023

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Asset	Depreciation rate
Buildings	2%-4%
Machinery & equipment	10%-20%
Vehicles	20%-25%
Fixtures & Office furniture	6%-33%
IT infrastructures & 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

Goodwill:

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

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.

The right of use of the trademark is amortized on a straight line method over the expected 30 years of use.

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 for more than 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 of 3 years.

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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 as an asset if it is an intangible asset 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- 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.

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Financial assets and financial liabilities Classification and measurement

- The new standard requires the company to evaluate 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 assets 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.

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: -

- 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.
- Below are the main changes in the group's accounting policy for impairment of financial assets.

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Notes to the consolidated financial statements for the financial year ended December 31, 2023

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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 definition of default used for these purposes is applied consistently to all financial instruments unless information is available that demonstrates that another default definition is more 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.

- **Measurement**

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.

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

- **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.

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.

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O- Leases

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

- The Egyptian Accounting Standard No. (49) "Lease Contracts" provides a single accounting model for the lessor and the lessee, where the lessee recognizes the Asset right for use of the leased asset within the company's assets and also recognizes a liability, which represents the present value of the unpaid lease payments within the company's obligations, taking into account that Leases for the lessee are not classified as an operating lease or as 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 its lease contracts as either an operating lease or a finance lease.
- With regard to the finance lease, the lessor must recognize the assets held under a finance lease contract in the statement of financial position and present them as amounts receivable in an amount equal to the net investment in the lease contract.
For operating leases, the lessor must recognize lease payments from operating leases as income either on a straight-line basis or on any other regular basis.

Recognition and measurement

- At the inception of the contract, the company evaluates whether the contract contains lease arrangements. For such lease arrangements, the company recognizes Asset right for use and lease contract liabilities, with the exception of short-term lease contracts and low-value asset contracts as follows:
 - On initial recognition, a right-of-use asset is measured as the amount equal to the lease liability, which is initially measured, adjusted for pre-contract lease payments, initial direct cost, lease incentives, and the discounted value of the estimated costs of dismantling and removing the asset. On subsequent measurement, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter of the estimated useful lives of the Asset right for use or the lease term.
 - The lease contract obligation is measured at the beginning of the lease contract at the present value of the unpaid lease payments on that date over the lease period, and the lease payments must be discounted at the rate using the incremental borrowing prevailing in the country. In general, the company uses the incremental borrowing rate as a discount rate. The lease liability is then measured at amortized cost using the effective interest method.
 - The Asset right for use and lease liability will be remeasured later in the event of one of the following events:
 - The change in the rental price due to the linkage to the prices or the rate that became effective in the period.
 - Amendments to the lease contract.
 - Re-evaluation of the lease term.

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

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

The Company determines the term of the lease as the non-cancellable term of the lease, together with any periods covered by the option to extend the lease if such right can reasonably be exercised, or any periods covered by the option to terminate the lease, if it is certain to be exercised That right.

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The Company has the option under some lease contracts to lease the assets for additional periods, the Company applies judgment in assessing whether it is certain and reasonably certain to exercise the option to renew, that is to say, all relevant factors that create an economic incentive to exercise the renewal, after the commencement date, are taken into account. The Company reinstates the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew (for example) a change in 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 subject 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 year in which they are approved by the Group's shareholders.

R-Comparative figures

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

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

S- New versions and amendments to the Egyptian Accounting Standards:

On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, the following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	<p>1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <p>- This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" <p>2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets " have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested.</p> <p>- The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented.</p>	<p>The company's management will not use a revaluation model during the current year.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</p>

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Notes to the consolidated financial statements for the financial year ended December 31, 2023

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

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	<ul style="list-style-type: none"> - The company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented. 		
Egyptian Accounting Standard No. (34) amended 2023 "Investment property".	<p>1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property.</p> <p>2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting " - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 	The company's management will not use the fair value model standard during the current year.	The amendments of adding the option to use the fair value model are effective for financial periods starting on or after January 1, 2023 retrospectively, cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.
Egyptian Accounting Standard No. (50) "Insurance Contracts".	<p>1- This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects</p>	The company's management will study the impact of implementing the standard during the next year.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting on or after July 1, 2024 , and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period,

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New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	<p>those contracts. This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows.</p> <p>2- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".</p> <p>3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</p> <p>4- The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (10) "Fixed Assets". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) "Investment property". 		<p>the company should disclose that fact.</p>

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46 – Significant Events

- 1- The Board of Directors of GB Capital for Financial Investments S.A.E, which is 99.99% owned by GB Corp. S.A.E (GB Auto previously) , on September 6, 2022, agreeing to negotiate to enter into an agreement to sell an indirect percentage representing 60% of the shares of GB Lease BV, with a total value of 855 million Egyptian pounds, and on January 19, 2023, GB Capital for Financial Investments S.A.E carried out the final implementation of the sale process as a result of the sale process, the company's shareholding in GB Leasing Company S.A.E decreased. 45%, so that GB Corp (GB Auto previously) indirect ownership percentage in GB Leasing S.A.E, after executing the sale transaction, becomes 55%.
- 2- During the year 2022, the company sold a 7.5% share of its shares in the (MNT BV) group, so that the percentage of the company after the sale became 49.5%, and as a result of this sale, it lost control of the (MNT BV) group, then the company By re-evaluating the remaining shares at fair value in the (MNT BV) group on the date of losing control, and the re-evaluation resulted in profits resulting from the re-measurement at fair value, and it was classified on the income statement during the year 2022. Therefore, the comparison figures include the results of the group (MNT BV) .
- 3- On May 16, 2023, Prime Minister Decision No. 1847 of 2023 was issued to replace the texts of paragraphs 5 / (c), (7), (9) of Appendix (c) accompanying the Egyptian Accounting Standard No. (13) related to "The Effects of Changes in Exchange Rates." Foreign currencies" added to the Prime Minister's Resolution No. 4706 of 2022, the following texts:

Paragraph 5 / (c): The financial period for applying the special accounting treatment mentioned in this appendix is the fiscal year or period that begins before October 27, 2022, the date of the exchange rate move, and ends on or after this date, and the following fiscal period or year.

Paragraph (7): An entity that, prior to the date of moving the exchange rate, may acquire fixed assets, real estate investments, exploration and evaluation assets, intangible assets (other than goodwill) and Asset right of use for lease contracts, financed by commitments listed on that date in foreign currencies, to recognize within the cost of those assets the debit currency differences resulting from the settled part of these obligations during the financial period for applying this special accounting treatment, in addition to the currency difference resulting from translating the remaining balance of these obligations at the end of day of December 31 2023 or at the end of the closing date of the financial statements for the financial period to apply this special accounting treatment, using the exchange rate used on that date. The facility can apply this option for each asset separately.

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Paragraph (9): As an exception to the requirements of Paragraph No. "28" of the amended Egyptian Accounting Standard No. (13) "The effects of changes in foreign exchange rates for the recognition of currency differences, the entity whose business results were affected by the net profits or losses of currency differences as a result of moving the price of Foreign exchange, whether the currency of its entry is the Egyptian pound or any other foreign currency, to recognize within the items of other comprehensive income the net debit and credit currency differences realized during the period, in addition to the differences resulting from retranslating the balances of the existing monetary items At the end of day of December 31, 2023 or at the end of the closing date of the financial statements for the financial period to apply this special accounting treatment, using the exchange rate used on that date, less any currency translation differences recognized as cost of assets in accordance with paragraph (7) of this Appendix. Considering that these differences resulted mainly from the unusual movements of the exchange rate.

- 4- On July 1, 2023, the Iraqi government stopped importing 2&3 wheelers. The company's management is currently studying the future plan of Ghabbour Al-Qalam Company (a subsidiary) and the extent of the decision's impact on the subsidiary's activity.
- 5- The company filed an arbitration case against the People's Democratic Republic of Algeria during the year 2022. These proceedings were initiated as a result of the severe damage and losses suffered by the company due to the measures taken by the Algerian government against the company's business and investments in Algeria through the company's indirect shareholding amounting to 54% of the company's shares GBR Auto and 48.8% of the shares of GBR Service, which were incorporated in Algeria.

During the year 2023, the group recorded an impairment loss of the remaining consolidated assets of GBR Auto and GBR Service. The total value of the impairment losses that was recorded amounted to EGP 522 million, which is represented as follows: -

<u>2023</u>	(All amounts are in thousand Egyptian pounds)
Fixed Assets	375 486
Inventory	5 014
Accounts and notes receivables	9 195
Debtors and debit balances	16 912
Due from related parties	115 032
Cash and cash equivalent	396
Total	522 035

It should be noted that the minimum damage suffered by the company is the loss of its invested capital, amounting to approximately USD 24 million, excluding foregone profit and interest.