Contact Financial Holding (S.A.E)

Separate interim financial statements

For the period ended March 31, 2024

And review report thereon

Contents	**Page**

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Review report on separate interim financial statements

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

Introduction

We have reviewed the accompanying separate interim statement of financial position of Contact Financial Holding an Egyptian joint stock company as of 31 March 2024, and the related separate interim statements of income, comprehensive income, cash flows and changes in equity for the Three- months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position as of 31 March 2024, and of its separate financial performance and cash flows for the Three-months period then ended in accordance with the Egyptian Accounting Standards.

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants
(10)

(KPMG Hazem Hassan)
Public accountants and consultants
Cairo, 15 May 2024.

Contact Financial Holding
(S.A.E)
Separate statement of Financial Position
On 31 March 2024

	Note No.	31-Mar-2024 EGP	31-Dec-2023 EGP
Assets			
Cash and cash equivalent	(12)	22 559 998	48 013 807
Financial investments	(13)	9 482 232	9 482 232
Investments in associates	(14)	235 776 261	182 220 261
Investments in subsidiaries	(15)	1 092 288 060	1 088 903 304
Due from related parties	(1-16)	144 280 878	129 106 749
Debtors and other debit balances	(17)	188 382 792	212 403 529
Right of use assets	(18)	9 265 314	12 353 751
Net investment in the sub-lease		176 514 185	168 558 183
Deferred tax Assets	(10)	146 842	-
Total assets		**1 878 696 562**	**1 851 041 816**
Liabilities			
Due to Related Parties	(2-16)	124 232 363	75 798 937
Trade payables and other credit balances	(19)	10 322 962	26 717 023
Current income tax liabilities		96 601 043	96 601 043
Lease liabilities	(20)	186 163 355	187 863 366
Total liabilities		**417 319 723**	**386 980 369**
Shareholders' equity			
Paid in capital	(21)	191 515 840	191 515 840
Reserves	(22)	933 481 446	930 096 690
Retained earnings		336 379 553	342 448 917
Total shareholders' equity		**1 461 376 839**	**1 464 061 447**
Total shareholders' equity and liabilities		**1 878 696 562**	**1 851 041 816**

The accompanying notes from (1) to (28) are an integral part of these separated financial statements and are to be read therewith.

Cairo, 15 May 2024
Review report "Attached"

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

Translation of the Financial Statements
Originally Issued in Arabic

Contact Financial Holding

(S.A.E)

Separate Income Statement

For the Three months ended at 31 March 2024

	Note No.	31-Mar-2024 EGP	31-Mar-2023 EGP
Promotions and underwriting income	(8)	2 572 822	85 465 000
Income Administrative to subsidiaries		7 956 003	6 660 672
Other income	(9)	1 794 813	4 997 969
General and Administrative Expenses	(6)	(6 945 156)	(5 518 449)
Interest expense (lease liability)		(8 299 989)	(5 086 873)
Promotions and underwriting Cost	(7)	(1 306 694)	(6 077 500)
Health insurance contribution		(31 446)	(243 024)
ECL provision		-	(434 042)
Net operating (loss) profit		**(4 259 647)**	**79 763 753**
Foreign currency exchange		254 684	–
Net (loss) profit for the period before tax		**(4 004 963)**	**79 763 753**
Income tax	(10)	146 842	(18 306 961)
Net (loss) profit for the period after tax		**(3 858 121)**	**61 456 792**
(loss) Profit per share for the period	(11)	**(0.003)**	**0.052**

The accompanying notes from (1) to (28) 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
For the Three months ended at 31 March 2024

	31-Mar-2024 EGP	31-Mar-2023 EGP
Net (loss) profit for the period after tax	(3 858 121)	61 456 792
Other comprehensive income items that are later will not reclassified to the profit or loss :		
Foreign currency exchange	-	85 962
Total other comprehensive income items	-	85 962
Total comprehensive income for the period	**(3 858 121)**	**61 542 754**

The accompanying notes from (1) to (28) 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.

For the Three months ended at 31 March 2024

		Reserves				
	Paid in capital	Legal reserve	Share premium reserve	Fair Value Reserve	Retained earnings	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Balance at 1 January 2023	191 515 840	83 891 725	820 235 652	–	327 724 102	**1 423 367 319**
ESOP reserve	–	–	5 388 844	–	–	**5 388 844**
Legal reserve	–	11 866 195	–	–	(11 866 195)	–
Dividends	–	–	–	–	(302 811 654)	**(302 811 654)**
Net Profit for the period	–	–	–	–	61 456 792	**61 456 792**
Total Other comprehensive income for the period	–	–	–	85 962	–	**85 962**
Balance at 31 March 2023	**191 515 840**	**95 757 920**	**825 624 496**	**85 962**	**74 503 045**	**1 187 487 263**
Balance at 1 January 2023	191 515 840	95 757 920	834 338 770	–	342 448 917	**1 464 061 447**
ESOP reserve	–	–	3 384 756	–	-	**3 384 756**
Dividends	–	–	–	–	(2 211 243)	**(2 211 243)**
Net (loss) for the period	–	–	–	–	(3 858 121)	**(3 858 121)**
Balance at 31 March 2024	**191 515 840**	**95 757 920**	**837 723 526**	–	**336 379 553**	**1 461 376 839**

The accompanying notes from (1) to (28) 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
For the Three months ended at 31 March 2024

	Note No.	31-Mar-2024 EGP	31-Mar-2023 EGP
Cash flows from operating activities			
Net (loss) profit for the period before tax		(4 004 963)	79 763 753
Adjustments for:			
Fixed assets and investments property depreciation		-	87 147
Right of use assets amortization	(18)	3 088 437	2 765 800
ECL provision		-	434 042
Interest expense (lease liability)	(20)	8 299 989	5 086 873
Credit Interest-Treasury Bills		-	(3 397 267)
		7 383 463	84 740 348
Changes in:			
Due to related parties	(2-16)	(48 433 426)	(75 019 747)
Debtors and other debit balances	(17)	60 229 022	323 723 018
Due from related parties	(1-16)	(15 174 129)	(10 502 871)
Trade payables and other credit balances	(19)	8 556 221	5 581 218
Right of use assets rent to subsidiaries		(7 956 002)	(4 356 033)
Real estate tax paid		(500 000)	-
Cash flows provided by operating activities		**4 105 149**	**324 165 933**
Cash flows from investing activities			
Payments to acquire financial investments	(13)	-	(594 421 468)
proceeds from sale of financial investments	(13)	-	597 818 735
Payments for lease liabilities	(20)	(10 000 000)	(4 038 325)
proceeds from sale of fixed assets		36 208 285	-
Payments to acquire investments associates	(14)	(53 556 000)	-
Net cash flows (used in) investing activities		**(27 347 715)**	**(641 058)**
Cash flows from financing activities			
Paid dividends		(2 211 243)	(2 011 654)
Net cash (used in) financing activities		**(2 211 243)**	**(2 011 654)**
Net change in cash and cash equivalent during the period		(25 453 809)	321 513 221
Cash and cash equivalent at beginning of the period		48 013 807	7 670 792
Cash and cash equivalent at ending of the period	(12)	**22 559 998**	**329 184 013**
Cash and cash equivalents represented as follows:			
Banks - Current accounts		22 559 998	329 184 013
		22 559 998	**329 184 013**

The accompanying notes from (1) to (28) 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 Period ended at 31 March 2024

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 15 May 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-Mar-2024	31-Mar-2023
	EGP	EGP
Professional fees	405 812	267 437
Personnel expenses	772 428	289 061
Consulting fees	91 950	977 481
Fixed assets and investments property depreciation	-	87 147
Bank charges	13 037	22 787
Advertising expenses	466 716	412 680
Other expenses	855 170	118 254
subscriptions	868 077	409 068
Office maintenance	42 035	50 061
Buffet	2 000	56 480
Electricity	124 814	62 193
ESOP expenses	214 680	-
Right-of-use assets amortization	3 088 437	2 765 800
	6 945 156	**5 518 449**

(7) Promotions and underwriting Cost

	31-Mar-2024	31-Mar-2023
	EGP	EGP
Promotions and underwriting for the fortieth issuance	–	6 077 500
Promotions and underwriting for the forty-second issuance	766 694	–
Promotions and underwriting for the forty-third issuance	540 000	–
	1 306 694	**6 077 500**

* 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-Mar-2024	31-Mar-2023
	EGP	EGP
Securitization arrangement fees*	2 572 822	60 000 000
underwriting fees	–	25 465 000
	2 572 822	**85 465 000**

* According to clause thirteen of Annex 1 of the Securities Custody and Management Contract between the Arab African Bank and Sarwa Securitization Company, Contact Financial Holding is entitled to a monthly arrangement fee of 2% per annum of the outstanding balance of the bonds on the first of each month.

(9) Other Income

	31-Mar-2024	31-Mar-2023
	EGP	EGP
Credit Interest-Treasury Bills	–	3 397 267
Credit Interest-bank Accounts	574 840	1 600 702
Credit interst - current accounts	1 219 973	–
	1 794 813	**4 997 969**

(10) Income Tax

	31-Mar-2024	31-Mar-2023
	EGP	EGP
Tax charged to the income statement		
Deferred income tax	(146 842)	(3 791)
Current income tax	-	17 631 299
Treasury bills tax	-	679 453
	(146 842)	**18 306 961**

	31-Mar-2024	31-Dec-2023
Deferred tax Assets	EGP	EGP
Fixed assets (depreciation)	(146 842)	-
	(146 842)	-

Effective tax rate

	31-Mar-2024	31-Mar-2023
	EGP	EGP
Accounting profit	(4 004 963)	79 763 753
Tax rate	22.50%	22.50%
Income tax	-	**17 946 844**

Added (Deducted):

	31-Mar-2024	31-Mar-2023
	EGP	EGP
Accounting depreciation	-	348 589
Provisions	31 446	973 104
Cash and cash equivalent provision	-	6 868
Cost of exempted revenue	-	32 377 341
Tax depreciation	-	(331 702)
Treasury bills revenue	-	(5 841 557)
Treasury bills expenses	-	595 599
Dividends	-	(323 773 405)
Taxable profit	(3 973 517)	(215 881 410)
Income tax	-	-
Treasury bills Tax 20%	-	1 168 311
Deferred tax	-	(3 799)
Income tax	-	1 164 512
Effective tax rate	-	3.19%

(11) (loss) Profit per share for period

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

	31-Mar-2024	31-Mar-2023
	EGP	EGP
Net (loss) Profit for the period after tax	(3 858 121)	61 456 792
Weighted average no. of outstanding shares during the period	1 190 561 408	1 188 025 865
Earnings per share for the period	**(0.003)**	**0.052**

(12) Cash and cash equivalent

	31-Mar-2024	31-Dec-2023
	EGP	EGP
Banks – current accounts	22 559 998	48 013 807
	22 559 998	**48 013 807**

*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.

(13) Financial investments

	31-Mar-2024	31-Dec-2023
	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-Mar-2024	31-Dec-2023
	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.

(14) Investments in associates

		31-Mar-2024	31-Dec-2023
		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 **	52.6%	159 095 170	105 539 170
Carzami Technology Solutions (S.A.E.)	41.67%	7 824 300	7 824 300
		235 776 261	**182 220 261**

* 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 29% 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, which increased to company share in Bravo to be 43%.
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 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. And it was paid in January 2024.

(15) Investments in subsidiaries

	% of Capital Participation	31-Mar-2024 EGP	31-Dec-2023 EGP
Contact Credit (S.A.E)	99.058%	552 179 173	548 794 417
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	99 980 000
		1 092 288 060	**1 088 903 304**

(16) Related parties

Financial Position Balances

(16-1) Due from Related Parties

	Relation Nature	31-Mar-2024 EGP	31-Dec-2023 EGP
Sawa Payment Systems	Subsidiary (50.997%)	2 120 897	2 109 397
Contact Cars*	Subsidiary (100%)	101 824 542	93 247 656
Sarwa Insurance	Subsidiary (84.980%)	5 982 030	–
Sarwa Promotion and Underwriting	Subsidiary (99.996%)	1 230 600	–
Carzami Technology Solutions	Associate (41.67%)	10 388 932	13 419 314
Egyptian Credit Service	Associate (49.99%)	4 110 338	4 582 378
Sarwa sukuk	Subsidiary (99.997%)	15 126 448	15 065 012
Consolidated Financial Holding	Parent (60.536%)	681 036	406 312
Auto Market Holding	Subsidiary (100%)	185 768	185 768
Wasla Browser - Cayman Island	Subsidiary (52.6%)	2 630 287	90 912
		144 280 878	**129 106 749**

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

(16-2) Due to Related Parties

		31-Mar-2024 EGP	31-Dec-2023 EGP
Contact Credit	Subsidiary (99.058%)	103 289 670	58 856 244
Contact Factoring	Subsidiary (74.997%)	4 000 000	–
Sarwa for Securitization	Subsidiary (80.99%)	2 880 000	2 880 000
Contact Payment Service	Subsidiary (100%)	14 062 693	14 062 693
		128 232 363	**75 798 937**

Balance Sheet Transactions	31-Mar-2024	31-Dec-2023
	EGP	EGP
Sarwa Insurance (Subsidiary 84.980%)		
Advance payments under finishing process	-	4 949 008
Net investment in the sub-lease	45 893 688	43 825 128
Sarwa Life Insurance (Subsidiary 75.090%)		
Advance payments under finishing process	-	4 949 008
Net investment in the sub-lease	45 893 688	43 825 128
Contact Insurance Brokerage (One of group companies)		
Advance payments under finishing process	-	1 903 464
Net investment in the sub-lease	17 651 419	16 855 819
Contact Credit (Subsidiary 99.058%)		
Net investment in the sub-lease	31 772 553	30 340 473
Sarwa for Securitization (Subsidiary 80.99%)		
Accrued underwritting fees	46 270 000	49 722 500
Contact Mortgage finance (One of group companies)		
Net investment in the sub-lease	5 295 425	5 056 745
Contact Leasing (Subsidiary 99.999%)		
Net investment in the sub-lease	19 416 560	18 541 400
Contact Factoring (Subsidiary 74.997%)		
Net investment in the sub-lease	10 590 851	10 113 491

Income statment Transactions	31-Mar-2024	31-Mar-2023
	EGP	EGP
	(Revenue)	(Revenue)
Sarwa for Securitization (Subsidiary 80.99%)		
underwriting fees	(2 572 822)	(25 465 000)
Contact Credit (Subsidiary 99.058%)		
Income from leasing contracts	(1 432 080)	(6 660 672)
underwriting fees	-	(53 292 350)
Contact Creditech (Subsidiary 99.98%)		
underwriting fees	-	(6 707 650)
Contact Leasing (Subsidiary 99.999%)		
Income from leasing contracts	(875 160)	(479 164)
Sarwa Insurance (Subsidiary 84.980%)		
Income from leasing contracts	(2 068 561)	(1 132 568)
Sarwa Life Insurance (Subsidiary 75.090%)		
Income from leasing contracts	(2 068 561)	(1 132 568)
Carzami Technology Solutions (associates 41.670%)		
Income from credit interest-Loans	(795 014)	(378 867)
Egyptian Credit Service		
Income from credit interest-Loans	(424 960)	(168 089)
Contact Factoring (Subsidiary 74.997%)		
Income from leasing contracts	(477 360)	(261 362)
Contact Mortgage finance (One of group companies)		
Income from leasing contracts	(238 680)	(130 681)
Contact Insurance Brokerage (One of group companies)		
Income from leasing contracts	(795 600)	(435 603)

(17) Debtors and other debit balances

	31-Mar-2024 EGP	31-Dec-2023 EGP
Insurance with others	3 395 291	3 395 291
Prepaid expenses	1 614 022	175 780
Payments under the finishing proccess *	31 842 404	43 384 112
Advance payment for investments	25 917 165	295 165
Other debit balances	1 337 809	1 211 470
Amounts due from the sale of fixed assets **	77 291 715	113 500 000
Tax authority –current accounts	649 616	649 616
Social Insurance	64 770	69 595
Accrued revenue promotion and underwriting ***	46 270 000	49 722 500
	188 382 792	**212 403 529**

* According to the contract concluded on July 16, 2023 between Contact Financial Holding Company and one of the contracting companies for the finishing of the company's building located on Qasr El Nile Street in Cairo, at a value of 140,549,809 Egyptian pounds, 63,247,414 Egyptian pounds, equivalent to 45% of the total value of the contract, was paid as an advance payment under the finishing account and the advance payment is settled with the value of the extracts and the balance of the advance payment on March 31, 2024 amounted to 31,842,404 Egyptian pounds.

** 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, the amount of 36,208,285 was paid during the first three months of year 2024 and there is an amount due from the sale of the asset 77,291,715.

*** According to Clause 5 of Annex 1 of the Securities Custody and Management Contract between Banque Misr and Tharwa Securitization Company, Connect Financial Holding is entitled to a guarantee fee of EGP 16,000,000 for the 40th issue, EGP 16,000,000 for the 41st issue and EGP 7,365,000 for the 42nd issue at a rate of 0.5% (one-half of one percent) of the value of the underwriting guarantee and an additional underwriting fee of EGP 6,905,000 is due to Contact Financial Holding for the forty-third issue.

(18) Right of use assets

	Buildings	Total
	EGP	EGP
Cost		
Balance on 1 January 2023	89 756 772	89 756 772
Foreign currency translation differences	6 625 433	6 625 433
Disposals during the period	(51 502 193)	(51 502 193)
On 31 March 2023	**44 880 012**	**44 880 012**
Balance on 1 January 2024	41 760 753	41 760 753
On 31 March 2024	**41 760 753**	**41 760 753**
Accumulated Amortization		
On 1 January 2023	16 128 181	16 128 181
Amortization for the period	2 765 800	2 765 800
On 31 March 2023	**18 893 981**	**18 893 981**
On 1 January 2024	29 407 002	29 407 002
Amortization for the period	3 088 437	3 088 437
On 31 March 2023	**32 495 439**	**32 495 439**
Net book value		
As of 31 March 2024	**9 265 314**	**9 265 314**
As of 31 December 2023	**12 353 751**	**12 353 751**
As of 31 March 2023	**25 986 031**	**25 986 031**

(19) Trade payables and Other Credit Balances

	31-Mar-2024	31-Dec-2023
	EGP	EGP
Accrued expenses	3 263 247	4 303 795
Accrued underwriting and promotional services expenses *	4 769 756	8 284 000
Advance payments under finishing process	–	11 801 480
Advance rent payments	202 650	202 650
Tax authority – current account	699 293	768 528
Health insurance contribution	1 388 016	1 356 570
	10 322 962	**26 717 023**

*According to the second and fifth clause of the issue guarantee contracts for Sarwa Securitization Company's bonds, it is entitled to EGP 466,000 for the 39th issue, EGP 3,848,000 for the 40th issue, and EGP 455,756 for the 43rd issue as a cover guarantee commission due to the participating banks in each issue.

(20) Lease liabilities

	31-Mar-2024	31-Dec-2023
	EGP	EGP
Beginning balance	187 863 366	244 683 711
Disposals during the period / year	–	(51 502 193)
Amendments to lease agreements	–	(15 967 114)
Payment during the period / year	(10 000 000)	(25 012 695)
Interest expense period / year	8 299 989	29 033 495
Foreign currencies revaluation differences	–	6 628 162
Ending balance	**186 163 355**	**187 863 366**

21- 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	709 054 214	113 448 675	59.24%
Orascom Financial Holding	350 088 786	56 014 206	29.25%
Other shareholders	92 542 124	14 806 740	7.72%
ESOP-designated	38 876 284	6 220 205	3.25%
ESOP-undesignated	6 412 592	1 026 014	0.54%
	1 196 974 000	**191 515 840**	**100%**

(22) Reserves

	31-Mar-2024 EGP	31-Dec-2023 EGP
22−1 Legal reserve	95 757 920	95 757 920
22−2 Share premium reserve	837 723 526	834 338 770
	933 481 446	**930 096 690**

22-1 Legal reserve

-. According to the Company’s articles of association 5% of annual net profit is transferred to the legal reserve and this reserve shall 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.

22-2 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**
Share premium ESOP	3 384 756	EGP
Share premium reserve as of March 31 2024	**837 723 526**	**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.

23- Tax position

First: Corporate 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.

24- 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.

25- 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) <u>Credit Risk</u>

- 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.

<u>Receivables Balances</u>

- 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.

26 - 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).

27 -Significant accounting policies

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

27 – 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.

27 – 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.

27 – 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.

27 – 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.

27 – 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”.

27 – 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.

27 – 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.

27 – 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.

27 – 9 Creditors, accrued expenses and other credit balances.

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

27 – 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.

27 – 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.

27 – 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.

27 – 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.

27 – 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.

27 – 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.

27 – 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.

28 Significant events

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

- On March 6, 2024, the Central Bank OF Egypt issued a decision to raise the overnight deposit and lending rates by 600 basis points to 27.25% and 28.25%, respectively. The credit and debit rate was also raised by 600 basis points to 27.75%, while allowing the use of a flexible exchange rate to be determined according to market mechanisms. This led to an increase in the average official exchange rate of the US dollar during the first week of the CBE's decision, reaching between 49 and 50 EGP/USD.

New Editions and Amendments to Egyptian Accounting Standards:

On 6 March 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian accounting standards, and on 3 March 2024, another decision was issued by the Prime Minister No. (636) of 2024 amending some other provisions of the Egyptian accounting standards, and the following is a summary of the most important of those amendments:

New or reissued standards	Summary of the most significant amendments	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".	1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets. - 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: − 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" 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. 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	The change doesn't have an impact on the financial statement of the Company.	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**. These amendments are effective for annual financial periods starting **on or after January 1, 2023, retrospectively**, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be **added to the balance of retained earnings or losses at the beginning of the**

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
	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. − 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.		**financial period in which the Company applies this treatment for the first time**.
Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"	1- This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets. 2- The Company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement of the Company.	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**

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
	accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.		**beginning of the financial period in which the Company applies this model for the first time.**
Egyptian Accounting Standard No. (35) amended 2023 "Agriculture".	This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets " was amended accordingly).	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement of the Company.	These amendments are effective for annual financial periods starting **on or after January 1, 2023 retrospectively**, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be **added to the balance of retained earnings or losses at the beginning of the financial period in which the Company applies this treatment for the first time.**
Egyptian Accounting Standard No. (50) "Insurance Contracts".	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 those contracts. This information provides users of financial statements with the basis for assessing the impact of insurance contracts on the Company's financial position, financial performance, and cash flows.	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement of the Company.	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, the Company

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
	2-Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50). 3-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: - Egyptian Accounting Standard No. (10) "Fixed Assets ". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) " Investment property ".		should disclose that fact.
Egyptian Accounting Standard No. (34) amended 2024 "Investment Property "	The Egyptian Accounting Standard No. (34) "Investment Property" was reissued in 2024, to amend the fair value application mechanism by the mandate of recognizing the gain or loss arising from the change in the fair value of the investment property in the statement of profit or loss for the period in which the change arises or through the statement of other comprehensive income for one time in the life of the asset or investment, taking into account paragraphs (35a) and (35b) of the standard.	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement of the Company.	The amendments to the amendment of addition of the option to use the fair value model apply to financial periods commencing on or after **January 1, 2024** with early adaption allowed retrospectively by recognizing the cumulative impact of the application of the fair value model initially by adding it to the opening balance of retained earnings/losses as at the beginning of the financial period in which the Company

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
			applies this model for the first time.
Egyptian Accounting Standard No. (17) amended 2024 "Separate Financial Statements"	Egyptian Accounting Standard No. (17) "Separate Financial Statements" was reissued in 2024, adding the option to use the equity method as described in Egyptian Accounting Standard No. (18) "Investments in Sister Companies" when accounting for investments in associates, sister companies and jointly controlled companies.	Management is currently studying the possibility of changing the accounting policy followed and instead use the equity method to account for investments in subsidiaries, associated companies and jointly controlled companies, and assessing the potential impact on the financial statements if this method has been used.	The amendments shall apply to financial periods commencing on or after **January 1, 2024** with early adaption allowed retrospectively by recognizing the cumulative impact of the application of the equity method by adding it to the opening balance of retained earnings/losses as at the beginning of the financial period in which the Company applies this method for the first time.
Egyptian Accounting Standard No. (13) amended 2024 "Effects of changes in foreign exchange rates"	This standard was reissued in 2024, to add how to determine the spot exchange rate when exchange between two currencies is difficult and what are the conditions that must be met for determining the spot exchange rate at the measurement date. An appendix to the application guidelines has been added, which includes guidelines for assessing whether a currency is exchangeable for another currency, and guidelines for applying the required treatments in case of non-exchangeability.	The Company is currently assessing the impact of applying the amendments of this standard on its financial statements.	Amendments regarding the determination of spot exchange rate when it is difficult to exchange between two currencies is applicable to financial periods commencing on or after **January 1, 2024** with early adaption allowed. If the entity made an early application, this has to be disclosed. Entity

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
			shall not be modifying comparative information and instead should: • When the entity reports foreign currency transactions to its functional currency, any effect of the initial application is recognized as an adjustment to the opening balance retained earnings/losses on the date of initial application. • When an entity uses presentation currency different than its functional currency or translates the results and balances of foreign operation, the resulting differences and financial position of a foreign transaction, any effect of the initial application is recognized as an adjustment to the cumulative translation adjustment reserve - accumulated in equity section on

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
			the date of initial application.
Accounting Interpretation No. (2) "Carbon Reduction Certificates"	Carbon Credits Certificates: Are financial instruments subject to trading that represent units for reducing greenhouse gas emissions. Each unit represents one ton of equivalent carbon dioxide emissions, and are issued in favor of the reduction project developer (owner/non-owner), after approval and verification in accordance with internationally recognized standards and methodologies for reducing carbon emissions, carried out by verification and certification bodies, whether local or international, registered in the list prepared by the Financial Regulatory Authority “FRA” for this purpose. Companies can use Carbon Credits Certificates to meet voluntary emissions reduction targets to achieve carbon trading or other targets, which are traded on the Voluntary Carbon Market “VCM”.	The management is currently studying the financial implications of applying the accounting interpretation to the Company's financial statements.	The application starts on or after the first of January 2025, early adaption is allowed.