Translation of financial statements
originally issued in Arabic

Contact Financial Holding (S.A.E)
Separate financial statements.
For the financial year ended December 31, 2023
And Auditor's Report Theron

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Independent Auditor's Report

To the shareholders of Contact Financial Holding (S.A.E)

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Contact Financial Holding (S.A.E) which comprise the separate statement of financial position as at December 31, 2023, the separate statements of income, 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 Separate Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

Opinion

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

Report on Legal and Other Regulatory Requirements

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

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. and that at the extent in which these data are recognized in the Company's books.

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants & Consultants

Cairo, March 4, 2024

Contact Financial Holding
(S.A.E)
Separate statement of Financial Position
On 31 December 2023

	Note No.	31-Dec-2023 EGP	31-Dec-2022 EGP
Assets			
Cash on hand and at banks	(13)	48 013 807	7 660 436
Financial investments	(14)	9 482 232	9 482 232
Investments in associates	(15)	182 220 261	171 395 961
Investments in subsidiaries	(16)	1 088 903 304	999 815 186
Due from related parties	(17-1)	129 106 749	108 101 584
Debtors and other debit balances	(18)	212 403 529	431 165 974
Investments property	(19)	-	214 240
Right of use assets	(20)	12 353 751	73 628 591
Net investment in the sub-lease		168 558 183	163 170 076
Property plant and equipment	(21)	-	32 457 768
Total assets		**1 851 041 816**	**1 997 092 048**
Liabilities			
Due to Related Parties	(17-2)	75 798 937	316 542 215
Trade payables and other credit balances	(22)	26 717 023	2 818 818
Current income tax liabilities		96 601 043	9 533 143
Lease liabilities	(23)	187 863 366	244 683 711
Deferred tax liabilities	(11)	-	146 842
Total liabilities		**386 980 369**	**573 724 729**
Shareholders' equity			
Paid in capital	(24)	191 515 840	191 515 840
Reserves	(25)	930 096 690	904 127 377
Retained earnings		342 448 917	327 724 102
Total shareholders' equity		**1 464 061 447**	**1 423 367 319**
Total shareholders' equity and liabilities		**1 851 041 816**	**1 997 092 048**

The accompanying notes from (1) to (30) are an integral part of these separated financial statements and are to be read therewith.

Cairo, 04 March 2024
Auditor's report "Attached"

Mohamed Saied	Seif El-Bassiouni	Said Zater
(Financial Manager)	(Chief Financial Officer)	(Chief Executive Officer)

Translation of the Financial Statements
Originally Issued in Arabic

Contact Financial Holding

(S.A.E)

Separate Income Statement

The year ended at 31 December 2023

	Note No.	31-Dec-2023 EGP	31-Dec-2022 EGP
Dividends from investments in subsidiaries		–	323 773 405
Promotions and underwriting income	(8)	270 920 000	32 280 000
Income Administrative to subsidiaries		35 467 216	23 579 097
Other income	(9)	7 924 341	8 851 759
Capital Gain	(10)	194 676 581	–
General and Administrative Expenses	(6)	(26 461 775)	(26 140 899)
Interest expense (lease liability)		(29 033 494)	(21 847 498)
Promotions and underwriting Cost	(7)	(26 502 500)	(1 872 000)
Health insurance contribution		(1 272 471)	(973 104)
ECL provision		10 356	(6 868)
Net operating income		**425 728 254**	**337 643 892**
Foreign currency differences		–	757 436
Net profit for the year before tax		**425 728 254**	**338 401 328**
Income tax	(11)	(96 411 669)	(10 784 649)
Net profit for the year after tax		**329 316 585**	**327 616 679**
Profit per share for the year	(12)	**0.278**	**0.278**

The accompanying notes from (1) to (30) are an integral part of these separated financial statements and are to be read therewith.

Contact Financial Holding
(S.A.E)
Separate Statement of Comprehensive Income
The year ended at 31 December 2023

	31-Dec-2023 EGP	31-Dec-2022 EGP
Net profit for the year after tax	329 316 585	327 616 679
Other comprehensive income items that are later will not reclassified to the profit or loss :		
Foreign currency exchange	(105 447)	-
Tax impact related to other comprehensive income that will be later not reclassified to the profit or loss	19 368	-
Transferred to retained earnings during the year	86 079	-
Total other comprehensive income items	-	-
Total comprehensive income for the year	**329 316 585**	**327 616 679**

The accompanying notes from (1) to (30) are an integral part of these separated financial statements and are to be read therewith.

Contact Financial Holding

(S.A.E)

Separate statement of Changes in Equity.

The year ended at 31 December 2023

	Paid in capital	Reserves: Legal reserve	Reserves: Share premium reserve	Retained earnings	Total
	EGP	EGP	EGP	EGP	EGP
Balance at 1 January 2022	191 515 840	69 736 983	790 479 615	286 023 772	**1 337 756 210**
ESOP reserve	–	–	29 756 037	–	**29 756 037**
Legal reserve	–	14 154 742	–	(14 154 742)	–
Dividends	–	–	–	(271 761 607)	**(271 761 607)**
Total Other comprehensive income for the year	–	–	–	327 616 679	**327 616 679**
Balance at 31 December 2022	**191 515 840**	**83 891 725**	**820 235 652**	**327 724 102**	**1 423 367 319**
Balance at 1 January 2023	191 515 840	83 891 725	820 235 652	327 724 102	**1 423 367 319**
Legal reserve	–	11 866 195	–	(11 866 195)	–
ESOP reserve	–	–	14 103 118	-	**14 103 118**
Dividends	–	–	–	(302 811 654)	**(302 811 654)**
Total Other comprehensive income for the year	–	–	–	329 316 585	**329 316 585**
The effect of Foreign currency exchange Transferred to retained profits	–	–	–	86 079	**86 079**
Balance at 31 December 2023	**191 515 840**	**95 757 920**	**834 338 770**	**342 448 917**	**1 464 061 447**

The accompanying notes from (1) to (30) are an integral part of these separated financial statements and are to be read therewith.

Contact Financial Holding

(S.A.E)

Separate statement of Cash flow
The year ended at 31 December 2023

	Note No.	31-Dec-2023 EGP	31-Dec-2022 EGP
Cash flows from operating activities			
Net profit for the year before tax		425 728 254	338 401 328
Adjustments for:			
Fixed assets and investments property depreciation	(21)- (19)	348 589	348 589
Right of use assets depreciation	(20)	13 278 821	7 455 828
Dividends from investments in subsidiaries		-	(323 773 405)
ECL provision	(13)	(10 356)	6 868
Interest expense (lease liability)	(23)	2 784 839	6 648 909
Credit interest	(9)	(4 315 185)	(5 841 557)
Capital Gain	(9)	(194 676 581)	-
		243 138 381	23 246 560
Changes in:			
Due to related parties	(17-2)	(240 743 278)	263 306 000
Debtors and other debit balances	(18)	257 277 445	(105 264 562)
Due from related parties	(17-1)	(21 005 165)	(36 649 926)
Trade payables and other credit balances	(22)	23 379 914	(8 280 731)
Right of use assets rent to subsidiaries		-	28 422 748
Real state tax paid		(300 000)	-
Income tax paid		(8 573 157)	(3 717 520)
Cash flows provided by operating activities		**253 174 140**	**161 062 569**
Cash flows from investing activities			
Payments to acquire financial investments	(14)	(894 421 468)	(590 701 210)
proceeds from sale of financial investments	(14)	898 736 653	591 187 187
Payments for lease liabilities	(23)	(17 000 000)	(11 181 765)
Payments to acquire investments subsidiaries	(16)	-	(56 110 857)
Dividends from investments in subsidiaries		-	323 773 405
proceeds from sale of fixed assets		113 500 000	-
Payments to acquire investments associates	(15)	(10 824 300)	(141 180 861)
Net cash flows from investing activities		**89 990 885**	**115 785 899**
Cash flows from financing activities			
Paid dividends		(302 811 654)	(271 761 607)
Net cash (used in) financing activities		**(302 811 654)**	**(271 761 607)**
Net change in cash and cash equivalent during the year		40 353 371	5 086 861
Cash and cash equivalent at beginning of the year	(13)	7 660 436	2 583 931
Cash and cash equivalent at ending of the year	(13)	**48 013 807**	**7 670 792**
Cash and cash equivalents represented as follows:			
Banks - Current accounts		48 013 807	7 670 792
		48 013 807	**7 670 792**

The accompanying notes from (1) to (30) are an integral part of these separated financial statements and are to be read therewith.

Contact financial holding (S.A.E)
Notes to the Separate financial statements.
For the year ended at 31 December 2023

1- An overview of the company and its activities

- Sarwa Capital Holding for Financial Investments (S.A.E) - an Egyptian joint stock company - Sarwa Capital Consulting Company (previously) was established pursuant to Law No. 159 for year 1981 and its executive regulations amended by Law No. 3 for year 1998, the legal entity of the company changed from being subjected to law No. 159 for year 1981 to be subject to the provisions of Capital Market Law No.95 for year 1992 based on the decision of the Extraordinary General Assembly held on June 12, 2017 and it was registered in the Commercial Register under No. 37933 - (Giza) - on March 30, 2009.

- Amendment was made to the commercial register of the company under number 78317 on March 18, 2018 – Cairo

- The purpose of the company is to participate in the establishment of companies that issue securities or to increase their capital and the promotion and underwriting in financial securities, the provisions of applicable laws, regulations and decisions. It is required to obtain the necessary license to practice these activities, and the company may have an interest or participate. In any way, with financial companies that engage in businesses similar to their businesses or that may help them achieve their purpose in Egypt or abroad. They may also merge with, purchase, or annex these companies in accordance with the provisions of the law and its executive regulations.

- The Company's name was changed according to the decision of the Extraordinary General Assembly Meeting held on June 12, 2017 to become "Sarwa Capital Holding for Financial Investments" and annotation was made to this effect in the commercial register of the company under No. 78317 and change on March 18, 2018.

- The Company's name changed pursuant to the resolution of the Extraordinary General Assembly Meeting held on February 15, 2021, to become "Contact Financial Holding". and annotation was made to this effect in the commercial register of the company under No. 78317 and change on March 28, 2021.

- The duration of the company is 25 years starting from the date of registration in the Commercial Register.

- The company's headquarters are at 7 Champollion Street - Cairo.

2- Basis of Preparation of financial statements

- The Board of Directors approved the issuance of the translated separate financial statements on 04 March 2024.

3- Functional and Presentation Currency

- These separate financial statements are presented in Egyptian Pound.

4- Use of Judgments and Estimates

- The preparation of the separate financial statements in conformity with Egyptian Accounting Standards requires Management to make professional judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenues, and expenses. The estimates and assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

- The Judgments and Estimates are reviewed Annually. Review of estimates are recognized prospectively.

- Changes to accounting estimates are recognized in the period in which the estimate changes if the change affects only that period or in the period of the change or future periods if the change affects both current and future periods.

Expected credit loss

- The accounting estimates and judgments related to the impairment of Financial Assets is a critical accounting estimate because the underlying assumptions used can change from period to period and may significantly affect the entity's results of operations.
- In assessing assets for impairments, the management's judgment is required particularly in projecting future economic information and scenarios where circumstances of economic and financial uncertainty exist as developments and changes to expected cash flows can occur both faster and with less predictability. The actual amount of the future cash flows and their timing may differ from the estimates used by management and consequently may cause actual losses that differ from reported allowances.

Change in accounting standards

Pursuant to Prime Minister's Decree No. 1847 for year 2023 issued on May 16, 2023 regarding the amendments to the Egyptian Accounting Standards by adding Annex (C) to the Egyptian Accounting Standard No. 13 related to the effects of changes in the foreign currency exchange rates, as due to the slowdown of most economies around the world, the matter which led to an increase in the prices of all basic commodities, disruption of supply chains, increase in shipping costs, increase in production costs, and the increase in interest rates globally by the central banks, in addition to the emerging war between Russia and Ukraine, and these factors led to a decrease in foreign cash flow, the matter which also led to a rise in prices in general during 2022,all these led to a decrease in the Egyptian pound against the US dollar, a matter which adversely affect companies that have foreign currency liabilities which incurred losses as a result of translating these balances according to the current exchange rates, and these losses were greatly reflected the companies' business operation in the Profit and Loss Statement.
Which led to issue Annex (C) to the Egyptian Accounting Standard No. 13 related to the changes in the foreign currency exchange rates to develop an optional special accounting treatment to treat with the effects of foreign currency exchange rates changes on the entity's financial statements whose financial statements were negatively affected by the changes in the foreign currency exchange rates.
This optional special accounting treatment issued shall not be deemed as an amendment to the Egyptian Accounting Standards, except for the term in which this Annex prevails.

1- The new annex provides an accounting treatment for the entity that, acquired fixed assets, investment property, intangible assets (excluding goodwill), exploration and valuation assets and/or right- of- use assets for lease contracts, which are financed by foreign currencies at that date, to record the differences in the foreign currency exchange rates resulted from the portion of these liabilities which is paid during the financial period of applying this special accounting treatment to the cost of assets, in addition to the foreign exchange differences resulting from the translation of the remaining balance of these liabilities at the end of December 31, 2023 or at the end of the closing date of the financial statements for the financial period of applying this special accounting treatment

2-The new amended accounting treatment also allow the entity which recognize the debit and credit foreign currency exchange rates differences resulting from the translation of assets and liabilities balances of a monetary nature in existing foreign currencies, even if they are not related to a specific asset at the end of December 31, 2023 or at the end of the financial statements closing date for the financial period of applying this special accounting treatment, on other comprehensive income statement.

The entity shall separately disclose (the amount of foreign currency exchange differences on Other Comprehensive Income Statement during the period before income tax and the amounts that are forward to the retained earnings at the period end and shall also disclose in the income statement or in the financial statements disclosers the effect of applying special accounting treatment on the earning per share. Moreover, it shall also disclose the amount of foreign currency translation differences that was added to the cost of assets.

The entity chose to recognize the impact of changes in foreign currency exchange rates resulting from the translation of balances of assets and liabilities of a monetary nature in foreign currencies in other comprehensive income statement, in addition to recognize the debit differences in the foreign currency exchange rates resulting from the paid and unpaid portion of these liabilities during the financial period in addition to the foreign currency difference resulting from the translation of the remaining balance of these liabilities at the end 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.

5- Fair value measurement

A. Valuation Models

The entity measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements.

– **Level 1:** Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

– **Level 2:** Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are

– **Level 3:** Inputs that are unobservable (which the entity minimizes its use as much as possible). This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates credit spreads and other premiums used in estimating discount rates security prices and foreign currency exchange rates.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset at the measurement date.

The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments the entity uses in-house valuation models. Some or all the significant inputs into these models may not be observable in the market and may be derived from market prices or rates or estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain instruments for which there is no active market. Valuation models that employ significant unobservable inputs require a degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used the determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors such as liquidity risk or model uncertainties; to the extent that the entity believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the entity entity and the counterparty when appropriate.
Model inputs and values are calibrated against historical data and published forecasts and where possible against current or recent observed transactions in different instruments and against market quotes. This calibration process is inherently subjective, and it yields ranges of possible inputs and estimates of fair value. Management uses judgement to select the most appropriate point in the range.

(6) General and Administrative Expenses

	31-Dec-2023	31-Dec-2022
	EGP	EGP
Professional fees	1 114 360	7 514 214
Personnel expenses	2 211 243	2 011 654
Consulting fees	1 031 664	4 377 304
Property, plant, equipment and investments property depreciation	348 589	348 589
Bank charges	79 720	51 358
Advertising expenses	419 520	534 660
Other expenses	1 702 390	446 642
subscriptions	1 913 211	551 504
Office maintenance	153 122	569 134
Buffet	65 680	75 860
Electricity	343 841	987 627
VAT on the sale of fixed assets	2 270 000	-
Real estate tax	1 329 764	-
ESOP expenses	199 850	-
Right-of-use assets	13 278 821	8 672 353
	26 461 775	**26 140 899**

(7) Promotions and underwriting Cost

	31-Dec-2023 EGP	31-Dec-2022 EGP
Promotions and underwriting for the thirty nine issuance	–	1 872 000
Promotions and underwriting for the fortieth issuance	6 077 500	–
Promotions and underwriting for the forty-first issuance	7 345 000	–
Promotions and underwriting for the forty-second issuance	6 335 000	–
Promotions and underwriting for the forty-third issuance	6 745 000	–
	26 502 500	**1 872 000**

* According to the second and fifth clauses of the contracts to guarantee coverage of issuances of securitization bonds, a guarantee and underwriting commission is due for each issuance for the banks participating in each issuance.

(8) Promotions and underwriting Income

	31-Dec-2023 EGP	31-Dec-2022 EGP
Securitization arrangement fees*	191 620 000	–
Underwriting fees **	79 300 000	32 280 000
	270 920 000	**32 280 000**

*According to the seventh clause of the assignment agreements between Contact Credit Company and Contact creditech Consumer Finance Company as the first party and Sarwa for Securitization Company as the second party, Contact Financial Holding Company is entitled to EGP 60,000,000 (sixty million Egyptian pounds only) for Fortieth issuance and EGP 60,000,000 (sixty million Egyptian pounds only) for Forty-first issuance and 44,000,000 EGP (forty four million Egyptian pounds only) for Forty-second issuance and EGP 27,620,000 (Twenty Seven Millions and Six Hundred and Twenty Thousands) for Forty-third issuance, as arrangement fees.

**According to the fifth clause of Appendix No. (1) assignment agreement between Misr Bank and Sarwa for Securitization Company, Contact Financial Holding Company is entitled to a underwriting fees of EGP 9,465,000 (nine million and four hundred and sixty-five thousand Egyptian pounds only) for Fortieth issuance and EGP 9,295,000 (nine million and two hundred and fifty-nine thousand Egyptian pounds only) for Forty-first issuance and issuance and EGP 7,365,000 (seven million three hundred and sixty five thousand Egyptian pounds only) for Forty-second issuance and EGP 6,905,000 (Six Millions and Nine Hundreds and Five Thousands) for Forty-third issuance at a rate of 0.5% (half percent) of the value of the underwriting fees, and Contact Financial Holding Company is entitled to an additional underwriting fees of EGP 16,000,000 (sixteen million Egyptian pounds only) for Fortieth issuance and EGP 16,000,000 (sixteen million Egyptian pounds only) for Forty-first issuance and EGP 7,365,000 (seven million three hundred and sixty five thousand Egyptian pounds only) for Forty-second issuance and and EGP 6,905,000 (Six Millions and Nine Hundreds and Five Thousands) for Forty-third issuance.

(9) Other Income

	31-Dec-2023	31-Dec-2022
	EGP	EGP
Credit Interest-Treasury Bills	3 397 267	5 841 557
Credit Interest-bank Accounts	2 265 800	1 650 382
Credit interst - current accounts	1 343 356	-
Credit Interest-Money Market fund	917 918	-
Other Income	-	1 359 820
	7 924 341	**8 851 759**

(10) Capital Gain

	31-Dec-2023	31-Dec-2022
	EGP	EGP
Capital Gain*	194 676 581	-
	194 676 581	-

* The land owned by the company, including its buildings and equipment, located on the Cairo-Alexandria Desert Road in the Abu Rawash area, was sold for an amount of 227,000,000 Egyptian pounds, in accordance with the contract concluded between Contact Financial Holding Company and Contact Financial Leasing Company on December 12, 2023, and the book value was 32,323,419. This resulted in capital gains on sale amounting to 194,676,581.

(11) Income Tax

	31-Dec-2023	31-Dec-2022
	EGP	EGP
Tax charged to the income statement		
Deferred income tax	(146 842)	(3 799)
Current income tax	95 879 058	9 620 137
Treasury bills tax	679 453	1 168 311
	96 411 669	**10 784 649**

	31-Dec-2023	31-Dec-2022
Deferred tax Liabilities	EGP	EGP
Property plant and equipment depreciation	-	146 842
	-	**146 842**

Adjust to calculate effective tax rate

	31-Dec-2023	31-Dec-2022
	EGP	EGP
Accounting profit	425 728 254	338 401 328
Tax rate	22.50%	22.50%
Income tax	**95 788 857**	**76 140 299**

Added (Deducted):

	31-Dec-2023	31-Dec-2022
	EGP	EGP
Accounting depreciation	348 589	348 589
Provisions	1 272 471	973 104
ECL provision	(10 356)	6 868
Cost of exempted revenue	-	32 377 341
The negative balance of the depreciation basis	433 732	-
Vat on the sale of fixed assets	2 270 000	-
Investment funds revenue	(917 918)	-
Investment funds expenses	97 054	-
Tax depreciation	(124 289)	(331 702)
Treasury bills revenue	(3 397 267)	(5 841 557)
Treasury bills expenses	428 876	595 599
Dividends	-	(323 773 405)
Taxable profit	426 129 147	42 756 165
Tax Income	95 879 058	9 620 137
Treasury bills Tax 20%	679 453	1 168 311
Deferred tax	(146 842)	(3 799)
Income tax	96 411 669	10 784 649
Effective tax rate	22.65%	3.19%

(12) Profit per share for year

Weighted earnings per share are calculated by dividing net profit for the year after tax by the weighted average number of shares outstanding during the year.

	31-Dec-2023	31-Dec-2022
Net Profit for the year after tax	329 316 585	327 616 679
Weighted average no. of ordinary shares during the year	1 184 822 828	1 177 862 456
Earnings per share for the year	**0.278**	**0.278**

(13) Cash on hand and at banks

	31-Dec-2023	31-Dec-2022
	EGP	EGP
Banks – current accounts	48 013 807	7 670 792
ECL provision*	–	(10 356)
	48 013 807	**7 660 436**

*In accordance with the Prime Minister's Decision No. 4575 of 2023 amending some provisions of the Egyptian Accounting Standards and the Financial Regulatory Authority's Decision No. 222 of 2023 dated October 18, 2023 regarding some permissive exceptions in the application of Accounting Standard 47 - Financial Instruments, current accounts and deposits in local currency with banks registered with the Central Bank of Egypt and due within a maximum of one month from the date of the financial statements are excluded from the recognition and measurement of expected credit losses.

(14) Financial investments

	31-Dec-2023	31-Dec-2022
	EGP	EGP
Financial investments measured at fair value through other comprehensive income (Equity instruments) *	9 482 232	9 482 232
	9 482 232	**9 482 232**

***Financial investments measured at fair value through other comprehensive income (Equity instruments)**

	31-Dec-2023	31-Dec-2022
	EGP	EGP
A I venture*	6 336 232	6 336 232
Sakneen	3 146 000	3 146 000
	9 482 232	**9 482 232**

*The investment has been recorded at cost as the investment is not listed in the security exchange and there is a difficulty in finding a similar investment listed in the security exchange, so the company were unable to reevaluate the investment.

(15) Investments in associates

		31-Dec-2023	31-Dec-2022
		EGP	EGP
Bavarian Contact Car Trading (S.A.E.)*	48.99%	100	100
Egyptian Credit Service (S.A.E.)	49.99%	4 999 000	4 999 000
A S Investments Limited	40%	63 857 691	63 857 691
Wasla Browser-cayman Island **	43%	105 539 170	102 539 170
Carzami Technology Solutions (S.A.E.)	41.67%	7 824 300	-
		182 220 261	**171 395 961**

* This percentage is the result of the 48.99% shareholding of the subsidiary, Contact Credit Company, in the Bavarian Contact Car Trading Company.

** Acquiring of Wasala Browser – Cayman Island

- On February 3, 2022, Contact Financial Holding Company acquired 43% of Wasla Browser Company (Cayman Island) and its subsidiaries, which operate in websites and electronic applications management. This acquisition contract includes the following:

  1- An amount of (USD 2,927,000) will be paid on the date of concluding the contract, representing the first tranche of the subscription.

  2- The second payment amounting to (USD 3,000,000) is paid on October 27, 2022,

  3- The third payment amounting to (USD 3,000,000) shall fall due on July 31, 2025, or on the date wherein the cash, after the second payment, at Bravo (Wasla Browser) falls below USD 600,000, whichever is earlier.
- The share capital participation percentages, the formation of the board of directors, the methods and timing of payment are based on the detailed clauses of the shareholders ‘agreement pertaining to the acquisition.

(16) Investments in subsidiaries

	of Capital % Participation	31-Dec-2023 EGP	31-Dec-2022 EGP
Contact Credit (S.A.E)	99.058%	548 794 417	534 691 299
Auto Market Holding	100%	50 000	50 000
Contact Payment Service (S.A.E)	100%	12 495 000	12 495 000
Sarwa Asset Management (S.A.E)	99.960%	4 998 000	4 998 000
Sarwa Promotion and Underwriting (S.A.E)	99.996%	5 249 800	5 249 800
Contact Leasing (S.A.E)	99.999%	169 999 640	169 999 640
Sawa Payment Systems (S.A.E)	50.997%	1 529 900	1 529 900
Contact Specialized Consulting (S.A.E)	100%	1 000	1 000
Sarwa Insurance (S.A.E)	84.980%	84 980 000	84 980 000
Sarwa Life Insurance (S.A.E)	75.090%	75 090 000	75 090 000
Contact Factoring (S.A.E)	74.997%	71 248 000	71 248 000
Sarwa sukuk (S.A.E)	99.998%	9 998 000	9 998 000
Sarwa for Securitization (S.A.E)	80.990%	4 489 547	4 489 547
Contact Creditech (S.A.E)	99.980%	99 980 000	24 995 000
		1 088 903 304	**999 815 186**

(17) Related parties

Financial Position Balances

(17-1) Due from Related Parties

	Relation Nature	31-Dec-2023 EGP	31-Dec-2022 EGP
Sawa Payment Systems	Subsidiary (50.997%)	2 109 397	1 948 829
Contact Cars*	Subsidiary (100%)	93 247 656	64 900 887
Carzami Technology Solutions	Subsidiary (41.67%)	13 419 314	11 427 396
Egyptian Credit Service	Associate (49.99%)	4 582 378	3 575 148
Sarwa sukuk	Subsidiary (99.997%)	15 065 012	25 942 490
Consolidated Financial Holding	Parent (60.536%)	406 312	224 320
Auto Market Holding	Subsidiary (100%)	185 768	69 150
Wasla Browser - Cayman Island	Subsidiary (43%)	90 912	13 364
		129 106 749	**108 101 584**

*Auto Market Holding (Subsidiary (100%)) owns a 100% of shares of Contact Cars.

(17-2) Due to Related Parties

		31-Dec-2023 EGP	31-Dec-2022 EGP
Contact Credit	Subsidiary (99.058%)	58 856 244	299 162 215
Sarwa for Securitization	Subsidiary (80.99%)	2 880 000	2 880 000
Contact Payment Service	Subsidiary (100%)	14 062 693	14 500 000
		75 798 937	**316 542 215**

Balance Sheet Transactions	31-Dec-2023	31-Dec-2022
	EGP	EGP
Sarwa Insurance (Subsidiary 84.980%)		
Advance payments under finishing process	4 949 008	–
Net investment in the sub–lease	43 825 128	42 424 220
Sarwa Life Insurance (Subsidiary 75.090%)		
Advance payments under finishing process	4 949 008	–
Net investment in the sub–lease	43 825 128	42 424 220
Contact Insurance Brokerage (One of group companies)		
Advance payments under finishing process	1 903 464	–
Net investment in the sub–lease	16 855 819	16 317 008
Contact Credit (Subsidiary 99.058%)		
Net investment in the sub–lease	30 340 473	29 370 613
Sarwa for Securitization (Subsidiary 80.99%)		
Accrued underwritting fees	49 722 500	10 760 000
Contact Mortgage finance (One of group companies)		
Net investment in the sub–lease	5 056 745	4 895 102
Contact Leasing (Subsidiary 99.999%)		
Net investment in the sub–lease	18 541 400	17 948 708
Sales of fixed assets	227 000 000	–
Contact Factoring (Subsidiary 74.997%)		
Net investment in the sub–lease	10 113 491	9 790 205

Contact Financial Holding (S.A.E)
Notes to the Separate Financial Statements for the financial year ended 31 December 2023

Income statment Transactions	31-Dec-2023	31-Dec-2022
	EGP	EGP
	(Revenue) Expense	(Revenue) Expense
Sarwa Promotion and Underwriting (Subsidiary 99.996%)		
Dividends from investments in subsidiaries	–	(10 079 616)
Sarwa Asset Management (Subsidiary 99.96%)		
Dividends from investments in subsidiaries	–	(3 193 722)
Sarwa for Securitization (Subsidiary 80.99%)		
underwriting fees	(79 300 000)	(32 280 000)
Contact Credit (Subsidiary 99.058%)		
Dividends from investments in subsidiaries	–	(310 499 858)
Income from leasing contracts	(13 943 317)	(23 579 097)
underwriting fees	(178 084 281)	–
Bavarian Contact Car Trading (S.A.E.)		
Dividends from Investments	–	(209)
Contact Creditech (Subsidiary 99.98%)		
underwriting fees	(13 535 719)	–
Contact Leasing (Subsidiary 99.999%)		
Income from leasing contracts	(2 887 352)	–
Capital Gain	(194 676 581)	–
Sarwa Insurance (Subsidiary 84.980%)		
Income from leasing contracts	(6 824 651)	–
Sarwa Life Insurance (Subsidiary 75.090%)		
Income from leasing contracts	(6 824 651)	–
Carzami Technology Solutions (Associate 41.670%)		
Income from credit interest–Loans	(645 987)	–
Egyptian Credit Service Associate		
Income from credit interest–Loans	(697 369)	301 648
Contact Factoring (Subsidiary 74.997%)		
Income from leasing contracts	(1 574 919)	–
Contact Mortgage finance (One of group companies)		
Income from leasing contracts	(787 460)	–
Contact Insurance Brokerage (One of group companies)		
Income from leasing contracts	(2 624 866)	–

(18) Debtors and other debit balances

	31-Dec-2023	31-Dec-2022
	EGP	EGP
Insurance with others	3 395 291	3 284 286
Prepaid expenses	175 780	8 486 943
Payments under the finishing proccess *	43 384 112	–
Advance payment for investments	295 165	83 024 003
Other debit balances	1 211 470	1 097 649
Amounts due from the sale of fixed assets **	113 500 000	–
Tax authority –current accounts	649 616	649 616
Social Insurance	69 595	90 280
Accrued Dividends	–	323 773 196
Accrued revenue ***	49 722 500	10 760 000
	212 403 529	**431 165 974**

* The amount of 43,384,112 (Forty Three Millions and Three Hundreds and Eighty Four Thousands and One Hundreds and Twelve) represents the advance payment made based on the contract concluded on July 16, 2023, between Contact Financial Holding Company and Mass Engineering Contracting Company under the account Finishing the Qasr Al-Nil building.

** The land owned by the company, including buildings, equipment, located at Cairo Alexandriaroad , Abu Rawash, was sold in full for 227,000,000 Egyptian pounds, according to contract concluded between the Contact Financial Holding Company and the Contact Financial Leasing Company on December 12, 2023, Contact leasing paid 113,500,000 Egyptian pounds as a downpayment, and there is an amount due from the sale of the asset 113,500,000.

*** According to the fifth clause of Appendix No. (1) assignment agreement between Misr Bank and Sarwa for Securitization Company, Contact Financial Holding Company is entitled to an underwriting fees of amount 16,000,000 pounds (sixteen million pounds only) for Fortieth issuance and An amount of 16,000,000 pounds (sixteen million pounds only) for Forty-first issuance and an amount of 7,365,000 pounds (seven million three hundred and sixty-five thousand Egyptian pounds only) for Forty-second issuance at a rate of 0.5% (half of a hundred percent) of the value Guarantee of subscription coverage. Additional coverage guarantee fees are payable to Contact Financial Holding Company in the amount of 6,905,000 pounds (Six Millions and Nine Hundreds and Five Thousands) for Forty Third issuance and amount of 3,452,500 pounds (Three Millions and Four Hundreds and Fifty Two Thousands and Five Hundreds) for Forty Third issuance.

(19) Investment property

	Buildings	Total
	EGP	EGP
Cost		
Balance on 1 January 2022	306 059	306 059
On 31 December 2022	**306 059**	**306 059**
Balance on 1 January 2023	306 059	306 059
Eliminations During the Year	(306 059)	(306 059)
On 31 December 2023	–	–
Accumulated Depreciation		
On 1 January 2022	76 515	76 515
Depreciation for the year	15 304	15 304
On 31 December 2022	**91 819**	**91 819**
Balance on 1 January 2023	91 819	91 819
Depreciation for the year	15 303	15 303
Accumulated Depreciation of Eliminations	(107 122)	(107 122)
On 31 December 2023	–	–
Net book value		
As of 31 December 2023	–	–
As of 31 December 2022	**214 240**	**214 240**

(20) Right of use assets

	Buildings	Total
	EGP	EGP
Cost		
Balance on 1 January 2022	319 818 104	319 818 104
Foreign currency translation differences	30 110 190	30 110 190
Disposals during the year	(260 171 522)	(260 171 522)
On 31 December 2022	**89 756 772**	**89 756 772**
Balance on 1 January 2023	89 756 772	89 756 772
Foreign currency translation differences	6 625 433	6 625 433
Amendments to lease agreements	(3 119 259)	(3 119 259)
Disposals during the year	(51 502 193)	(51 502 193)
On 31 December 2023	**41 760 753**	**41 760 753**
Accumulated Amortization		
On 1 January 2022	7 455 828	7 455 828
Amortization for the year	8 672 353	8 672 353
On 31 December 2022	**16 128 181**	**16 128 181**
On 1 January 2023	16 128 181	16 128 181
Amortization for the year	13 278 821	13 278 821
On 31 December 2023	**29 407 002**	**29 407 002**
Net book value		
As of 31 December 2023	**12 353 751**	**12 353 751**
As of 31 December 2022	**73 628 591**	**73 628 591**

(21) Property Plant and Equipment

	Lands	Buildings	Furniture and fixtures	Total
	EGP	EGP	EGP	EGP
Cost				
Balance on 1 January 2022	29 662 500	2 287 795	2 553 796	34 504 091
On 31 December 2022	**29 662 500**	**2 287 795**	**2 553 796**	**34 504 091**
Balance on 1 January 2023	29 662 500	2 287 795	2 553 796	34 504 091
Disposals During the Year	(29 662 500)	(2 287 795)	(2 553 796)	(34 504 091)
On 31 December 2023	–	–	–	–
Accumulated Depreciation				
Balance on 1 January 2022	–	636 795	1 076 242	1 713 037
Depreciation for the year	–	114 389	218 897	333 286
On 31 December 2022	–	**751 184**	**1 295 139**	**2 046 323**
Balance on 1 January 2023	–	751 184	1 295 139	2 046 323
Depreciation for the year	–	114 389	218 897	333 286
Accumulated Depreciation of Disposals	–	(865 573)	(1 514 036)	(2 379 609)
On 31 December 2023	–	–	–	–
Net book value				
As of 31 December 2023	–	–	–	–
As of 31 December 2022	**29 662 500**	**1 536 611**	**1 258 657**	**32 457 768**

(22) Trade payables and Other Credit Balances

	31-Dec-2023	31-Dec-2022
	EGP	EGP
Accrued expenses	4 303 795	743 892
Accrued underwriting and promotional services expenses *	8 284 000	466 000
Advance payments under finishing process **	11 801 480	–
Advance rent payments	202 650	202 650
Tax authority – current account	768 528	349 072
Health insurance contribution	1 356 570	1 057 204
	26 717 023	**2 818 818**

* According to the fifth clause of the contracts guaranteeing coverage of the issuances of the securitization company's bonds, there is an accrued amount of 466,000 (four hundred and sixty-six thousand Egyptian pounds only) for the thirty-ninth issuance and an accrued amount of 3,848,000 (three million eight hundred and forty-eight thousand Egyptian pounds only)) for the fortieth issuance and an accrued amount of 3,970,000 (three million nine hundred and seventy thousand Egyptian pounds only) for the forty-third issuance as a coverage guarantee commission due to the banks that subscribed to each issuance.

** The amount represents the share of Sarwa Insurance, Sarwa Life Insurance, and Contact Insurance Brokerage companies from the value of the advance payment paid based on the contract concluded on July 16, 2023 between Contact Financial Holding Company and Mass Engineering Contracting Company, under the account of the finishing of the Qasr El Nil building.

(23) Lease liabilities

	31-Dec-2023	31-Dec-2022
	EGP	EGP
Beginning balance	244 683 711	294 759 964
Disposals during the year	(51 502 193)	(90 852 176)
Amendments to lease agreements*	(15 967 114)	–
Payment during the year	(25 012 695)	(11 181 765)
Interest expense	29 033 495	21 847 498
Foreign currencies revaluation differences	6 628 162	30 110 190
Ending balance	**187 863 366**	**244 683 711**

***Amendments to lease agreements**

Qasr El Nile Building

A supplement to the lease contract for the property at 15 Qasr El Nil Street was executed on April 12, 2023. The supplement included the addition of the fifth and sixth floors, as well as the addition of apartment number 2 on the first floor and 5 rooms on the roof of the property. The lease term was also amended to begin on January 1, 2023, and end on December 31, 2038. The rent payments were also amended, which led to a remeasurement of the lease liability. The interest rate used was also adjusted to be in line with the current interest rate for external funding sources.

Champollion Building

Based on the letter submitted by Contact Financial Holding to Ismailia Real Estate Investment Company to reduce the rent for 2023 and 2024. The request included reducing the rent for 2023 from 651,708 US dollars equivalent to 19,160,052 Egyptian pounds to 17,000,000 Egyptian pounds, and reducing the rent for 2024 from 689,184 US dollars equivalent to 21,322,388 Egyptian pounds to 20,000,000 Egyptian pounds, resulting in the re-measurement of the lease obligation.

24 Paid in Capital

- Authorized capital amounts to EGP 600 million with par value 10 EGP per share.
- Paid in and issuance capital amounts to EGP 69 601 510 distributed over 6 960 151 shares with a par value of EGP 10 per share. All shares are ordinary shares, and all issuance shares are paid in full.

- On 14 April 2016 the capital was increased by 1 750 161 shares with a total par value of EGP 17 501 610 and was recorded in the commercial register.

- On 5 April 2017 the capital was increased by 968 378 shares with a total par value of EGP 9 683 780 and was recorded in the commercial register.

- On 14 May 2018 the extraordinary general assembly approved increasing the authorized capital by EGP 400 million to EGP 1 billion and the paid in capital by EGP 3 213 100 to EGP 100 million hanging the par value from EGP 10 per share to EGP 0.16 per share making the total number of shares 625 million instead of 10 million. This was recorded in the commercial register.

- The company's extraordinary general assembly dated 14 August 2018 approved the initial public offering of the company on the Egyptian Stock Exchange through a private and public placement. The offering was executed on 11 October 2018 with a total of 295 170 731 shares owned by some of the company's shareholders by 47.2% with total proceeds of EGP 2 172 456 581 EGP 700 million of which are to be reinvested in the company in a capital increase at the same price of the offering.

- On November 5, 2018, the company's issued and paid-up capital was increased by 95 108 696 shares with a value of EGP 7.36, representing EGP 0.16 nominal value per share and EGP 7.2 issue premium per share. The proceeds of this increase were EGP 700 000 003, representing EGP 15 217 391 for the increase in the company's issued capital and EGP 684 782 612 for the total issue premium of the shares.

- On May 9, 2019, the issuance and paid-in capital have increased by a decision of the Company's Board of Directors held on March 3, 2019. The increase of the Company's capital through the issuance of 28 million shares at nominal value of EGP 0.16 amounted to EGP 4 480 000 the total value of the increase is fully funded from the balance of retained earnings. The 28 million shares issuance for the bonus and incentive system approved by the Egyptian financial regulatory Authority (FRA) on 26 February 2019. The issuance and paid-in capital amounted to EGP 119 697 391.

- On October 3, 2019, the issuance and paid-in capital have increased by a decision of the Company's Board of Directors held on May 13, 2019, and authorized by companies' extraordinary general assembly dated September 8, 2019, through distribution of free shares to shareholders according to their investment percentage by 3 shares for every 5 shares to be financed from retained earning balance with nominal value 0.16 Egyptian pound. The issuance and paid-in capital amounted to 191 515 840 EGP distributed by 1 196 974 000 shares.

- On February 15, 2021, the authorized capital was adjusted to be 950 million EGP rather than 1 billion EGP and was recorded in the commercial register on March 28, 2021.

The following schedule represents the ownership structure at the financial position date:

Company Name	No. of Shares	Amount EGP	Percentage
Consolidated Financial Holding	724 601 986	115 936 318	60.54%
Orascom Financial Holding	350 088 786	56 014 206	29.25%
Other shareholders	92 542 124	14 806 740	7.73%
ESOP-designated	17 589 932	2 814 389	1.46%
ESOP-undesignated	12 151 172	1 944 187	1.02%
	1 196 974 000	**191 515 840**	**100%**

(25) Reserves

	31-Dec-2023 EGP	31-Dec-2022 EGP
25-1 Legal reserve	95 757 920	83 891 725
25-2 Share premium reserve	834 338 770	820 235 652
	930 096 690	**904 127 377**

25-1 Legal reserve

- Legal reserve balance on 31 December 2023 amounted to EGP 95,757,920 compared to EGP 83,891,725 as of 31 December 2022. According to the Company's articles of association 5% of annual net profit is transferred to the legal reserve and this reserve shale be stopped when its balance reaches 50% of the issued capital according to the decision of the ordinary general assembly meeting. This reserve was stopped due to the company's reaches to 50% of the issued capital.

25-2 Share premium reserve

- The company's capital was increased on April 14, 2016, April 5, 2017, November 5, 2018, May 9, 2019, and October 3, 2019 which resulted in share premium reserve as follows:

	Description	
Share premium reserve as of December 31 2015	–	
No. of increase in shares	1 750 161	Shares
Value of increase in capital	17 501 610	EGP
Share premium amount	28 780 324	EGP
Share premium reserve as of December 31 2016	28 780 324	**EGP**
No. of increase in shares	968 378	Shares
Value of increase in capital	9 683 780	EGP
Share premium amount	35 486 386	EGP
Share premium reserve as of December 31 2017	64 266 710	**EGP**
No. of increase in shares	95 108 696	Shares
Value of increase in capital	15 217 391	EGP
Share premium amount	684 782 612	EGP
Share premium reserve as of December 31 2018	749 049 322	**EGP**
No. of increase in shares	476 865 304	Shares
Value of increase in capital	76 298 449	EGP
Share premium ESOP	1 359 820	EGP
Share premium reserve as of December 31 2019	750 409 142	**EGP**
Share premium ESOP	16 181 340	EGP
Share premium reserve as of December 31 2020	766 590 482	**EGP**
Share premium ESOP	23 889 133	EGP
Share premium reserve as of December 31 2021	790 479 615	**EGP**
Share premium ESOP	29 756 037	EGP
Share premium reserve as of December 31 2022	**820 235 652**	**EGP**
Share premium ESOP	14 103 118	EGP
Share premium reserve as of December 31 2023	**834 338 770**	**EGP**

- According to law No.159 for year 1981 and its executive regulations the amount of share premium is to be added to the legal reserve of the company up to reaching 50% of the issuance capital. Any excess is recognized as a special reserve and cannot be distributed as dividends.

26- Tax position

First: Corporation income tax

- Tax returns of the company were submitted for the years since the inception of the business activity till 2022 on the due dates according to law No. 91 for year 2005.
- Years 2010-2014: are currently being inspected by the Tax the Inspectorate.
- Years 2015-2016: the company was accounted by estimation, and was appealed on at the legal dates, and waiting for the reinspection session for these years.

Second: Salary tax

- The Company regularly settles the tax pay on the legal due dates and preparation of the data required for inspection is in process.

Third: Stamp tax

- The inspection was completed until 2016 and the due tax differences were paid.
- Currently preparing the inspection for the years 2017/2018.

27- legal position

Ongoing lawsuits

- Lawsuit No. 2064 of 2019 Circuit 5 Economic filed by Mrs. Jacqueline Nabil Atallah Gabriel against Contact Financial Holding Company, the subject is a claim for compensation for a difference in the share price amounted to 1,259,591 EGP (one million, two hundred and fifty-nine thousand, five hundred and ninety-one Egyptian pounds) On July 27, 2020, the lawsuit was dismissed, and the judgment was appealed by appeal No. 534 of 12, session of January 17, 2022, and the second and third respondent was ordered to be obligated and compensated, and the applications against the company were rejected, and a cassation was filed against the judgment from the second respondent company, and it was registered No. 6202 of 92, and its session has not yet been set.

28- Objectives and Policies of Financial Risks Management

- The company's financial instruments are represented in cash balances and equivalents, customers, credit banks, suppliers and items of a monetary nature within the balances of debtors and creditors.
- The company is exposed to a number of risks associated with the exercise of its activities, which are summarized as follows:

Financial Risk Management Objectives and Policies

- This disclosure presents information about to the extent to which the entity is subject to the following risks resulting from using the financial instruments the entity’s goals policies and operations regarding the measurement and management of such risks and the entity’s capital management as well.
- The entity’s board of director is responsible for setting the framework for the risk management process and its monitoring. The entity’s top management is the responsible for setting and monitoring the risk management policies and submitting reports to the parent company.

- The internal audit committee monitor the compliance of the entity's top management with policies and procedures adopted for the financial risk management process and the adequacy of the current policies and procedures to the expected financial risks.

(A) Credit Risk

- Credit risks are the financial losses incurred by the Company in the event that customer or the counterparty do not fulfill a or his/its obligations under of the terms and conditions of the financial instruments contract.
- The entity mainly faces credit risks from clients' receivables notes receivable sundry debtors other debit balances dues from related parties as well as its financing activities including deposits at banks and financial institutions.

Receivables Balances

- The credit risk is managed through the entity's policies procedures and control structure related to risk management. As the credit worthiness is being measured for each client separately through conducting field survey to assure good reputation and credit worthiness of client and his ability to repay all his financial liabilities. The credit limit is determined according to this evaluation. The client's outstanding accounts are monitored on continuous basis. Impairment study is conducted at the financial position date.

- As for the financial assets that are considered to be credit-impaired the ECL provision covers the amount of loss expected to be incurred by the entity. The evaluation of ECLs is carried out on a case-by-case basis for non-homogeneous portfolios or through applying portfolio-based standards in respect of individual financial assets in these portfolios via the entity's ECL Model for homogeneous portfolios.

- Future economic forecasts are to be considered while calculating ECLs. The lifetime expected losses are estimated based on the probability-weighted present value in respect of the difference between the contractual cash flows that are due to the entity under the contract; and the cash flows that the entity expects to receive.

Amount arising from expected credit loss (ECL)

Inputs Assumptions and Techniques used for estimating.

- When determining whether the risk of default in payment pertaining to a financial instrument increased significantly since initial recognition the entity considers reasonable and supportable information that is relevant available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the entity's historical experience and experts credit assessment submitted as a kind of forward-looking information.

- The company's management considered that there is no need to make statistical models to calculate the expected credit losses by analyzing historical data or determining the material increase in risk, as the company's management will be more conservative in terms of the formation of the necessary provisions. Accordingly, the company's management has covered the credit risk of these companies by 100% provisions, so that these companies do not have any expected credit risks.

(B) Liquidity Risk

- The liquidity risk is represented in the factors that could affect the ability of the entity to repay all or part of its liabilities at the maturity date and in accordance with the company's policy, appropriate liquidity is maintained to meet the company's current liabilities, which affects the minimization of that risk.

(C) Foreign currency risk

- Foreign currency risk arising due to changes in foreign currency exchange rates which affect payments and receipts in foreign currencies as well as the valuation of foreign currency assets and liabilities and for the purposes of minimize that risk, the company takes into consideration to balance between foreign currency assets and liabilities.

(D) Interest risk

- This risk arising due to changing interest rates that may have an impact on business results, and the company's management works to obtain the best conditions available in the market for banking facilities and periodically reviews the prevailing interest rates in addition to fixing interest rates on the used portion from the loans.

29 - Bases of Measurements

- The separate financial statements are prepared on a historical cost basis except for financial instruments that are measured at fair value amortized cost or cost as appropriate.
- Investments in subsidiaries and associate are presented at cost, which represents the company's ownership and not on the basis of the business results or net assets of the investee companies. The financial statements provide a more comprehensive understanding of the financial position, business results and cash flows of the Company and its subsidiaries (the Company).

30 -Significant accounting policies

- The accounting policies described below have been applied consistently during the periods presented in these financial statements.

30 – 1 Lease contracts

- The Company has applied Egyptian Accounting Standard No. (49) retroactively and therefore the comparative information has not been restated and to be disclosed in accordance with Egyptian Accounting Standard No. (20). Details of accounting policies in accordance with Egyptian Accounting Standard No. (20) are disclosed independently.

- At the beginning of the contract, the entity assesses whether the contract is a lease or includes a lease. The contract is a lease or includes a lease if the contract transfers the right of control to use a specified asset for a period of time in return for consideration. To assess whether the lease contract transfers the right of control over the use of a specified asset. The company uses the definition of the lease contract in Egyptian Accounting Standard No. (49). This policy applies to contracts concluded on or after January 1, 2021

As a lessee

- At commencement or on modification of a contract that contains a lease component, the entity allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the entity has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The entity recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
- The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the entity by the end of the lease term or the cost of the right-of-use asset reflects that the entity will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is annually reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
- The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity’s incremental borrowing rate. Generally, the entity uses its incremental borrowing rate as the discount rate.
- The entity determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

- amounts expected to be payable under a residual value guarantee.

- The exercise price under a purchase option that the entity is reasonably certain to exercise, lease payments in an optional renewal year if the entity is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the entity is reasonably certain not to terminate early.

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

- When the lease liability is premeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The entity presents right-of-use assets that do not meet the definition of investment property in ‘fixed assets and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

Short-term leases and leases of low-value assets

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

30 – 2 Foreign Currencies

Foreign Currency Transactions

- Foreign currency transactions are translated in the Company's dealing currency at the exchange rate on the dates of transactions.
- Assets and liabilities of a monetary nature in foreign currency are translated into the currency of exchange at the date of the financial statements.
- Assets and liabilities measured at fair value in foreign currency are translated into the exchange rate used when determining fair value.
- Assets and liabilities of a non-monetary nature measured at historical cost in foreign currency are translated into the exchange rate on the date of the transaction.
- Currency differences generally in profits or losses are recognized, With the exception of currency differences resulting from the translation of what is recognized in other comprehensive income items:
  * Available-for-sale investments in equity instruments (excluding impairment, where currency differences and other comprehensive income items are reclassified to profit or loss).
  * Financial obligations that have been allocated as a risk hedging instrument to cover the risk of net investment in foreign activity as long as the coverage is effective.
  * Hedging instruments used at risk of cash flows as long as hedging is effective.

30 – 3 Revenue recognition

The entity recognizes revenue under Standard No. (48) Revenue from Contracts with Customers using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price.	The transaction price is the amount of consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocation of transaction price.	For a contract that has more than one performance obligation, the entity allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The entity recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Credit interest

- Credit interest is recognized in the income statement using the Effective Interest Rate Method.

Dividend’s income

- Revenues from dividends resulting from entity investments are recognized on income statement on the date on which the right of the company to collect the value of these profits arises.

30 – 4 Financial instruments

Classification and Measurement

The entity determines the nature of the business model by considering the way in which the financial assets are managed to achieve the business objective as determined by management.
At initial recognition financial assets have been classified and measured according to:

- Amortized cost
- Fair value through other comprehensive income. (FVTOCI) and
- Fair value through profit or loss (FVTPL).

The financial assets have been classified according to how they are managed (the entity's business model) and their contractual cash flow characteristics.

Subsequent Measurement

A financial asset is classified as subsequently measured at: amortized cost fair value through other comprehensive income (FVOCI) or (FVTPL) on the basis of both the entity’s business model for managing the financial asset and the contractual cash flows characteristics of the financial asset.

- A debt instrument is measured at amortized cost if it meets both of the following conditions:
  - The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt instrument is measured at FVOCI only if it meets both of the following conditions:
  - The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- All other debit instruments assets will be classified as fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the entity changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting year following the change in the business model.
The entity may irrevocably elect to measure equity investment which is not classified as trading investments to be as a fair value through other comprehensive income at initial recognition. And this choice will be made on an instruments-by-instruments basis.

- All other equity instruments will be classified as fair value through profit or loss.

In addition to that the entity may irrevocably elect to designate a financial asset that will be measured at fair value through other comprehensive income to be measured at fair value through profit or loss in the initial recognition if in such a case this reclassification will lead to prevent accounting mismatch.

Business Model Assessment

The entity assesses the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice specially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets year with the financial liabilities year which finance these assets or target cash flow from selling the assets.
- How the performance of the portfolio is evaluated and reported to the entity's management.
- The risks that affect the performance of the business model and the financial assets held within that business model and how those risks are managed.
- The frequency, volume, and timing of sales in prior years the reasons for such sales and its expectations about future sales activity.

Meanwhile the scope of the entity is not limited to the information related to sales activity separately but the overall assessment of how the goal that was announced by the entity to manage financial assets can be achieved as well as how to realize cash flow must be considered.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs) as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest the entity considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or the amount of contractual cash flows such that it would not meet this condition.

Financial assets – Subsequent measurement, gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income are recognized in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense are recognized in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign xchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

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

The entity could enter transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The entity derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The entity also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different in which case a new financial liability based on the modified terms is recognized at fair value.
On derecognition of a financial liability the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

Impairment

The entity applies both the general and simplified approaches to measure expected credit loss on financial assets that are recognized at amortized cost and debt instruments that are recognized at fair value through other comprehensive income. The financial assets can transfer between three stages according to changes in credit quality since initial recognition.

Impairment losses on financial assets are recognized in the Consolidated Income Statement within the credit losses expenses.

Simplified approach model

With regards to trade receivables balances related to fees and commission the simplified approach model for determining the impairment is performed in two steps:

- Any trade receivable in default is individually assessed for impairment; and
- A general reserve is recognized for all other trade receivables (including those not past due) based on the determined historical loss rates and carry forward losses expectations.

General approach model

The general model impairment requirements of EAS No. (47) apply to all credit exposures that are measured at amortized cost or FVOCI except the positions covered by simplified model as above mentioned.
For purposes of the impairment policy below these instruments are referred to as ("Financial Assets").

The determination of impairment losses and allowance moves from an incurred credit loss model whereby credit losses are recognized when a defined loss event occurs under previous accounting standard to an expected credit loss model under EAS No. (47) where allowances are taken upon initial recognition of the Financial Asset based on expectations of potential credit losses at the time of initial recognition.

EAS No. (47) introduces a three-stage approach to impairment for Financial Assets that are not credit-impaired at the date of origination or purchase. This approach is summarized as follows:

Stage 1: 12 months expected credit loss:

Stage (1) includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets expected credit loss is recognized on the gross carrying amount of the asset based on the expected credit losses. For these assets expected credit loss is a result of default events that are possible within 12 months after the reporting date.

Stage 2: Lifetime expected credit loss - not credit impaired:

Stage (2) includes financial assets that have had a significant increase in credit risk since initial recognition but those do not have objective evidence of impairment. For these assets' lifetime expected credit loss is recognized but interest is still calculated on the gross carrying amount of the asset. Lifetime expected credit loss are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3: Lifetime expected credit loss - credit impaired:

Stage (3) includes financial assets that have objective evidence of impairment at the reporting date. For these assets' lifetime expected credit losses are recognized.

Non-financial assets

-At the end of each financial period, the Company revise the book values of the non-financial assets of the Company to determine whether there is an indicator of impairment. If so, the company makes an estimate of the residual value of the asset.

-To perform an impairment test for an asset, the assets are grouped together into the smallest asset group that includes the asset that generates cash inflows from continuous use and is largely independent of cash inflows from other assets or asset groups - cash generating units. The goodwill generated upon consolidation of the works is distributed to the units that generate cash or the groups of these units with the acquiring company and expected to benefit from the consolidation process.

-The residual value of the asset or the unit generating cash is its fair value less the costs of selling or its use value, whichever is greater, the use value of the asset is the present value of future cash flows expected to occur discounted at a discount rate before tax, which reflects current market estimates of the time value of money and the specific risk of the asset or cash generating unit.

-Impairment loss is recognized if the carrying amount of the asset or unit generating cash is greater than its residual value.

-Impairment loss in profits or losses is recognized. It is distributed first to reduce the book value of goodwill distributed to the cash generation unit, and then reduce the other assets of the unit proportionally based on the book value of each asset in the unit.

-The loss due to the impairment of goodwill is not reversed in a later period. For other assets, impairment losses are reversed to the extent that they do not exceed the book value that would have been determined (in net after depreciation and depreciation) unless the impairment loss is recognized relative to the asset in previous years.

30 – 5 Capital

Ordinary shares

-Incremental costs directly attributable to the issuance of ordinary shares are recognized 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”.

30 – 6 Provisions

-Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation the costs to settle related obligations are probable and a reliable estimate is made of the amount of the obligation. The provisions balances are revised at the financial position date and is adjusted when it is necessary to present best estimate of these provisions.

-The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date taking into account the risks and uncertainties surrounding the obligation.

30 – 7 Income tax

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

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 years this increase is recognized as an asset. The current taxable 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 issuance in the end of the financial year. Dividends are subject to tax as part of the current tax assets and liabilities are not off settled only when certain conditions are met.

Deferred tax

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

- Deferred tax is recognized for all temporary difference except for:

• Taxable temporary differences arising on the initial recognition of goodwill.
• Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:
1. A business combination.
2. And not affects neither accounting nor taxable profit nor loss.
• Temporary differences related to investments in subsidiaries associates and joint arrangements to the extent that the entity 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 recognized 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 the entity. deferred tax assets are reassessed at each reporting date and recognized 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 using current tax rate or future expecting rate.

- The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity 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.

30 – 8 Receivables and other debit balances

- Receivables that do not include interest are recognized at face value less the value of the amounts expected not to be collected and estimated when the full amount is unlikely to be collected and the value of the debtors' balance is reduced by the value of bad debts when determined. Other debit balances are recognized at cost less impairment losses.

30 – 9 Creditors, accrued expenses and other credit balances.

- Creditors, accrued expenses and other credit balances are recognized at their cost.

30 – 10 Related Party Transactions

- Related parties are represented by subsidiaries companies, major shareholders, directors and top management of the company, and also represent companies controlled or subject to joint control or influence by those related parties, and netting contracts are approved at the ordinary general assembly.

30 – 11 Legal reserve

- According to the company article of investment, the entity provide for deduction of a sum equals to at least 5% of the annual net profit for the formation of the legal reserves such deduction will be ceased when the total reserve reaches an amount equals to at least half of the entity's issuance capital. Once the reserve falls below this amount deduction shall resume.

30 – 12 Cash flows

- The statement of cash flows is prepared using the indirect method. For the purpose of preparing the cash flows cash and cash equivalents consists of cash on hand, bank current accounts demand deposit which not exceed three months. Bank overdraft balance "that is settled when it is required or considered part of company's cash management" is considered as items that presented as an item of cash for and for the purpose of preparing cash flow.

30 – 13 Financing expenses

- Financing expenses are charged as an expense during the financial period in which the company incurred such cost on the income statement on the date of maturity in accordance with the contract with the financing entities.

30 – 14 Expenses

- Operating expenses and other expenses necessary to carryout business operations for the company including general, administrative and selling expenses are with inclusion in the income statement in the fiscal year in which those expenses were realized.

30 – 15 Subsidiaries

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

30 – 16 Investments accounted with equity method

- Group's interests in equity-accounted investees comprise interests in associates and a joint venture.
- Associates are those entities in which the group has significant influence but not control or joint control over the financial and operating policies.
- A joint venture is an arrangement in which the group has joint control whereby the group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.
- Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost which includes transaction costs.
- Subsequent to initial recognition the consolidated financial statements include the group's share of the profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence or joint control ceases.