

**Dice for Ready-Made Garments S.A.E**

**(Dice Sport & Casual Wear)**

Consolidated financial statements

For the year ended December 31, 2023

Together with Auditor's report

Saleh, Barsoum, & Abdel Aziz – Grant Thornton  
Accountants and Auditors

TIAG – Dr./ Hisham Labib and partners  
Accountants and Auditors

*Translation of auditor report  
Originally issued in Arabic*

### **Auditor Report**

**To: The Shareholders of Dice Ready-Made Garments - S.A.E. (Dice Sport and Casual Wear)**

#### **Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of Dice Ready-Made Garments Company - S.A.E (Dice Sport and Casual Wear), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the consolidated financial statements**

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

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and the applicable Egyptian laws, those standards require plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

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

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

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### Opinion

In our opinion, the consolidated financial statements referred to above, present fairly in all material respects the consolidated financial position of Dice Ready-Made Garments Company - S.A.E (Dice Sport and Casual Wear) as of December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

### Emphasis of Matter

Without a qualified our opinion on the consolidated financial statements, The net accumulated loss including the current year profit of Sweater Ready-made Garments Company (Subsidiary), as of December 31, 2023 exceeded half of the equity of the subsidiary as of that date, which indicates material uncertainty that may cast doubt concerning the Company's ability to continue as a going concern. According to article no. 69 of the Companies' Law no. 159 of 1981 amended by Law no. 4 of 2018, the Subsidiary's Board of Directors should invite to an extraordinary general assembly meeting to convene to discuss going concern.

Without a qualified our opinion on the consolidated financial statements , The net accumulated loss including the current year profit of Alexandria Factory Ready-made Garments Company (Subsidiary), as of December 31, 2023 exceeded half of the equity of the subsidiary as of that date, which indicates material uncertainty that may cast doubt concerning the Company's ability to continue as a going concern. According to article no. 69 of the Companies' Law no. 159 of 1981 amended by Law no. 4 of 2018, the Subsidiary's Board of Directors should invite to an extraordinary general assembly meeting to convene to discuss going concern.

Without a qualified our opinion on the consolidated financial statements , The net accumulated loss including the current year loss of Alexandria Ready-made Garments Company (Subsidiary), as of December 31, 2023 exceeded half of the equity of the subsidiary as of that date, which indicates material uncertainty that may cast doubt concerning the Company's ability to continue as a going concern. According to article no. 69 of the Companies' Law no. 159 of 1981 amended by Law no. 4 of 2018, the Subsidiary's Board of Directors should invite to an extraordinary general assembly meeting to convene to discuss going concern.

Cairo: March 18, 2024

Hisham Ahmed Labib and partners  
F.R.A. No. (168)  
R.A.A. 6513



Farid Samir Farid, CPA  
F.R.A. No. (210)  
R.A.A. 8739

(Saleh, Barsoum, & Abdel Aziz – Grant Thornton)

Dice for Ready-Made Garments S.A.E  
(Dice Sport & Casual Wear)  
Consolidated statement of financial position  
As of December 31, 2023

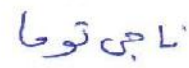
	Notes	December 31, 2023	December 31, 2022
	No.	EGP	Amended EGP
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment (net)	(5E, 6)	589 100 449	490 069 550
Projects under construction	(5F, 7)	25 765 639	21 617 622
Right-of-use assets (net)	(5P, 28)	46 952 932	56 387 856
Intangible assets (Trade mark)	(6)	200 000	200 000
<b>Total non-current assets</b>		<b>662 019 020</b>	<b>568 275 028</b>
<b>Current assets</b>			
Inventories (net)	(5J, 9, 15)	1 056 692 396	836 035 025
Accounts and notes receivable (net)	(5U, 10, 15)	714 484 700	526 051 501
Investment certificates	(11)	150 965 876	--
Treasury shares		--	30 019 061
Debtors and other debit balances (net)	(12, 15)	201 196 715	193 134 412
Cash and cash equivalent	(5T, 13)	154 049 434	108 302 303
<b>Total current assets</b>		<b>2 297 389 121</b>	<b>1 693 542 302</b>
<b>Total assets</b>		<b>2 959 408 141</b>	<b>2 261 817 330</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued and fully paid-up capital	(21)	357 328 956	357 328 956
Legal reserve	(5W)	28 311 276	22 391 913
Business combination reserve	(22)	570 130	570 130
Retained earnings		180 430 165	40 407 685
Net profit for the year		447 802 322	121 441 843
<b>Equity attributable to owners' of the holding company</b>		<b>1 014 442 849</b>	<b>542 140 527</b>
Non-controlling interest	(24)	20 493 636	17 607 922
<b>Total equity</b>		<b>1 034 936 485</b>	<b>559 748 449</b>
<b>Non-current liabilities</b>			
Borrowings - non-current portion	(5O, 17)	65 655 424	107 581 817
Right-of-use liabilities - non-current	(5P, 28)	33 500 159	43 028 935
Finance lease liability - non-current		--	3 403 162
Deferred tax liabilities	(5I, 23)	46 565 949	36 627 777
<b>Total non-current liabilities</b>		<b>145 721 532</b>	<b>190 641 691</b>
<b>Current Liabilities</b>			
Provisions	(5L, 14)	55 347 518	41 415 237
Credit banks	(5R)	2 050 723	2 864 781
Credit facilities	(5O, 16)	1 182 353 450	964 843 613
Borrowings - current portion	(5O, 17)	71 582 327	89 249 669
Accounts and notes payable	(5V, 18)	252 113 194	245 486 263
Due to related parties	(5AA, 19)	15 411 148	236 333
Finance lease liability - current		--	6 946 278
Right-of-use liabilities - current portion	(5P, 28)	20 209 995	17 852 818
Creditors and other credit balances	(20)	138 975 036	98 632 675
Income tax payable	(5I)	40 706 733	43 899 523
<b>Total current liabilities</b>		<b>1 778 750 124</b>	<b>1 511 427 190</b>
<b>Total equity and liabilities</b>		<b>2 959 408 141</b>	<b>2 261 817 330</b>

The accompanying notes form an integral part of the consolidated financial statements to be read therewith.

Chief Finance Officer  
Mr. Victor Fakhry

Managing Director  
Mr. Nagi Thoma

Auditor report attached

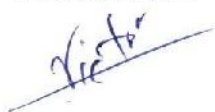



**Dice for Ready-Made Garments S.A.E**  
**(Dice Sport & Casual Wear)**  
**Consolidated statement of profit or loss**  
**For the Year ended as of December 31, 2023**

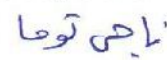
	<u>Notes</u> <u>No.</u>	<u>December 31, 2023</u> <u>EGP</u>	<u>December 31, 2022</u> <u>Amended</u> <u>EGP</u>
Net sales	(5G)	3 432 378 586	2 133 306 947
<b>Less :</b>			
Cost of sales		(2 453 105 569)	(1 621 290 026)
<b>Gross profit</b>		<b>979 273 017</b>	<b>512 016 921</b>
<b>(Deduct) / add</b>			
Selling and distribution expenses		(84 807 820)	(93 649 825)
General and administrative expenses		(198 195 300)	(160 716 987)
Interest expenses on lease liability	(5P, 29)	(6 753 967)	(5 652 554)
Amortization of right-of-use assets	(5P, 29)	(19 963 880)	(18 686 991)
Profit from disposal of right-of-use assets	(5P, 29)	470 855	504 784
Provisions formed	(5L, 14)	(15 340 042)	(5 429 466)
Reversal of impairment previously recognized on Inventory	(5U, 15)	--	3,273,943
Expected credit loss during the year	(5U, 15)	(9 517 803)	(10 082 019)
Reversal of expected credit loss	(5L, 15)	600 000	--
Impairment previously recognized on other debit balances	(5U, 15)	( 968 045)	(3 063 514)
<b>Operating profit</b>		<b>644 797 015</b>	<b>218 514 292</b>
<b>(Deduct) /add:</b>			
Finance costs		(154 394 552)	(88 772 022)
Interest income		257 006	1 750 427
Income from Investments and treasury bills		9 991 935	2 258 293
Other income	(25)	99 846 226	60 791 063
Capital gain (loss)		32 082	460 116
Foreign currency exchange differences	(5H)	(98 040 770)	(33 432 433)
<b>Net profit for the year before income tax</b>		<b>502 488 942</b>	<b>161 569 736</b>
Income tax	(5I, 23)	(51 800 906)	(40 813 446)
<b>Net profit for the year after income tax</b>		<b>450 688 036</b>	<b>120 756 290</b>
<b>Attributed to:</b>			
Owners of the Company		447 802 322	121 441 843
Non - controlling interest		2 885 714	( 685 553)
		<b>450 688 036</b>	<b>120 756 290</b>
<b>Earnings per share (EGP / share)</b>	(5Y, 27)	<b>0.26</b>	<b>0.12</b>

The accompanying notes form an integral part of the consolidated financial statements to be read therewith.

Chief Finance Officer  
Mr. Victor Fakhry



Managing Director  
Mr. Nagi Thoma



*Translation of Consolidated Financial  
Statements Originally issued in Arabic*

**Dice for Ready-Made Garments S.A.E**  
**(Dice Sport & Casual Wear)**  
**Consolidated statement of comprehensive income**  
**For the Year ended as of December 31, 2023**

	<u>Notes</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>No.</u>	<u>EGP</u>	<u>Amended</u>
			<u>EGP</u>
Net profit for the year after income tax		450 688 036	120 756 290
<b>Items of other comprehensive income</b>			
Debit currency valuation differences resulting from the impact of the application of Annex (B) to Egyptian Accounting Standard No. (13) amended 2015		--	(103 009 891)
<b>Total comprehensive (loss) income</b>		<b>450 688 036</b>	<b>17 746 399</b>
<b>Attributed to:</b>			
Owners of the Company		447 802 322	18 431 952
Non - controlling interest		2 885 714	( 685 553)
		<b>450 688 036</b>	<b>17 746 399</b>
Earnings per share from Total comprehensive income (EGP / share)	(5Y, 27)	0.26	0.02

The accompanying notes form an integral part of the consolidated financial statements to be read therewith.

Chief Finance Officer  
Mr. Victor Fakhry



Managing Director  
Mr. Nagi Thoma



Dice for Ready-Made Garments S.A.E  
[Dice Sport & Casual Wear]  
Consolidated statement of cash flow  
For the Year ended as of December 31, 2023

Notes No.	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
	<u>EGP</u>	<u>Amended EGP</u>
<b>Cash Flows from Operating Activities</b>		
	502 488 942	58 559 845
<b>Adjusted by:</b>		
Property, plant and equipments depreciation (5E, 6)	42 317 005	40 118 414
Currency Differences Relating to Existing Liabilities (Appendix B of Egyptian Accounting Standard No. (13) Amended 2015) "Disclosure No: 34"***	--	(27 212 570)
Amortization of right-of-use assets	19 963 880	18 586 951
Interest cost - lease contracts Right of Use	6 753 967	5 552 554
Profit from disposal of right-of-use assets	(476 855)	(504 784)
Provisions formed	15 340 042	5 429 466
Reversal of impairment previously recognized on inventory	--	(3 273 943)
Expected credit loss during the year	9 517 803	10 082 019
Reversal of expected credit loss	(600 000)	--
Used during the year from expected credit loss in receivables balance	(915 715)	--
Used from impairment of other debit balances during the year	968 045	3 063 514
Interest income	(257 006)	(1 750 427)
Finance costs	154 394 552	88 772 022
Capital (loss) / Gain	(32 082)	(460 116)
<b>Operating profit before changes in working capital</b>	<b>749 468 578</b>	<b>197 162 985</b>
Increase in inventories and letter of credits	(230 657 789)	(188 466 907)
Increase / (decrease) in accounts and notes receivable	(196 435 287)	(224 147 906)
Increase in debtors, other debit balances	(9 030 348)	(76 196 444)
Decrease in accounts and notes payable	6 626 931	61 352 098
Increase / (decrease) in creditors and other credit balances	31 962 783	(12 765 935)
(Decrease) / increase in due to related parties	15 174 815	(2 778 701)
Used from provisions	(1 407 761)	(13 298 580)
<b>Net cash flows generated from operating activities</b>	<b>365 701 922</b>	<b>(259 139 390)</b>
Taxes paid	(43 899 523)	(11 241 728)
Interest paid	(146 837 792)	(86 550 778)
<b>Net cash flows generated from operating activities</b>	<b>271 964 607</b>	<b>(355 931 896)</b>
<b>Cash flows from investing activities</b>		
Proceeds from credit interest	257 006	1 750 427
Payments for purchase treasury shares	30 019 061	(30 019 061)
Payments for purchase investment certificates	(160 965 876)	--
Proceeds from sale of property, plant and equipment	72 089	475 316
(Payments for) finance lease	(10 349 440)	(12 353 880)
(Payments for) purchasing of property, plant and equipment *	(128 372 593)	(49 297 461)
(Payments) projects under construction	(14 496 100)	(13 774 429)
<b>Net cash flows (used in) investing activities</b>	<b>(283 835 853)</b>	<b>(103 219 088)</b>
<b>Cash flows from financing activities</b>		
Proceeds from capital increase	--	251 328 956
Proceeds from treasury shares	24 500 000	--
Proceeds from borrowing	(59 593 735)	1 833 291
(Payments to) / proceeds from credit facilities	217 509 837	236 603 015
Payments for right-of-use liabilities	(23 983 667)	(21 083 104)
Dividends paid	--	(14 040 726)
<b>Net cash flows (used in) / generated from financing activities</b>	<b>158 432 435</b>	<b>454 641 432</b>
<b>Net change in cash and cash equivalents during the year</b>	<b>46 561 189</b>	<b>(5 509 552)</b>
Cash and cash equivalents at the beginning of the year	105 437 522	110 947 074
<b>Cash and cash equivalents at the end of the year</b> (5X, 13)	<b>151 998 711</b>	<b>105 437 522</b>

The accompanying notes form an integral part of the consolidated financial statements to be read therewith.


\* The effect of non-cash transactions represented in the value of projects under construction transferred to fixed assets amounted to EGP 10 349 083, have been eliminated, in order to reach the amounts paid in cash in the purchase of fixed assets.

\*\* The effect of non-cash transactions represented in the value of fixed assets creditors amounted to EGP 2 657 235, have been eliminated, in order to reach the amounts paid in cash in the purchase of fixed assets.

Chief Finance Officer  
Mr. Victor Fakhry



Managing Director  
Mr. Nagi Thoma



Dice for Ready-Made Garments S.A.E  
(Dice Sport & Casual Wear)

Consolidated Statement of changes in equity  
For the Year ended as of December 31, 2023

Translation of Consolidated Financial  
Statements Originally Issued in Arabic

	Note No.	Issued and fully paid-up capital		Treasury shares		Legal reserve		Business combination reserve		Retained earnings		Net profit		Owners of the company		Non-controlling interest		Total	
		EGP	USD	EGP	USD	EGP	USD	EGP	USD	EGP	USD	EGP	USD	EGP	USD	EGP	USD	EGP	USD
<b>Balance as of December 31, 2021</b>		106,000,000	--	--	--	21,352,239	--	5,75,637	--	207,939,612	--	31,828,690	--	367,696,178	--	33,080,988	--	400,777,166	--
Amendment to retained earnings for change in policy	(34)	--	--	--	--	--	--	--	--	(61,722,330)	--	(32,841,312)	--	(94,063,642)	--	--	--	(94,063,642)	--
<b>Balance as of December 31, 2021 after amendment</b>		106,000,000	--	--	--	21,352,239	--	5,75,637	--	146,217,282	--	(1,012,622)	--	273,632,536	--	33,080,988	--	306,713,554	--
Amounts paid for capital increase		251,328,956	--	--	--	--	--	--	--	(1,012,622)	--	1,012,622	--	251,328,956	--	--	--	251,328,956	--
Transferred to retained earnings		--	--	--	--	1,039,674	--	--	--	(1,039,674)	--	--	--	--	--	--	--	--	--
Transferred to legal reserve		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Transferred to retained earnings as a result of the acquisition of part of the minority equity share of the subsidiary company		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Transferred to business combination reserve as a result of the acquisition of part of the minority equity share of the subsidiary company		--	--	--	--	--	--	(5,507)	--	--	--	--	--	--	--	--	--	(5,507)	--
Dividends for employees of subsidiaries		--	--	--	--	--	--	--	--	(1,267,440)	--	--	--	(1,267,440)	--	--	--	(1,267,440)	--
Minority equity share of subsidiaries dividends		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Other comprehensive income components:</b>																			
Net income after tax		--	--	--	--	--	--	--	--	--	--	121,441,843	--	121,441,843	--	(685,553)	--	120,756,290	--
Transferred to retained earnings in same date of foreign exchange loss		--	--	--	--	--	--	--	--	(103,009,891)	--	121,441,843	--	(103,009,891)	--	--	--	(2,003,009,891)	--
<b>Balance as of December 31, 2022</b>		357,328,956	--	--	--	22,391,913	--	5,70,130	--	40,407,685	--	(1,21,441,843)	--	542,140,577	--	17,607,922	--	559,748,449	--
Transferred to retained earnings		--	--	--	--	--	--	--	--	321,441,843	--	--	--	--	--	--	--	--	--
Treasury shares		--	--	(31,500,000)	--	--	--	--	--	--	--	--	--	(31,500,000)	--	--	--	(31,500,000)	--
Gain from sell treasury shares		--	--	31,500,000	--	--	--	--	--	24,500,000	--	--	--	56,000,000	--	--	--	56,000,000	--
Transferred to legal reserve		--	--	--	--	5,919,363	--	--	--	(5,919,363)	--	--	--	--	--	--	--	--	--
<b>Other comprehensive income components:</b>																			
Net income after tax		--	--	--	--	--	--	--	--	--	--	442,802,322	--	442,802,322	--	2,885,714	--	445,688,036	--
<b>Balance as of December 31, 2023</b>		357,328,956	--	--	--	28,311,276	--	5,70,130	--	180,430,165	--	442,802,322	--	1,014,642,849	--	20,493,636	--	1,034,936,485	--

The accompanying notes form an integral part of the consolidated financial statements to be read therewith.

Chief Finance Officer  
Mr. Victor Fahmy



Managing Director  
Mr. Nagi Thoma  
ناجي توما



## **Notes on consolidated financial statements**

### **For the year ended December 31, 2023**

#### **1. General information**

##### **Dice for Ready Made Garments S.A.E. (Dice Sport & Casual Wear)**

Dice for Ready-Made Garments S.A.E (referred to as 'Dice for Sport & Casual Wear', 'Dice' or 'the Company') was incorporated in accordance with the article of association dated April 12, 1997 pursuant to the provisions of Law No. 159 of 1981 and its Executive Regulations. The Company was registered on August 21, 1997 in Commercial Register under No. 306985. and the company's period is 25 years from the date of registration ending on August 19, 2047 and renewed for similar periods.

The Company's purpose is to manufacture all types of ready-made garments, embroidery, printing, importing raw materials, production requirements, machinery, equipment, spare parts and to export the Company's products to foreign markets.

On 8 November 2023, the EGX announced the amendment of the company's purpose by adding the activity of manufacturing clothing accessories on various types of socks, zippers, buttons, pressers, sticks, cardoons and others.

The Company's headquarter is located on Misr Ismailia Desert Road, Industrial Zone, Egypt. The chairman of the Company is Mrs. Sohir Samy Riad.

The financial statements for the year ended as of December 31, 2023 were approved by the Board of Directors on March 18, 2024.

The Group directly owns the following rights in the following subsidiaries:

<b><u>Company</u></b>	<b><u>Direct share percentage</u></b>	<b><u>Direct share percentage</u></b>
	<b><u>2023</u></b>	<b><u>2022</u></b>
Alexandria for Ready-made Garments Company (1-1)	99.999%	99.999%
Sweeter Ready-made Garments Company (1-1)	99.999%	99.999%
Alexandria Factory Ready-made Garments Company (1-1)	99.999%	99.999%
Master Line for Textile Industries (1-2)	99.999%	99.999%
United Dyers (1-3)*	82.60%	82.60%
Egyptian for Knitting and Ready-made (1-4)	99.999%	99.999%
Textile Print Plus (1-5)**	99.99%	99.99%

(1-1) During October 2014, the Company signed an acquisition contract for Alexandria Ready Made Garments, Alexandria Factory Ready-Made Garments and Sweeter Ready-Made Garments, whereby control over these companies was seized by Dice on the completion of certain obligations as stipulated in the contract, mainly related to the completion of the capital increase of the company. The ownership was transferred to the Company during February 2015.

- On December 25, 2018 the company acquired an additional stock in Alexandria Clothes Company and Alexandria Garment Factory. The acquired share reached 5% of the total capital of both companies for EGP 1 999 360.

- On January 28, 2019 the company acquired an additional stock in Sweeter Ready-Made Garments. The acquired share reached 5% of the total capital of the company for EGP 568.

(1-2) On July 6, 2015, Master Line for Textile Industries was acquired through a share transfer from National Textiles Company and the Touma family (the main shareholders of Dice Ready Made Garments).

(1-3) On July 6, 2015, United dyers Company was acquired through a share acquisition from the old shareholders of United Dyers Company as Dice has acquired the control by obtaining control over the Company's voting rights.

The contract included a condition to reconsider the sale price within one year from the date of acquisition, and accordingly the final price of the target was set at EGP 39.37 million.

(1-4) On September 30, 2014, the Company signed an agreement for the acquisition of the shares of Egyptian Company for knitting and Ready-mades, after the completion of all procedures for the transfer of ownership of shares to the buyer. Ownership was transferred to the Company on September 15, 2015.

On August 18, 2018, The Company has completed the capital of the subsidiary by EGP 3 320 000 and paid in full.

(1-5) On May 30, 2012, the Company established the Textile Print Plus Company, in accordance with the provisions of the Companies Law No. 159 of 1981 and was registered in the Commercial Register under No. 58681 with an issued capital of EGP 3 million. The Company increased its capital by EGP 569 985 which was noted in the commercial register dated April 14, 2016.

On January 31, 2024, the Extraordinary General Assembly took a decision to liquidate the company and appoint a liquidation committee to obtain its rights and fulfill its obligations in addition to determine, count expected its money, assets and sell it and then divided its rights to their shareholders. The liquidation period was determined to be one year starting from the date of amended the commercial register.

\*\* At the end of each year, the company's management prepares an impairment study for its investments in subsidiaries based on the business operation of each subsidiary.

## **2. Statement of compliance:**

The consolidated financial statements have been prepared in accordance to the Egyptian Accounting Standards "EAS" as issued by the Minister of Investment's Decree No. 110 of 2015 as amended by the Minister of Investment Decree No. 69 of 2019 and the applicable Egyptian laws and regulations. The Egyptian Accounting Standards require referral to the International Financial Reporting Standards "IFRS", where no specific Egyptian Accounting Standard or legal requirements exists to address certain types of events and transactions and their treatment.

## **3. Bases of preparation of the consolidated financial statements:**

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments, which are measured at fair value or amortized cost as appropriate.

Note no. (5) of notes of the consolidated financial statements includes statement of the most important accounting policies applied for the year presented.

## **4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions to determine the carrying amounts of assets and liabilities that cannot be clearly measured through other sources.

These estimates and associated assumptions are based on management's historical experience as well as other relevant factors. Actual results may differ from these estimates, therefore the estimates used to determine these assumptions are reviewed on an ongoing basis. Adjustments resulting from a revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

### **Critical judgements in applying accounting policies**

The following are the critical judgements and estimates practiced by management in the process of applying the Company's accounting policies, and that have the most significant effect on the amounts recognized in the consolidated financial statements:

#### **Revenue recognition**

In making judgment, management considered the detailed criteria for revenue recognition from sale of goods and render of services, in particular, whether the Group companies have transferred to the buyer the significant risks and rewards of ownership of the goods (Note 5G), and the management is satisfied that the transfer of the significant risks and rewards of ownership of the goods during the year is appropriate, in conjunction with the recognition of an appropriate provision for the related costs.

### **Critical accounting judgements and Key sources of estimation uncertainty**

#### **Useful lives of tangible assets**

The net book value of tangible assets amounted to EGP 589 100 449 as of December 31, 2023 compared to EGP 490 069 550 as of December 31, 2022 (Note 6). The management determines the useful lives of the Property, plant and equipment based on the expected use of an asset, depreciation of the asset, and technological development according to management previous experience in this industry. A revision in an asset's life expectancy may affect its future depreciation which will be recorded in the statement of profit or loss.

#### **Inventory write-downs**

Inventories are written down to net realizable value, if lower than cost. Net realizable value is determined according to the management's estimate of movement of obsolete or slow-moving items. Total value of inventory write-downs amounted to EGP 4 376 017 as of December 31, 2023, compared to EGP 4 376 017 as of December 31, 2022 (Note 9).

#### **Expected Credit Loss and impairment of accounts receivable and other debit balances.**

Expected credit loss is recognized for the purpose of recording potential losses arising from events, such as default of certain clients. The carrying amount of impairment loss recognized on receivables and other debtors as of December 31, 2023 amounted to EGP 47 311 903 and EGP 7 107 126 as of December 31, 2022 compared to EGP 39 309 815 and EGP 6 139 081 Notes (10, 12). In determining the losses to be recognized, several factors are considered, including aging of receivables' balances, the current clients' credit rating, and previous experience in write-off of doubtful debts. The level of debts written-off and / or impaired may exceed expectations, if the actual financial position of clients and other parties is worse than what was originally expected.

#### **Provisions**

Provisions for contingent liabilities amounted to EGP 55 347 518 as of December 31, 2023 compared to EGP 41 415 237 as of December 31, 2022 (Note 14). These provisions are related to expected claims from certain authorities and parties related to the company's operations. Such claims cannot be reliably measured, so estimated amounts can differ in the future.

#### **Goodwill**

The Group tests goodwill for impairment annually, or on a regular basis, if there are indications that goodwill has been impaired. The impairment in goodwill is amounted to EGP 9 428 315 as of December 31, 2023 which represents the full value of the goodwill refer to Note (8) as the net book value is nil as of December 31, 2023 and to determine the impairment, the recoverable amount of cash-generating units relating to goodwill is calculated using the value in use method. The main assumptions used in calculating the value in use relate to discount rates, expected changes in selling prices and direct costs. Management estimates discount rates using pre-tax rates that reflect current market estimates of the time value of money and the risks associated with these cash-generating units.

### **Deferred tax**

The assessment of deferred income tax assets and liabilities is based on management's judgment. Deferred tax assets are recognized only if, they are probable to be utilized. Deferred tax assets arising from tax losses carried forward is recognized to the extent that it is probable that a future taxable profit will be sufficient, against which those carried forward losses can be utilized. Estimation is based on variable factors, such as future operating results. If a difference is identified between the actual and estimated amount of the asset, this may reduce it to the extent to which sufficient future taxable profits will be available to allow the deferred tax asset to be recovered. As of December 31, 2023, deferred tax liabilities amounted to EGP 46 565 949 compared to EGP 36 627 777 as of December 31, 2022 (Note 23).

## **5. Significant accounting policies**

Significant accounting policies used in the preparation of the Group's consolidated financial statements are presented as follows:

### **A. Basis of consolidation**

The consolidated financial statements of the Group include the financial statements of the Parent Company and the companies that are controlled by the Parent Company (its subsidiaries). Control is presumed to exist when the Parent Company has power over the investee, is exposed to, or has rights in variable returns as a result of its involvement with the investee and has the ability to use its power to affect its returns. The Parent Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When a Parent Company's share is less than a majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it a practical ability to direct the related activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over that investee, including:

- Voting rights held by the Parent Company compared to the size and allocation of voting rights held by other parties.
- Potential voting rights held by the Parent Company, compared to those held by other parties.
- Rights arising from other contractual arrangements; and
- Any other facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at decision-making times, including voting patterns at previous shareholders' previous meetings.

Business Combination of a subsidiary starts from the date on which the Parent Company obtains control over the subsidiary, and the consolidation ceases to exist when the Parent Company loses control over the subsidiary. Accordingly, the consolidated statement of profit or loss and other Comprehensive Income for the year include the income and expenses of the subsidiary from the date on which the Parent Company obtains control until the date on which the Parent Company loses control over the subsidiary.

Profit or loss and each other comprehensive income item is attributable to the shareholders of the Parent Company and non-controlling interests, even if total comprehensive income of the subsidiaries in this manner results in a negative balance of the non-controlling interests (deficit).

Where necessary, adjustments are made to the financial statements of a Group entity to bring its accounting policies in line with those used by other members of the Group.

All assets, liabilities, equity, income, expenses and cash flows relating to intra-group transactions are eliminated on consolidation of the financial statements.

## **B. Business combination**

Business combinations (acquisitions) are accounted for using the acquisition method. The consideration transferred in a business combination transaction is measured at fair value, which is calculated on the basis of the total fair values at the date of acquisition of the assets transferred from the Group and the liabilities incurred by the Group in favour of the former owners of the acquire as well as the equity instruments issued by the Group in exchange for control over the acquire. Costs associated with an acquisition are usually recognized in profit or loss as incurred.

On the acquisition date, the assets acquired, and the liabilities assumed are recognized at fair value on that date except for:

- Deferred tax assets, liabilities or assets relating to employee benefit agreements are recognized and measured respectively in accordance with Egyptian Accounting Standards No. 24, "Income Taxes" and No. 38 "Employee Benefits".
- Liability or equity instruments related to payment agreements based on the acquirer's shares - or those related to share-based payment agreements, the purpose of which is to replace the payment agreements based on the acquirer's shares - are measured at the date of acquisition in accordance with the Egyptian Accounting Standard No. 39 "Share-Based Payments".
- Assets (or disposal current groups) that are classified as held for sale in accordance with Egyptian Accounting Standard No. 32 "Long-term assets held for sale and discontinued operations" where they are measured in accordance with that standard.

Goodwill is measured on the basis that it represents the increase in the total of the consideration transferred, any rights of the non-controlling interest in the acquire and the fair value of the acquirer's interest in the acquirer's equity before the date of acquisition (if any) Assets acquired and liabilities incurred at the date of acquisition.

If, after the revaluation, the net assets acquired and liabilities incurred exceed the total of the transferred consideration, any rights of the non-controlling interests in the acquire and the fair value of the acquirer's interest in the acquirer's equity prior to the date of acquisition (if any), then such increase is recognized directly in profit or loss for the year as a gain from the purchase price.

And as of non-controlling interests that represent current equity interests and entitle their holders to the right to a proportionate share of the net assets of an enterprise if they are liquidated, they can be measured at the initial recognition either at fair value or in the proportionate share of non-controlling interests in the recognized values of the acquirer's net assets The measurement basis for each acquisition transaction is selected separately. Other types of non-controlling interests are measured either at fair value or on a specific basis in an Egyptian Accounting Standard to which they apply.

When the consideration transferred from the group - in a business combination transaction - consists of assets or liabilities arising from a conditional agreement, the contingent consideration is measured at fair value on the date of acquisition and is included as part of the consideration transferred in the business combination. If any changes occur - from those that meet the definition of adjustments to the measurement period - in the fair value of the contingent consideration, then those changes are adjusted retroactively against goodwill adjustment. Adjustments to the measurement period are defined as adjustments arising from the availability of additional information during the measurement period (which cannot exceed twelve months from the date of acquisition) of facts and events that existed on the date of acquisition.

As for the changes in the fair value of the contingent consideration, which do not meet the definition of the adjustment period, the subsequent accounting depends on how the contingent consideration is classified. If the contingent liability is reversed as equity, it is not re-measured in subsequent periods and subsequent adjustment is accounted for under equity. For a conditional consideration classified as an asset or a financial liability, it is premeasured in subsequent periods in accordance with Egyptian Accounting Standard No. 26 or the Egyptian Accounting Standard No. 28 "Provisions for contingent liabilities and contingent assets", with corresponding gain or loss recognized in profit or loss.

For a business combination that is achieved in a step acquisition, the Group's interest in the acquirer's equity is premeasured at fair value on the date of acquisition (at the date that the Group obtains control) and the gain or loss arising, if any, Profit or loss.

For the amounts that have arisen from the Group's interest in the acquire - in the periods prior to the acquisition date, previously recognized in other comprehensive income, they are reclassified to profit or loss when it is appropriate to follow that treatment if that share is eliminated.

#### **C. Investments in subsidiaries**

Changes in the Group's interest in its subsidiaries that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the Group's rights and non-controlling interests are adjusted to reflect changes in their relative share in the subsidiaries. Any difference between the amounts to which the rights of non-controlling interests are adjusted and the fair value of the consideration received or paid directly to the equity is recognized and attributed to owners of the holding Company.

When the Group loses control over a subsidiary, the gain or loss on disposal is calculated as the difference between:

1. The fair value of the consideration received or receivable plus the fair value of the remaining portion of retained earnings
2. The carrying amount of the subsidiary's assets (including goodwill) and their liabilities and any non-controlling interest.

When control is lost over a subsidiary that has an asset which was recorded at a revaluation or fair value, and the cumulative gain or loss recognized at other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income are accounted for and accumulated in equity, as if the parent Company had disposed of such assets directly (for example, its inclusion in profit or loss or transferred directly to retained earnings as defined in the relevant Egyptian Accounting Standards for related financial reporting).

The fair value of the portion of the investment held in that subsidiary (formerly subsidiary) at the date of loss of control is either the fair value at initial recognition for subsequent accounting for investment in accordance with Egyptian Accounting Standard No. 26 "Financial Instruments" or as the cost upon initial recognition of an investment in a related Company or a Company under joint control as appropriate.

#### **D. Impairment of financial assets**

At the end of each reporting period, the Group determines whether there are indicators of impairment in all its financial assets, other than those measured at fair value through profit or loss.

Financial assets are impaired where there is an objective evidence that, because of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The impairment loss of each financial asset carried at amortized cost, represents the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate of that financial asset.

The carrying amount of all financial assets is directly reduced by the impairment losses, except for the impairment in trade receivables, where the carrying amount is reduced using an allowance account. When a receivable's balance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of Available for Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after an impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

As for equity instruments classified as available-for-sale investments for which impairment losses were previously recognized in the statement of profits or losses, is not subsequently reversed through profit or loss. Any subsequent appreciation in the value of such investments is recognized directly through equity.

#### **E. Property, plant and equipment, and its depreciation**

Property, plant and equipment presented in the financial position statement, are measured at historical cost, less accumulated depreciation and impairment losses, except for land, which is stated at cost less impairment losses. Cost includes all expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred. Gains and losses arising on disposals are determined as the difference between net sales proceeds and carrying amount of an asset and is recognized in the statement of profit or loss.

Projects under construction for production, or administrative purposes are carried at cost less any impairment losses, if any, in addition to the professional fees.

Depreciation of such assets commences when these assets are ready for their intended use, following the same depreciation basis used for other property, plant and equipment items.

Depreciation is recognized as an expense in the statement of profit or loss so as to write-off the cost of assets, less salvage value (other than land and projects under construction) over their estimated useful lives and following the straight-line method. At each reporting period useful lives, salvage values and depreciation method are being reviewed, provided that effect of changes is accounted for prospectively.

Depreciation of property, plant and equipment other than projects under construction and land is using the straight-line method over the expected useful lives of such assets as follows:

<b><u>Assets categories</u></b>	<b><u>Estimated useful lives in years</u></b>	<b><u>Depreciation rates</u></b>
Buildings and constructions	50	2%
Furniture and decorations	5 years or contract duration whichever is lesser	20%
Machinery and equipment	4: 8	12.5%: 25%
Vehicles and transportation	4: 6.7	15%: 25%
Furniture and office tools	4: 16.7	6%: 25%

**F. Project under construction**

Projects under construction are recorded at cost less any decrease in their book value and the cost of these projects includes all costs related to the acquisition of the asset until they are usable then a depreciation account for those assets starts according to the principles used in the depreciation of fixed assets. Projects under construction are charged at the cost of new projects and purchased equipment that has not yet been used.

**G. Revenue measurement and recognition**

**Revenue from sale of goods**

**Sales of Goods**

An entity recognizes allocated transaction price (excluding the estimated limited variable consideration) as revenue when control is passed, either over time or at a point in time. The transaction price is the amount to which an entity expects to be entitled in exchange for the transfer of goods and services, except for amounts collected on behalf of third-parties (e.g. VAT). When making this determination, an entity will consider past customary business practices. Contract may include fixed or variable fees or both.

A contract with a customer will be within the scope of this standard only if all the following conditions are met:

- a. The contract has been approved by the parties to the contract (Written, Oral or according to other usual trades practices) and are obligated to perform their obligations.
- b. Each party's rights in relation to the goods or services to be transferred can be identified;
- c. The payment terms for the goods or services to be transferred can be identified;
- d. The contract has commercial substance (It is expected that the risks are change or the time or the amount of future cash flows of the entity as a result of the contract) and;

It is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected. To evaluate the probability of that the consideration will be recoverable, an entity must consider the customer's ability and intention to pay the considerations when due. The consideration attributable to an entity might be less than the price agreed in the contract in cases of variable consideration as the entity might allow for discounts given to the customers.

**Governmental Grants- Export support fund**

Governmental grants are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to any the Companies of the Group, with no future related costs. Such grants are recognized as other income in the statement of profit or loss based on the accrual basis. Recognition of grants is on gross basis, without deduction of stamps or governmental fees associated with a grant, such costs are included the general and administrative expenses during the same period when the grant is received and based on approvals of official parties..

**Credit interest**

Credit interest is accrued on a timely basis, by reference to the principal outstanding and at the interest rate applicable until maturity.

**Other income**

Other operating income is recognized on an accrual basis.

**H. Foreign currencies transactions**

The Egyptian Pound has been designated as the Group functional and presentation currency, being the currency of the primary economic environment in which the Group incurs its cash inflows and outflows. Transactions in currencies other than Egyptian pounds are recorded at the rates of exchange prevailing at the dates of the transactions. At each Reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated to Egyptian pounds at the rates prevailing at the reporting date. Exchange differences are recognized in the statement of profits or losses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not revaluated.



**I. Taxation**

**Income tax**

Taxation is determined according to the Egyptian Income Tax Law no.91 of 2005 and its amendments and executive legislation. Provisions are formed to meet potential tax claims according to the results of the examination and study prepared by the Company's management for this purpose. Income tax expense represents the sum of the tax currently payable and deferred tax.

The taxable profit for the year is determined based on profit of the year. The Company's tax liabilities for the year are calculated using the enacted tax rates applicable at the date of the financial statements.

**Deferred tax**

Deferred tax assets and liabilities are recognized on temporary differences arising between the assets and liabilities tax basis as set by the Egyptian Tax Law and its executive regulations, and their carrying amounts as per the accounting standards used in the preparation of the financial statements. Accordingly, during each reporting period, an estimated income tax expense is recognized in the profit or loss that represents the sum of the tax currently payable and deferred tax. Current tax payable is calculated based on taxable profit of the year as determined in accordance with applicable local laws and regulations using tax rates enacted by the financial position date. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted by the date of the financial statements. Income tax is recognized in the profit or loss, except when it relates to items charged or credited directly to equity, in which case the income tax is also dealt with in equity.

Deferred tax liabilities are generally recognized (resulted from all taxable temporary differences in the future) and deferred tax assets are recognized unless there is strong possibility that those assets could be used to reduce future tax profits or possibility of sufficient tax profits in the future. The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are accounted for using the method and are reported in the statement of financial position as non-current assets and liabilities.

**J. Inventories**

Inventories are carried at the lower of cost or net realizable value at each financial position date. Costs of inventories costs are accounted for using the weighted average method.

The costs of inventories are determined as follows:

**Raw materials (Main, auxiliary and spare parts)**

Cost is determined by using the weighted average method in pricing the outgoing from warehouses.

**Work in progress**

Cost incurred for each process based on production orders, including fixed and variable overhead costs incurred according to the percentage of completion of finished products at each production process.

**Export finished goods**

Cost is calculated based on the average cost of materials used during the year in addition to direct and indirect costs.

**Retail finished goods**

The cost is calculated based on reducing the selling price of the inventory at an appropriate profit margin. In determining this percentage, inventory items which their sales prices are reduced below the original selling price are considered. An average margin of profit is determined for each retail segment.

**Consignment goods**

Consignment goods includes all of the production raw materials (main, auxiliary and spare parts), work in progress production, finished production, export, and finished production that is divided and the cost is calculated for each item according to the nature of the item and the status of the stock according to the method of assigning each of the aforementioned warehouse items.

**K. Impairment in the Non- financial assets:**

At the end of each reporting period, the Group management reviews the carrying amounts of its non-financial assets, other than inventory, to determine whether there are indications of impairment. If such indication exists, the Group estimates the recoverable amount of each asset individually for determining impairment losses. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, Group's assets are also allocated to individual cash-generating units. If impracticable, otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

For tangible and intangible assets "art collections" which have no specific useful life or are not yet ready for use, an annual test for impairment is performed or if there is an indication that such assets are impaired.

The recoverable amount of an asset or a cash-generating unit is the higher of the fair value less costs to sell or value in use.

In assessing value in use, the estimated future cash flows of an asset or a cash-generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss is subsequently reversed, which was recognized in previous periods, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent the revised estimate does not exceed what the carrying amount would have been determined had the impairment loss not been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

**L. Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources from the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the financial statements date, taking into consideration the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized in the statement of profit or loss as finance cost.

**Legal cases**

The company may be a plaintiff or defendant in various cases before the courts. These cases are carefully followed up by the company's management and its legal consultant, and they are evaluated periodically. The company does not expect to have a material impact on the company's financial statements. When these cases are likely to result in financial obligations on the company, a provision is recognized in the consolidated financial statements Independent in accordance with the previous paragraph (Note 14).

**M. Short-term employees' benefits**

Salaries, wages, paid annual leaves, sick leave, bonuses, and other non-monetary benefits are recognized on accrual basis and expensed in the financial period in which the associated services are rendered by the employees to the Group.

**N. Dividends' distribution**

Dividends declared to the shareholders, Board of Directors and employees are recognized as a liability in the separate financial statements in the period in which these dividends have been approved by the Group's shareholders.

**Employees' profit share**

In accordance with the Company's article of association, the Company pays 10% of its dividends distribution approved by the shareholders general assembly meeting to its employees, after deducting legal reserves, which should not exceed their total annual wages. Employees' profit sharing is recognized as profits distribution in the statement of changes in shareholders' equity and as a liability during the period in which the shareholders approve such distributions. Since the legal obligation to distribute dividends to the Company's employees is a full discreet right of the shareholders' general assembly, the Company does not recognise any liability for the employees' share in undistributed profits.

**O. Borrowings and credit facilities**

Borrowings and credit facilities obtained by the Group are initially recognized at the fair of the consideration received; net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the tenor of borrowings using the effective interest method.

**P. Lease assets contracts**

**Sale and leaseback transactions**

If the leased seller (transfers an asset to another entity) the leased purchaser and leases back this asset from the leased purchaser, then both the leased seller and the leased purchaser must account for the transfer contract and the lease contract according to the following:

**Evaluate whether the asset transfer is a sale**

The company applies the necessary requirements to determine when the performance obligation in Egyptian Accounting Standard (No. 48) is fulfilled.

Revenue from contracts with customers to determine whether the transfer of the asset is accounted for as a sale of that asset.

**Asset transfer represents a sale**

If the transfer of the asset by the leased seller fulfils the requirements mentioned in Egyptian Accounting Standard (48) Revenue from customer contracts to be accounted for as a sale of the asset:

The leaseholder must measure the "usufruct" asset resulting from the leaseback by the portion of the previous book value of the asset related to the usufruct that is retained by the leaseholder seller. Accordingly, the lessee seller must recognize only the amount of any profit or loss related to the transferred rights of the purchasing lessor.

The lessor buyer must account for the purchase of the asset by applying the standards applicable to it, and accounting for the lease contract by applying the lessor accounting requirements in this standard.

If the fair value of the consideration to sell the asset is not equal to the fair value of the asset, or if the lease payments are not in accordance with market prices, the entity must make the following adjustments to measure the sale proceeds at fair value:

A- Any deficiency in market conditions must be accounted for as an advance of rental payments.

Any increase in market conditions must be accounted for as additional financing provided by the leased buyer to the leased seller.

An entity should measure any adjustment that may be required on the basis of what can be readily identified for the following:

The difference between the fair value of the consideration to sell and the fair value of the asset.

The difference between the present value of the contractual payments of the lease and the present value of the lease payments at market rates.

**Lease contracts in which the company is a lessee**

At the beginning of the lease contract, the original "usufruct" and the commitment of the lease contract shall be recognized. However, the company may not apply this, whether for short-term leases or lease contracts in which the underlying asset of the contract has a low value, and in this case the lease payments associated with these are recognized. Rents as an expense either on a straight-line basis over the term of the lease or another regular basis. Another regular basis would be applied if that basis was more representative of the pattern of benefit as a lessee.

**The initial measurement of the "Right of use" asset:**

The cost of a "right of use" asset consists of:

(A) The first measurement amount of the lease obligation, at the present value of unpaid lease payments on that date. Lease payments are deducted using the interest rate implicit in the lease agreement if that rate can be easily determined. If it is not possible to determine that rate, the lessee must use the interest rate on the additional borrowing of the lessee.

(B) Any lease payments made on or before the commencement date of the lease less any lease incentives received,

(C) Any initial direct costs incurred by the lessee,

(D) An estimate of the costs that the lessee will incur in dismantling and removing the underlying asset, returning the site in which the asset is located to the original state or returning the asset to the required condition in accordance with the terms and conditions of the lease contract, unless those costs will be incurred to produce the inventory. The lessee incurs obligations for those costs, either at the start date of the lease contract or because of using the underlying asset during a specific period.

**Subsequent measurement of the "Right of use" asset:**

After the start date of the lease contract, the "right of use" asset is measured. A cost model is applied where the "right of use" asset is measured at cost:

(A) minus any accumulated depreciation and any accumulated impairment losses,

(B) As amended by any re-measurement of the lease obligation.

**The first measure of a lease obligation**

At the starting date of the lease, the lease obligation is measured at the present value of unpaid lease payments on that date. Lease payments are deducted using the interest rate implicit in the lease agreement if that rate can be easily determined. If this rate cannot be determined easily, the lessee must use the incremental borrowing rate of the company as lessee.

**Subsequent measurement of the lease obligation**

After the start date of the lease agreement, the following shall be done:

(A) An increase in the carrying amount of the obligation to reflect the interest on the lease obligation.

(B) Reducing the carrying amount of the obligation to reflect lease payments,

(C) Re-measure the carrying amount of the obligation to reflect any revaluation or amendments to the lease contract or to reflect fixed lease payments in their modified substance.

The right of use asset and leasehold obligations are presented in the financial position separately from other assets and liabilities.

Leasing contracts involve the lessee maintaining and insuring the leased asset. The lease agreement does not include any arrangements for transferring ownership at the end of the lease period.

As for a contract that involves a leasing component with one or more leasing or non-leasing component (if any), the consideration is allocated in the contract to each lease component on the basis of the independent proportional price of the leasing component and the total independent price of the non-leasing component. As a practical means, and within the scope of what the standard permits, the company, as a lessee, can choose according to the category of the underlying asset of the contract not to separate the non-rental components from the rental components, and then account for each rental component and any accompanying non-lease components as a single rental component.

**Asset transfer is not a sale**

If the transfer of the asset by the tenant seller does not meet the requirements of Egyptian Accounting Standard No. (48), the accountant for it is considered a sale of the asset:

The lessee must continue to recognize the transferred asset, and it must acknowledge a financial liability equal to the transfer proceeds. And he must account for the financial commitment by applying the Egyptian Accounting Standard No. (47).

**Q. Finance cost**

Finance cost directly related to construction of the asset is capitalized for that asset, This finance cost is capitalized within the cost of the asset when it is expected that it will create future economic benefits for the Company and there is an ability to measure the cost reliably. Other finance costs are an expense that is incurred in the period in which companies of the Group incurred that cost.

When borrowing is generally undertaken and the borrowed funds are used in the acquisition of a qualifying asset to bear the borrowing cost, the amount of the finance cost that can be capitalized is determined using a capitalization rate on the expenditure for that asset. This rate is calculated on the basis of the weighted average cost of borrowing the facility for the existing loans during the period, after excluding the loans that were concluded specifically for the purpose of acquiring a stand-alone asset eligible to bear the cost of finance. The value of the finance cost capitalized during a period shall not exceed the value of the finance cost incurred during that period.

When the book value or the expected total cost of the qualifying asset exceeds the value that can be recovered from it or its net sales value, then that increase is reduced or excluded from the book value in accordance with the requirements of other standards, and in certain circumstances, the value of reduction or disposal is raised again on the value Carrying the asset in accordance with those other criteria.

**R. Credit banks**

Credit banks represent the value of settlements of checks due and issued by the Company on the date of the financial position on the debit bank accounts.

**S. Financial instruments**

Financial assets and financial liabilities are recognised in the financial position when the Company becomes a party to the contractual provisions of the instrument.

**Initial recognition**

Accounts receivable, debtors and other debit balances are recognized on the date as they arise. Financial assets and liabilities are recognized when the entity is involved in the contractual terms of the instrument.

Financial assets and liabilities classified as fair value through profit or loss are measured initially at fair value plus transaction costs attributable to the accusation or issuance of the instrument. Accounts receivable, debtors and other debit balances that do not involve a significant finance element are measured initially at transaction costs.

### **Classification and subsequent measurement**

#### **Financial assets**

On initial recognition, financial assets are classified either by: amortized cost, fair value through other comprehensive income (e.g. investments in bonds) or fair value through profit or loss (e.g. investments in securities). Classification of financial assets cannot be changed unless the company's business model had been changed, in this case all affected financial assets should be reclassified at the beginning of the first reported period right after the change in business model.

Financial assets are measured at amortized cost when they satisfy the following conditions, unless they are not classified as at fair value through profit or loss:

- The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows;
- 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.

Investments in debt instruments are measured at fair value through profit or loss when they satisfy the following conditions, unless they are not classified as at fair value through profit or loss:

- The objective of the entity's business model that aim to collect the contractual cash flows and sell financial assets;
- 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.

On initial recognition of investments in securities not held for trading, the entity might permanently decide to disclose the subsequent changes in fair value within other comprehensive income. The decision is taken for each investment separately.

All financial assets that are not classified as at amortized cost or at fair value through other comprehensive income as stated above, are classified as at fair value through profit or loss, this also include derivatives. On initial recognition, the entity might permanently decide that the financial asset that do not satisfy the conditions required to be classified as at amortized cost or fair value through other comprehensive income to be classified as at fair value through profit or loss if this classification could substantially end or reduce the accounting inconsistency that could be arise if it was not classified otherwise.

#### **Financial assets – business model evaluation**

The entity evaluates the purpose from a business model that aim to hold a portfolio of financial assets, this helps to achieve a better way of business management and information delivery to management. Provided information include:

- Announced policies and objectives and how to activate these policies practically. This involves management strategy for revenue derived from the contractual returns, including a pre-determined interest rate, and synchronization of financial assets term with the term of any related financial liabilities or the expected cash outflow or cash flow derived from disposal of assets;
- Evaluate the performance of the portfolio and report this to the entity's management;
- Risks that have effects of the performance of the business model and how these risks are managed;
- Compensations for commercial managers for example, unless the compensation is calculated on the basis of fair value of managed assets or the collected contractual cash flows; and
- Frequency, size and timing of financial assets disposals on the past, the reasons behind these sales and forecasted sales in the future.

Transferring financial assets to third parties through transactions that are satisfy derecognition criteria are not considered as sales for this purpose, and the entity has to continue recognize these assets.

Financial assets held for trading that are managed and evaluated on fair value basis are measured at fair value through profit or loss.

### **Financial assets – evaluation of whether contractual cash flows represent solely principal payments and interest**

For the purposes of this evaluation, principal is known as the fair value of the financial asset on initial recognition. Interest is the financial consideration of time value for money and credit risks related to the principal due within a pre-determined period of time, in addition to other basic risks and lending costs (e.g. liquidity risks and administration costs) and profit margin.

When evaluating whether the contractual cash flows are solely involving the principal and interest payments, the entity considers the contractual terms of the instrument. This involves evaluating whether contractual terms include conditions that might change timing or value of contractual cash flows in case of the conditions are not satisfied. When performing this evaluation, the entity considers the following:

- Probable events that could change value or timing of the contractual cash flows;
- Conditions that could change contractual interest rate, including variable rate conditions;
- Advance payment and financing period terms; and
- Conditions that restrict the group's ability to collect contractual cash flows (e.g. no-return conditions).

Advance payment conditions are compatible with principal payments and interest only if advance payment value represents material unpaid principal payments and interest due on principal, which might include additional reasonable compensation to end the contract early. In addition, as for the financial assets acquired with discount or premium on nominal value, the condition that allow or require the advance payment to be in a value that represent contractual nominal value in addition to contractual interest due, which could include an additional reasonable compensation for early settlement, treated as compatible with this principle if the fair value for advance payment is not material on initial recognition.

### **Financial assets – subsequent measurement and profit or loss**

#### **Financial assets at fair value through profit or loss**

These assets are measured subsequently at fair value. Profit or loss, including interest income and dividends are recognized through profit or loss.

#### **Financial assets at amortized cost**

These assets are measured at amortized cost using effective interest rate method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange profit or loss and impairment are recognized through profit or loss. Derecognition profits or losses are recognized through profit or loss.

#### **Investments in debt at fair value through other comprehensive income**

These assets are measured at fair value. Interest income is calculated using effective interest rate method, foreign exchange profit or loss and impairment are recognized through profit or loss. Other profit or loss elements are recognized through other comprehensive income. On derecognition, accumulated profit or losses are recycled from other comprehensive income to profit or loss.

#### **Investments in equity at fair value through other comprehensive income**

These assets are measured at fair value. Dividends are recognized through profit or loss unless it was clearly represent part of investment cost. Other profit or losses are recognized in other comprehensive income and never recycled to profit or loss.

### **Financial liabilities – classification, subsequent measurement and profit or loss**

Financial liabilities are classified as at amortized cost or at fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it was classified as held for trading, a derivative or was classified at this basis on initial recognition.

#### **Financial liabilities**

Financial liabilities are measured at fair value through profit or loss, profit or loss including interest expenses are recognized through profit or loss. Other financial liabilities are measured subsequently at amortized cost using effective interest rate method. Interest expenses and foreign exchange profit or losses are recognized through profit or loss. any profit or loss from derecognition are recognized through profit or loss.

## **Derecognition**

### **Financial assets**

An entity derecognizes a financial asset only when the contractual right to cash flows for the financial asset is getting expired, or when the group transfers the contractual rights to cash flows through a transaction that actually transfers all risks and rewards of the financial asset, or through a transaction in which the entity does not transfer or keep risks and rewards of the financial asset, but it does not keep control on the financial asset.

Transferred assets are not derecognized if the entity has agreed transactions to transfer assets recognized through statement of financial position but it keeps all or most of the risks and rewards from the transferred assets.

### **Financial liabilities**

An entity derecognizes a financial liability when the related contractual liabilities have been settled, cancelled or expired. An entity derecognizes a financial liability also when its terms have been amended and the cash outflow from the amended liability is materially different, in this case a new financial liability is recognized based on the amended terms of fair value.

When a financial liability is derecognized, the difference between written off net book value and settlement paid, including any transferred non-cash assets or contingent liabilities, is recognized through profit or loss.

### **Clearing**

Financial assets and financial liabilities are cleared, net amount is presented in the statement of financial position, only when the entity has an enforceable right to clear these amounts and the entity wants whether to settle the transactions based on the net amount or synchronize the collection of assets and settlement of liabilities.

## **Impairment of assets**

### **Non-derivative financial assets**

#### **Financial instruments and contracts' assets**

The entity recognizes a provision for expected credit losses from:

- Financial assets measured at amortized cost;
- Debt instruments measured at fair value through other comprehensive income;
- Contracts' assets.

The entity measures expected credit losses provisions from rental income receivable which is disclosed within accounts receivable, debtors and other debit balances.

The entity measures expected credit losses provision for instrument's lifetime, with exception to the following items where the losses provision is measured based on equivalent 12-month expected credit losses:

- Debt instruments that involve low credit risk as of the reporting date; and
- Other debt instruments and bank balances in which the related credit risks have been not materially increased since initial recognition (e.g. default risks that fall over the expected life time of the financial instrument).

The entity measures losses provision for accounts receivable and debtors including rentals income receivable and contracts assets based on the lifetime expected credit losses for the instrument.

When determining whether the credit risks of a financial instrument have been increased significantly since initial recognition and when estimating expected credit losses, an entity considers reasonable and supportive information that is relevant and available without cost or extensive effort and that also involve analysis and quantitative and qualitative information based on previous experience and credit rating that is based on forward-looking information.



A financial asset will be considered in a default position when:

- It is not probable that customers and debtors fulfill their credit obligations to the entity without the need to take actions like restrict the warranty deposit (if any); or
- The financial asset is due within a period over 180 days.

Expected credit losses over the instrument's lifetime represent the losses that are resulted from all probable default events that are expected to occur over the financial instrument's lifetime. Expected credit losses over 12-months represent the proportion of credit losses that are resulted from default events that are probable to occur within 12-month period after reporting date (or within a shorter period if the instrument's expected lifetime is less than 12 months).

The maximum period that should be considered when estimating expected credit losses represents the maximum contracted period in which the entity is exposed to credit risks.

#### **Measuring expected credit losses**

Expected credit losses represent the weighted estimate of credit losses. Credit losses are measured at present value of all cash defaults (i.e. the difference between cash inflows due to the entity according to the entity and cash inflows that the entity expects to obtain). Expected credit losses are reduced using the effective interest rate of the financial asset.

#### **Financial assets exposed to credit reduction**

The entity determines, at reporting date, whether the financial assets recorded at amortized cost and debt instruments measured at fair value through other comprehensive income have been exposed to credit reduction. A financial asset is exposed to credit reduction when one or more events occur that have negative impact on future cash flows of the financial asset.

The objective evidence that a financial asset is exposed to credit reduction include the following:

- A severe financial crisis for the debtor;
- Breach of the contract, such as defaulting on payment;
- Loan or custody rescheduling based on conditions that would not be accepted by the entity in another circumstances; or
- It is probable that the debtor is exposed to bankruptcy or another rescheduling plans.

#### **Presentation of expected credit losses in the statement of financial position**

A provision for losses is formed for the financial assets measured at amortized cost and deducted from total book value of the assets. Regarding debt instruments measured at fair value through other comprehensive income, a provision for losses is charged on profit or loss and recognized in other comprehensive income.

#### **Write-off**

Total net book value of the financial asset is written-off when the entity has no reasonable expectations that the full or part of the financial asset's value is recoverable.

The entity expects that a significant proportion of written-off amounts are irrecoverable. However, written-off financial assets might still subject to executive activities in order to comply with the entity's procedures to recover the amounts due.

#### **Non-financial assets**

At reporting date, the entity reviews non-financial assets' net book value to check whether they are exposed to any indications for impairment. In such indications exist, the recoverable amount of the asset is estimated.

For the purposes of impairment study, assets are aggregated in the smallest group of assets that generate cash inflows resulted from continues use of it, the group of assets should be widely independent from cash inflows generated by assets or other cash generating units.

The recoverable value of an asset or a cash generating unit represents value in use or fair value less selling costs, whichever greater. When evaluating value in use, estimated future cash flows are reduced to the value in use using a pre-tax discount rate that reflects current market valuation for time value of money and risks related to the asset or the cash generating unit.

Impairment losses are recognized when the book value of the asset or related cash generating unit is greater than its recoverable value. Impairment losses are recognized through profit or loss. Impairment losses are allocated, in the first place, to reduce the book value of any goodwill related to the cash generating unit, then to reduce other cash generating unit's assets on a pro-rata basis.

Impairment losses are reversed to the extent that the asset's book value does not exceed the book value that was to be determined, after depreciation or amortization, as if the impairment losses had not been recognized in the first place.

#### **Effective interest rate method**

Effective interest rate method is a method to calculate the amortized cost of the debt instrument and used for distributing interest income over a pre-determined period. Effective interest rate is the rate that used to discount expected future cash inflows (including all paid charges or points received, which form an integral part of effective interest rate, and transaction costs or any other premium or discounts) over the expected lifetime of the instrument, or over a shorter period if appropriate, so that specifically reach the net book value of the asset since initial recognition.

Income from debt instruments that subsequently measured at amortized cost are recognized in profit or loss using effective interest rate approach, and are presented within finance income.

#### **T. Cash and cash equivalent**

Cash and cash equivalents include cash on hand, current accounts at banks, and term deposits that are readily convertible to determined amounts of cash.

#### **U. Receivables**

Receivables are not interest-bearing and are stated at their nominal value. Receivables are reduced by appropriate allowances for estimated doubtful debts.

#### **V. Accounts payable**

Payables are not interest bearing and are stated at their nominal value.

#### **W. Legal reserve**

In accordance with the Companies Law no. 159 of 1981 and The Group's Articles of Incorporation, 5% of the annual net income is transferred to the legal reserve, until the balance of reserve reaches 50% of issued capital. This reserve is not subjected to dividends' distribution.

#### **X. Cash flow statement**

The cash flow statement is prepared using the indirect method. For the purpose of preparing the cash flow statement, cash and cash equivalents comprise of cash at banks, banks current accounts and term deposits which their maturity do not exceed 3 months.

#### **Y. Earning per share**

The basic and diluted earning per share is disclosed in the statements of profit or loss. Basic, and diluted earning per share is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. To determine the net profit for the ordinary shareholders, the employees profit share, and the remuneration of the Board of Directors are deducted.

#### **Z. Fair value estimations**

In the application of The Group's accounting policies, which are described in note (4), The Group's management are required to make judgments, estimates and assumptions about the fair value of assets and liabilities that are not readily apparent from other sources. The fair value of financial instruments that are traded in an active market is based on quoted market prices at the reporting date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that are based on market conditions existing at the date of the consolidated financial statements.

**AA. Transactions with related parties**

The related parties are represented in the direct or indirect relationships that arise between the Company and its subsidiary or common interest companies, in addition to the relationship that arises between the Company and the basic members of the higher management in the entity, or those workers in the Company and have a strong influence on decision-making. Directly or indirectly, transactions with related parties are launched on all operations, transactions and exchange of resources, services and obligations that arise between the Company and these parties.

The transactions with related parties are done with the same basis as dealing with others in accordance with market prices which are approved by the General Assembly through netting contracts.

6- Property, plant and equipment's (Net)

Cost	Land*	Buildings and constructions*	Fixtures and decorations	Machinery and equipment	Vehicles and transportation	Furniture and office tools	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost as of December 31, 2021	125 265 515	255 749 334	7 960 386	394 836 010	19 567 297	48 561 381	851 939 923
Additions till December 31, 2022	--	2 224 927	1 854 746	7 853 462	--	1 783 328	13 716 463
Currency valuation differences related to existing liabilities (Annex (B) to Egyptian Accounting Standard No. (13) amended 2015) ****	--	27 212 570	--	--	--	--	27 212 570
Disposals till December 31, 2022	--	--	--	(2 714 254)	(60 240)	(17 094)	(2 791 588)
Cost as of December 31, 2022	125 265 515	285 186 831	9 815 132	399 975 218	19 507 057	50 327 615	890 077 368
Additions till December 31, 2023	--	7 770 333	1 905 148	119 098 312	7 291 941	5 321 177	141 387 911
Disposals till December 31, 2023	--	--	--	(5 200)	--	(290 061)	(295 261)
Cost as of December 31, 2023	125 265 515	292 957 164	11 721 280	519 068 330	26 798 998	55 358 731	1 031 170 018
Accumulated depreciation as of December 31, 2021	--	47 271 178	4 885 950	266 293 007	6 415 396	37 800 261	362 665 792
Depreciation till December 31, 2022	--	6 141 868	578 256	25 978 606	1 337 509	3 343 125	37 479 364
Depreciation of the fair value difference on assets arising from business combinations as of December 31, 2022	--	608 452	--	1 897 815	--	132 783	2 639 050
Accumulated depreciation of disposals at 31 December 2022	--	--	--	(2 706 845)	(60 240)	(9 303)	(2 776 388)
Accumulated depreciation as of December 31, 2022	--	54 021 498	5 564 206	291 462 583	7 692 665	41 266 866	400 007 818
Depreciation till December 31, 2023	--	6 126 683	1 339 103	29 298 367	1 433 345	2 317 549	40 515 047
Depreciation of the fair value difference on assets arising from business combinations as of December 31, 2023	--	608 453	--	1 060 722	--	132 783	1 801 958
Accumulated depreciation of disposals at 31 December 2023	--	--	--	(5 200)	--	(250 054)	(255 254)
Accumulated depreciation as of December 31, 2023	--	60 756 634	6 903 309	321 816 472	9 126 010	43 467 144	442 069 569
Net book value at 31 December 2023	125 265 515	232 200 530	4 817 971	197 251 858	17 672 988	11 891 587	589 100 449
Net book value at 31 December 2022	125 265 515	231 165 333	4 250 926	108 512 635	11 814 392	9 060 749	490 069 550

Description	Year ended	
	December 31, 2023	December 31, 2022
Cost of sales	30 350 089	27 876 422
Selling and distribution expenses	1 339 103	733 153
General and administrative expenses	10 618 813	11 508 839
	42 317 005	40 118 414

Depreciation for the year allocated as following :

Description	Year ended	
	December 31, 2023	December 31, 2022
Cost of sales	30 350 089	27 876 422
Selling and distribution expenses	1 339 103	733 153
General and administrative expenses	10 618 813	11 508 839
	42 317 005	40 118 414

\* Property, plant and equipment additions include assets transferred from projects under construction amounted to EGP 10 349 083.

\*\* There is no real estate mortgage on property, plant and equipment and all assets are owned by the company. There are no restrictions on the ownership of property, plant and equipment, and there are no idle assets from production.

\*\*\* The of the intangible assets represents the value of the name and trade mark (Nadin Print) amounted to EGP 200 000 as part of the contract to purchase the assets of Nadine Print as of December 31, 2017.

\*\*\*\* The amount is the value of the debit currency differences that arose as a result of obtaining a foreign currency loan to finance the acquisition of assets related to the purchase of the Cairo Cotton Factory.

Dice for Ready-Made Garments S.A.E.

Notes to the consolidated financial statements  
For the year ended as of December 31, 2023

**7. Projects under construction**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Machinery and construction work	20 395 493	16 247 476
Land	5 370 146	5 370 146
	<b>25 765 639</b>	<b>21 617 622</b>

**8. Goodwill**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Goodwill	9 428 315	9 428 315
Impairment in goodwill	(9 428 315)	(9 428 315)
	--	--

The goodwill resulted from the acquisition of Egyptian Company for Knitting and Ready-made by the Company as follows:

<u>Company name</u>	<u>Acquisition date</u>	<u>The Group's shares in the subsidiary's net assets *</u>	<u>Direct and indirect acquisition cost</u>	<u>December 31, 2023</u>
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Egyptian For Knitting & Ready Made	15/9/2015	10 411 660	19 839 975	9 428 315
<b>Total Goodwill</b>				<b>9 428 315</b>

\* The fair value of the net assets of the Company has been determined by the market value of the property, plant and equipment in addition to the net book value of the Company's net assets, as the fair value of the subsidiary at the date of acquisition does not differ materially from its recorded amount at Company's books.

The Group tests goodwill for impairment annually, or on a regular basis, if there are indications that goodwill has been impaired.

The recoverable amount of the cash-generating units related to goodwill is calculated using the in-use method. The key assumptions used in calculating value in use relate to discount rates, expected changes in selling prices and direct costs. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating units

The Company has recorded an impairment of goodwill, because of the Company's' inability to achieve the expected profits from the date of acquisition.

**9. Inventories (net)**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Work in progress and finished goods	544 128 807	511 714 718
Raw materials	450 092 312	280 420 960
Spare parts	40 258 498	22 979 986
Packing materials	28 782 201	16 281 377
Inventory held with others	7 806 794	30 330
Letter of credit to purchase goods	--	8 983 671
	<b>1 071 068 413</b>	<b>840 411 042</b>
<b>Less: Write-down of inventories (Note 15)</b>	(4 376 017)	(4 376 017)
	<b>1 066 692 396</b>	<b>836 035 025</b>

**10. Accounts and notes receivable (net)**

<u>Description</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Accounts receivable	632 922 022	464 460 891
Notes receivable	128 874 581	100 900 425
	<b>761 796 603</b>	<b>565 361 316</b>
<b>Less:</b> Expected credit loss recognized on accounts and notes receivable (Note 15)	(47 311 903)	(39 309 815)
	<b>714 484 700</b>	<b>526 051 501</b>

**11. Investment certificates**

The balance of investment Certificates is amounted of 160 965 876 EGP, represented in the fair value of the investment documents purchased from the Arab African International Bank (Diamond) Investment Fund, amounting to 1 300 875 certificates with an average price of EGP 123.74 per certificate as of December 31, 2023.

**12. Debtors and other debit balances (net)**

<u>Description</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u> <u>(Amended)</u>
	<u>EGP</u>	<u>EGP</u>
Advance to suppliers	73 831 459	91 336 605
Tax Authority – withholding tax	43 127 165	46 063 693
Letters of guarantee – cash cover	37 393 103	18 130 168
Insurance held with others	16 807 362	13 241 747
Prepaid expenses	13 417 728	11 969 679
Tax Authority - value added tax (previously sales tax)	11 721 492	9 050 213
Tax Authority – advance payment	6 212 094	4 250 633
Employees loan	755 367	677 824
Tax Authority - stamp tax	74 274	25 331
Other debit balances	4 963 797	4 527 600
	<b>208 303 841</b>	<b>199 273 493</b>
<b>Less:</b> Impairment loss recognized in other debit balances (Note 15)	(7 107 126)	(6 139 081)
	<b>201 196 715</b>	<b>193 134 412</b>

**13. Cash and bank balances**

<u>Description</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Cash on hand	12 215 396	11 700 800
Current accounts at balances	141 834 038	96 601 503
	<b>154 049 434</b>	<b>108 302 303</b>

For the purposes of consolidated statement of cash flows, cash and cash equivalents represent:

<u>Description</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Cash and cash equivalents balance	154 049 434	108 302 303
<b>Less:</b> credit banks	(2 050 723)	(2 864 781)
	<b>151 998 711</b>	<b>105 437 522</b>

**14. Provisions**

Description	<u>Balance as of</u> <u>January 1, 2023</u>	<u>Movement during the year</u>			<u>Balance as of</u> <u>December 31, 2023</u>
		<u>Formed</u>	<u>Reversed</u>	<u>Used</u>	
Provisions	41 415 237	15 340 042	--	(1 407 761)	55 347 518
<b>Total Provisions</b>	<b>41 415 237</b>	<b>15 340 042</b>	<b>--</b>	<b>(1 407 761)</b>	<b>55 347 518</b>

\* These provisions represent the amount that have been recognized as the best available estimates against the required amount to settle the current obligation in the date of the Financial Position, These provisions relate to expected claims from some parties and authorities in connection with the company's activities.

**15. Write-downs and impairment in assets values**

Description	<u>Movement during the year</u>				<u>Balance as of</u> <u>December 31, 2023</u>
	<u>Balance as of</u> <u>January 1, 2023</u>	<u>Recorded in</u> <u>Profit or loss</u>	<u>Reversal of</u> <u>previously</u> <u>recognized</u>	<u>Used</u>	
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Write-down of inventories (Note 9)	4 376 017	--	--	--	4 376 017
Expected credit loss (Note 10)	39 309 815	9 517 803	(600 000)	(915 715)	47 311 903
Impairment in other debit balances (Note 12)	6 139 081	968 045	--	--	7 107 126
Impairment in Goodwill (Note 8)	9 428 315	--	--	--	9 428 315

**16. Credit facilities**

Description	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Commercial International Bank	507 102 225	267 047 154
Qatar National Bank Al-Ahli	364 690 932	254 750 396
Arab African International Bank	223 240 273	342 468 318
Abu Dhabi Islamic Bank	87 320 020	91 495 054
Attijari Wafa Bank	--	9 082 691
	<b>1 182 353 450</b>	<b>964 843 613</b>

\* All credit facilities granted by all banks to the company are guaranteed by supply orders from external clients, and the Company is committed to paying those obligations on a regular basis.

**17. Borrowings**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
<b><u>Qatar National Bank – Al Ahli</u></b>		
On November 26, 2017, The Company obtained a medium-term loan in amount of USD 3 000 000 for the purpose of financing and / or refinancing the purchase of machinery and equipment to serve the Company’s operations. The duration of this loan is 5 years, including a one-year withdrawal period ending on November 26, 2018. The principal amount of the loan is then repaid on (16) sixteen equal quarterly installments the value of each installment is USD 187 500. The first installment is due on February 26, 2019. The second installment is due on May 26, 2019 and so on respectively, every three months until the maturity of the sixteenth installment on November 26, 2022, with an annual interest rate of 4.5% over the 6-month LIBOR rate or the lending rate of the euro whichever is higher, in addition to the commission of the highest debit balance by 0.1% per month. The interest shall be paid in addition to the commission of the highest debit balance on the amounts withdraw per month for the duration of this contract, from the date of use of this loan until the completion of repayment of the loan from the principal, commissions, and others. Where the (second party) requested the Bank (First Party) to increase the loan amount to USD 4 000 000 only 4 million dollars or its equivalent in other foreign currencies instead of only USD 3 000 000.	64 777 459	89 707 075
Also, within the expansions of the Company in its investment activity, the Company obtained a medium-term loan of USD 5 million on February 10, 2020 to partially finance by 66.7% of the total purchasing amount of building land and Cairo Cotton Center’s factory. The loan is repayable on seventeen (17) equal quarterly installments of USD 294 118 starting February 10, 2021 for four years ending February 10, 2025 with an interest of 3.5% in addition to SOFR rate or lending rate for euro whichever is higher and commission on the highest debit balance by 0.05% on monthly basis as the loan has been granted according to under power of attorney of mortgage and no real estate or commercial mortgage on the Company.		



**Commercial International Bank**

On July 12, 2021, the Company has transferred part of its credit facilities to a medium-term loan for an amount do not exceed USD 4 120 600 for the purpose of financing the Company's operations. The duration of this loan is 5 years, the principal amount of the loan is then repaid on (20) twenty equal quarterly installments the value of each installment is USD 206 030. The first installment is due on September 30, 2021. The second installment is due on December 31, 2021 and so on respectively, every three months until the maturity of the twentieth installment on June 30, 2026, with an annual interest rate of 4.25% over the 6-month SOFR rate. The interest shall be paid in addition to the commission of the highest debit balance on the amounts withdraw per month for the duration of this contract, from the date of use of this loan until the completion of repayment of the loan from the principal, commissions, and others.

63 514 928

71 250 942

**Abu Dhabi Islamic Bank**

On February 7, 2021, the Company has transferred part of its credit facilities to a medium-term loan for an amount of USD 3 485 412 for the purpose of financing the Company's operations. The duration of this loan is 3 years, the principal amount of the loan is then repaid on (36) thirty-six equal monthly installments the value of each installment is USD 96 817. The first installment is due on March 31, 2021. The second installment is due on April 30, 2021 and so on respectively, every month until the maturity of the thirty-six installments on February 28, 2024, with an annual interest rate of 3.25% over the 6-month SOFR rate. The interest shall be paid in addition to the commission of the highest debit balance on the amounts withdraw per month for the duration of this contract, from the date of use of this loan until the completion of repayment of the loan from the principal, commissions, and others.

8 945 364

35 873 469

**Total**

**137 237 751**

**196 831 486**

**Less:**

Loan installments payable during the following year are included in current liabilities

(71 582 327)

(89 249 669)

**Borrowing non-current**

**65 655 424**

**107 581 817**

- Loans are classified according to their tenors as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>According to borrowing companies</u>	<u>EGP</u>	<u>EGP</u>
Dice Ready Made Garments Company	137 237 751	196 831 486
	<b>137 237 751</b>	<b>196 831 486</b>

**18. Accounts and notes payable**

<u>Description</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Accounts payable	205 782 012	205 820 258
Notes payable	46 331 182	39 666 005
<b>Total</b>	<b>252 113 194</b>	<b>245 486 263</b>

**19. Due to related parties**

<u>Description</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Nagi Toma (Note 26)	15 411 148	236 333
	<b>15 411 148</b>	<b>236 333</b>

**20. Creditors and other credit balances**

<u>Description</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Advance payments from customers	29 965 432	21 478 533
Shipping, customs clearance and service parties' creditors	25 622 176	15 848 035
Tax authority – credit balances	24 466 424	19 832 067
Accrued expenses	15 185 420	18 095 366
Accrued salaries	13 312 520	5 517 856
Tax authority – social contributions	11 290 515	7 361 179
Accrued interest	8 929 478	4 372 718
Social insurance	1 543 164	2 211 957
Fixed assets creditors	2 667 235	--
Insurance from others	22 931	22 931
Other credit balance	5 969 741	3 892 033
	<b>138 975 036</b>	<b>98 632 675</b>

**21. Capital**

The authorized capital was amounted to EGP 300 million. The issued and paid-up capital amounted to EGP 53 000 000 distributed over 53 000 000 shares after the General Assembly approved the capital increase of EGP 25 000 000. The Commercial Register was registered on September 7, 2017, increase the number of shares to 53 000 000 shares instead of 28 000 000 shares.

On December 4, 2018, the General Assembly approved the distribution of the issued share capital of the Company by adjusting the nominal value of the share from EGP 1 to 20 piasters, thus making the issued and paid-up capital of EGP 53 million distributed over 265 000 000 shares at a nominal value of 20 piasters per share.

On May 8, 2019, the General Assembly approved the issued capital increase from EGP 53 000 000 to EGP 106 000 000 by amount of EGP 53 000 000 distributed on 265 000 000 shares as the share value is 20 piasters, the total number of shared become 530 000 000 share and that is through the issuance of free shares of one free share for each original share, and it was approved to publish the disclosure report for Dice Ready-Made Garments Company related to this increase on August 8, 2019.

On February 12, 2022 , the majority of the attended of the extraordinary assembly meeting has approved the feasibility study provided by the Company's board of directors relating to the increase of authorized share capital from EGP 300 million to EGP 500 million and also for approving the increase of issued capital from EGP 106 million to EGP 371 million with an increase of EGP 265 million in cash financed by inviting old shareholders of subscription for the increase in the Company's shares each according to the contribution in the Company's share capital through issuance of 1 325 million shares to be issued by nominal value of 20 piasters for each share. In the case of not all issued shares not subscribed for, the subscribed shares will be sufficient whether they are fully cover or not. The subscription will be done on a single stage and the subscribed amount cannot be redeemed.

On May 22, 2022, the company received a preliminary approval from the Financial Regulatory Authority (FRA) for the company to publish the invitation to the old shareholders to subscribe to the shares of the company's issued capital increase as described above.

the capital increase process was completed through the subscription of the old shareholders in the increase shares, and the value of the issued capital after the increase amounted to EGP 357 328 956, which was fully paid, distributed over 1 786 644 781 shares, The Commercial Register was registered by the increase on August 4, 2022.

The ownership structure is as follows:

Description	Shares no.	Shares Percentatge
Toma for commercial and industrial investments	494 536 182	%27.67
Nagi Samir Toma Thomas	377 830 000	%21.14
Maged Samir Toma Thomas	205 430 000	%11.5
United Motors & Heavy Equipment Co. L.L.C	145 882 360	8.17%
Saif Nagi Samir Toma Thomas	18 598 500	%1.04
Sherif Nagi Samir Toma Thomas	18 300 000	%1.02
Maryam Nagi Samir Toma Thomas	17 300 000	0.97%
<b>Total holders of 5% of the company's shares or more</b>	<b>1 277 877 042</b>	<b>71.51%</b>
Total holders of less than 5% of the company's shares	508 767 739	28.48%
<b>Total</b>	<b>1 786 644 781</b>	<b>%100</b>

\* The above-recorded figures are based on the names of shareholders issued by Misr El Makasa, depository and centrally registry Company on December 31, 2023.

\*\* On April 4, 2023, and based on the decision of the Board of Directors on March 25, 2023, the company purchased 70 million treasury shares for an amount of EGP 31 500 000 at a value of EGP 0.45 each. The General Assembly held on 29 April 2023 unanimously approved the effects of the purchase of treasury shares from the increase in voting rights and ownership percentage of the main shareholders (Mr. Nagy Samir Touma and Mr. Maged Samir Touma) and their associated parties to the percentage required to submit a compulsory purchase offer.

On November 2023, the company decided to sell the treasury shares represented in 70 million shares through the compulsory purchase offer submitted by Toma Company for Commercial and Industrial Investments in alliance with Maged Samir Touma for an amount of 0.8 Egyptian pounds in the event that the market price remains below the offer which led the company has recognized gain resulting from the sale of treasury shares amounted to EGP 24.5 million that has been recorded in the retained earnings.

**22. Business combination reserve (Common control reserve)**

The Group acquired an additional 40% share in the capital of Master Line for Textile Industries (a subsidiary) on September 10, 2015, which resulted in an increase in the Group's share in the subsidiary's capital without affecting the Group's control over it. Gains resulted of the acquisition of this additional stack, amounted to EGP 2 943 242 was included in the Common control reserve.

On December 25, 2018, the Group acquired an additional share of Alexandria Readymade Garments and Alexandria Ready Made Garments Company. The share of the increase was 5% of the total capital of both companies. This resulted in an increase in the Group's share in the subsidiary's capital without changing it. The Group's control over these losses amounted to EGP 2 367 605 which was included in the equity control transactions.

On February 28, 2021, the Group acquired an additional share of Textile Print Plus, and the increase share amounted to 24% of the total capital of the subsidiary, which resulted in an increase in the Group's share in the capital of the subsidiary without changing the principle of the Group's control over it, and the losses resulting from the acquisition of this additional share amounted to EGP 5 507, which were included in Business combination reserve in equity.

**23. Income tax**

<u>Income tax charged to the statement of profit or loss</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Current income tax	41 862 734	42 422 358
Deferred income tax	9 938 172	(1 608 912)
<b>Total</b>	<b>51 800 906</b>	<b>40 813 446</b>

**Deferred tax liabilities**

<u>Deferred tax liabilities generating from differences between the carrying amounts of fixed assets and net book value on tax basis</u>	<u>Balance as of December 31, 2023</u>	<u>Balance as of December 31, 2022</u>
Property, plant and equipment	46 565 949	36 627 777
<b>Total deferred tax liabilities</b>	<b>46 565 949</b>	<b>36 627 777</b>

**24. Non-controlling interest**

<u>Description</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
United Dyers Company	20 572 788	17 687 512
Alexandria Group Companies	(79 756)	(80 161)
Textile print plus Company	8	5
Master Line	579	551
Egyptian for Knitting and Ready-Made	17	15
	<b>20 493 636</b>	<b>17 607 922</b>

25. Other income

<u>Description</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>(Amended) EGP</u>
Export subsidies income	102 050 594	65 045 181
(less) accelerated payment discount	(6 976 904)	(6 645 691)
<b>Net exports subsidies income</b>	<b>95 073 690</b>	<b>58 399 490</b>
Others	4 772 536	2 391 573
	<b>99 846 226</b>	<b>60 791 063</b>

26- Related parties transactions

The significant transactions with related parties during the year are represented as follows:

<u>Company Name</u>	<u>Relationship type</u>	<u>Sales</u>		<u>Purchases</u>		<u>Accounts and notes payable</u>		<u>Current accounts (Net)</u>	
		<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Managing Director	Managing Director	--	--	--	--	--	--	EGP	EGP
Dice pack	Related party	916	23 422 344	(5 796 870)	(2 073 842)	(15 411 148)	(236 333)		
		<u>916</u>	<u>23 422 344</u>	<u>(5 796 870)</u>	<u>(2 073 842)</u>	<u>(15 411 148)</u>	<u>--</u>	<u>(15 411 148)</u>	<u>(236 333)</u>
								<u>(15 411 148)</u>	<u>(236 333)</u>

Dice for Ready-Made Garments S.A.E. (Dice Sport & Casual Wear)

Notes to the consolidated financial statements

For the year ended as of December 31, 2023

**27. Earnings per share for the year**

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u> <u>(Amended)</u>
Net earnings profit for the year after income tax	450 688 036	120 756 290
<b>Divided By:</b>		
Weighted average number of shares outstanding during the year*	1 754 137 041	1 046 429 362
<b>Earnings per share for the year (EGP / share) ***</b>	<b>0.26</b>	<b>0.12</b>

\* Until the date of approval of the financial statements, the Company did not prepare a dividend distribution project, which, if prepared, will result into a reduction in the share's share of the net profit for the year due to the reduction of the year's profits after taxes in both the employee's share of the distributions and the remuneration of the members of the Board of Directors.

In application of the Decisions of the Prime Minister's No. 1568 and No. 4706 of 2022, which includes accounting treatment to deal with the effects of moving foreign exchange rates, the share per share of the net total comprehensive income becomes as follows:

	<u>For the year ended</u> <u>December 31, 2023</u>	<u>For the year ended</u> <u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u> <u>(Amended)</u>
Total comprehensive income for the year	450 688 036	17 746 399
<b>Divided by:</b>		
Weighted average number of shares outstanding during the year*	1 754 137 041	1 046 429 362
<b>Total comprehensive income per share for the year (EGP / share)</b>	<b>0.26</b>	<b>0.02</b>

**28. Right of use of assets (net)**

Right of use assets balance as of December 31, 2023 is as follows:

	<u>December 31, 2023</u>
	<u>EGP</u>
<b>Cost as of December 31, 2021</b>	<b>46 925 882</b>
Additions during 2022	48 730 926
Disposals during 2022	(12 844 221)
<b>Cost as of December 31, 2022</b>	<b>82 812 587</b>
Additions during 2023	16 321 335
Disposals during 2023	(8 981 572)
<b>Cost as of December 31, 2023</b>	<b>90 152 350</b>
<b>Accumulated amortization</b>	
<b>Accumulated amortization as of December 31, 2021</b>	<b>(9 164 876)</b>
Amortization during 2022	(18 686 991)
Amortization for disposals during 2022	1 427 136
<b>Accumulated amortization December 31, 2022</b>	<b>(26 424 731)</b>
Amortization during 2023	(19 963 880)
Amortization for disposals during 2023	3 189 193
<b>Accumulated amortization December 31, 2023</b>	<b>(43 199 418)</b>
<b>Net right of use assets as of December 31, 2023</b>	<b>46 952 932</b>
<b>Net right of use assets as of December 31, 2022</b>	<b>56 387 856</b>

As follows, allocation of the impact of lease liabilities on the statement of financial position and statement of profit or loss during the period:

<u>Description</u>	<u>Statement of financial position</u>		<u>Statement of profit or loss</u>
	<u>Non – current</u>	<u>Current</u>	<u>Interest costs</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Present value of operating lease liabilities discounted at the company's incremental borrowing rate	33 500 159	20 209 995	6 753 967

**29. Company's going concern**

The accumulated losses of Sweeter Ready-made Garments Company (Subsidiary) as of December 31, 2023 exceeded half of the equity issued of the subsidiary at that date. Indicating that there is uncertainty concerning the company's going concern according to article no. 69 of Companies law no. 159 of 1981 amended by law no. 4 of 2018, The Subsidiary's board of directors must invite to an extraordinary general assembly to discuss going concern.

The accumulated losses of Alexandria Factory Ready-made Garments Company (Subsidiary) as of December 31, 2023 exceeded half of the equity issued of the subsidiary at that date. Indicating that there is uncertainty concerning the company's going concern according to article no. 69 of Companies law no. 159 of 1981 amended by law no. 4 of 2018, The Subsidiary's board of directors must invite to an extraordinary general assembly to discuss going concern.

The accumulated losses of Alexandria Ready-made Garments Company (Subsidiary) as of December 31, 2023 exceeded half of the equity issued of the subsidiary at that date. Indicating that there is uncertainty concerning the company's going concern according to article no. 69 of Companies law no. 159 of 1981 amended by law no. 4 of 2018, The Subsidiary's board of directors must invite to an extraordinary general assembly to discuss going concern.

**30. Tax position**

**First: Corporate tax**

**Years from 1999 to 2009**

The tax was inspected, Taxes form (19) was issued, and challenged at the specialized internal committee. The decision of the committee was issued and approved, and the dispute was agreed upon with the transfer of the depreciation item and the interest to the appeal committee and decision. The appeal committee has confirmed the results of tax authority's inspection. The Company has disputed to the court to consider the other points of contention and a request to close the dispute has been submitted in accordance with law no. 16 of 2020 and no decision has been issued to date. However, the Company has settled the disputed tax dues.

**Years from 2010 until 2016**

The tax returns were submitted under the provisions of Law 91 of 2005, and tax dues were paid based on submitted returns. The inspection was conducted, and the inspection results were not approved and transferred to the specialized committee. Some items have been transferred to appeal committee and decision was issued in favor of the Company and fixed assets item has been transferred to Tax Authority for re-inspection of the opening balance. However, the Company has settled the disputed tax dues.

**Years 2017 and 2019**

The Company has been notified of the inspection, and documents and analysis are being prepared to determine the date of the inspection. The tax returns have been submitted on the legal dates and the tax due by the Company have been paid based on the submitted returns.

**Years 2020 and 2022**

The tax returns were submitted on the legal dates and the company was not notified of the examination.



**Second: Payroll Tax:**

**From inception date until 2013**

The books have been inspected, settled and paid any differences.

**Years from 2014 to 2020**

The Company has been notified of the inspection and the documents are being prepared, and the Company is regularly paying the tax on legal dates.

**Year 2021 and Year 2022**

The company is committed to pay the monthly payroll tax on the legal dates and has not been notified of the inspection to date.

**Third: Sales Tax (value added tax):**

**From inception date until Year 2017**

Inspected and settled until 2017. The tax differences due for those years have been paid.

**Year 2018 until Year 2020**

Tax returns have been submitted on the legal due dates and the Company has not been notified of any inspection to date.

**Year 2021 and Year 2022**

Tax returns have been submitted on the legal due dates.

**Fourth: Stamp Tax:**

**From inception date until December 31, 2016**

The stamp tax duty was inspected, tax dues were paid in full.

**Year 2017 and Year 2018**

The Company's books have been inspected and the tax authority has issued form (19) in which the Company submitted an appeal form.

**Year 2019 until Year 2020**

The inspection has been done and the company has not been notified of the result to date.

**Year 2021 and Year 2022**

The Company has not been notified of any inspection to date.

**Fifth: Withholding tax:**

**From the inception date until 2017**

Those years were examined, and the tax differences were paid in full.

**Years 2018 to 2022**

The tax has been paid on the legal dates and the Company has not been notified with any inspection for these years.

**Sixth: Property Tax:**

The dues were paid until 2021 and there are no dues for 2022, as a request was submitted to exempt factories from paying real estate tax.

**Seventh: Social Insurance:**

On a regular basis, the Company pays monthly on the legal due dates to date.

### **31. Contingent liabilities**

In addition to the balances reported in the statement of financial position, the following liabilities are contingent as of December 31, 2023, related to the letters of guarantee issued in favored third parties, and analyzed as follows:

<u>Description</u>	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Letters of guarantee	123 841 098	72 462 656
Covered portion	<u>(37 393 738)</u>	<u>(18 130 803)</u>
Uncovered portion	<b>86 447 360</b>	<b>54 331 853</b>

The company also manages the risks related to capital commitments by maintaining an acceptable level of cash to match the various sources of financing.

### **32. Financial instruments and related risks**

The Company's financial instruments consist of financial assets and liabilities. Financial assets include cash balances at banks, due from related parties and receivables. Financial liabilities include the accounts payable, due to related parties and creditors.

The Company is exposed to a number of risks arising from the exercise of its activities which affect the values of these financial assets and liabilities as well as related revenues and expenses. The following are the most important risks, principles and policies that the Company follows in managing these risks:

#### **Capital management**

The Company's objectives in managing capital are to maintain the Company's ability to continue its activity so that it can achieve returns to shareholders and benefits to other stakeholders and provide an appropriate return to shareholders.

The Company's financing structure consists of shareholders paid up capital in addition to retained earnings. The Capital Risk Management Committee reviews the financing structure of the Company on an ongoing basis every three months and reviews the cost of financing the Company through the leverage ratio, where the Company aims to have a debt ratio of 0% to 10%.

The Company is exposed to certain risks associated with its activities, such as market risk, which includes the risk of return and the risk of foreign currency. Liquidity risk may also affect the carrying amounts of financial assets and liabilities on the statement of financial position as well as income and related expenses included in the statement of income. The Company manages its capital in order to maintain the Company's ability to continue, and to achieve the highest return to shareholders by minimizing the impact of these risks to the lowest level through operating and financing activities to maintain optimal ratios of borrowing balances. The following are the main risks to the Company and policies and procedures to mitigate the impact of such risks:

#### **Foreign exchange risk**

This risk is due to changes in foreign exchange rates that affect foreign exchange payments and receipts as well as foreign currency assets and liabilities. Assets and liabilities denominated in foreign currencies denominated in foreign currencies are translated using the prevailing rate at the balance sheet date. For the purpose of reducing this risk to a minimum level, the Company maintains sufficient balances of monetary assets in local currency and foreign currencies to meet its liabilities using the same currency on their due dates.

The value of monetary assets denominated in foreign currencies amounted to EGP 618 813 171 and the monetary liabilities denominated in foreign currencies amounted to EGP 1 033 562 500 at the date of the financial position.

### **Foreign exchange sensitivity analysis**

As previously indicated, the company is primarily exposed to the risk of foreign currencies that arise from the company's sales made in these currencies in the clothing industry.

The following table shows the company's sensitivity to a 60% (2022: 10%) increase or decrease in the Egyptian pound against foreign currency exchange rates. 60% is the sensitivity rate used in preparing internal reports on foreign currency risk and presenting them to responsible managers, and it represents management's assessment of the reasonably expected change in foreign currency exchange rates. The sensitivity analysis includes only the outstanding balances of items of a monetary nature in foreign currencies and is based on adjusting the translation of the balances of those items at the end of the period by a change of 60% in the exchange rates of those currencies.

The sensitivity analysis includes outstanding borrowing balances, and also includes customer balances in foreign currencies.

The positive number in the table below indicates an increase in profit or equity when the strength of the Egyptian pound increases by 60% against the foreign currency in question. If the Egyptian pound weakens by 60% against the relevant foreign currency, this will lead to an opposite effect of the same value on profit or equity, and the values below will become negative.

<b><u>The effect of foreign currencies</u></b>		
<b><u>Description</u></b>	<b><u>December 31, 2023</u></b>	<b><u>December 31, 2022</u></b>
Profits / (losses)	(248 849 597)	(36 716 420)

### **Interest rate risk**

This risk is the change in market interest rates which adversely affects business results and values of financial assets and liabilities. The Company monitors interest rate changes on an ongoing basis. In the event of a significant increase in interest rates, the Company relies on its own sources of financing to avoid fluctuations in interest rates and their impact on the fair value of financial assets and liabilities.

### **Interest rate sensitivity analysis**

For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of reporting period was outstanding for the whole year. A '100 basis point' (1%) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates increase/decrease 600 basis points and all other variables were held constant, the Group's profit for the year ended as of December 31, 2023, would decrease / increase by EGP 74.4 million (2022: decrease / increase by EGP 11.7 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

### **Credit risk**

This risk is the inability of clients granted credit to pay their dues. In order to reduce this risk, the Group exports part of its production abroad and take into account trading with reputable clients have good credit worthiness. The Company's management monitors maturity dates, credit terms and prepares aging analysis to recognize losses resulting from the impairment of these assets.

The company reviews this risk and reports on these risks and means of countering their impact on the financial statements. The maximum credit risk is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u> <u>(Amended)</u>
	<u>EGP</u>	<u>EGP</u>
Accounts receivable	714 484 700	526 051 501
Other debit balances	201 196 715	193 134 412
	<u>915 681 415</u>	<u>719 185 913</u>

**- Liquidity risk**

Liquidity risk is the factor that may affect the Company's ability to repay part or all of its obligations. The Group manages liquidity risk by maintaining an acceptable cash level and matching various sources of financing including bank facilities and factoring of foreign selling to clients denominated in dollars.

The remaining contractual dues of financial liabilities, including estimated interest payments, are as follows:

	<u>less than a year</u>	<u>More than a year</u>	<u>Total</u>
<b>December 31, 2023</b>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Non - interest bearing liabilities	504 604 352	--	504 604 352
Interest bearing liabilities	1 274 145 772	99 155 583	1 373 301 355
	<u>1 778 750 124</u>	<u>99 155 583</u>	<u>1 877 905 707</u>

	<u>less than a year</u>	<u>More than a year</u>	<u>Total</u>
<b>December 31, 2022</b>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Non - interest bearing liabilities	432 534 812	--	432 534 812
Interest bearing liabilities	1 078 892 378	154 013 914	1 232 906 292
	<u>1 511 427 190</u>	<u>154 013 914</u>	<u>1 665 441 104</u>

**- Leverage ratio**

The leverage ratio, which is determined by total liabilities to total equity, was of the end of the year as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>EGP</u>	<u>EGP</u>
Total liabilities	1 924 471 656	1 702 068 881
Total equity	1 034 936 485	559 748 449
Percentage	<u>%186</u>	<u>%304</u>

**Fair value estimate**

The fair values of financial assets and liabilities are estimated at the following levels:

Level one	The quoted prices of financial instruments at fair value in active markets.
Level two	Prices quoted in an active market for financial instruments, or prices determined by the investment funds, managers or other valuation methods in which all significant inputs are based on observables or comparable market information, either directly or indirectly.
Level three	Valuation methods in which significant inputs are not based on observables or comparable market information

The investments at fair value as of December 31, 2023 amount EGP 160 965 876.

### 33. Significant events during the current year and subsequent period

On February 2, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided in its meeting to maintain the overnight deposit and lending rates and the main operation rate of the Central Bank at 16.25% 17.25% and 16.75%, respectively, and the credit and discount rate at 16.75%.

On March 6, 2023, Prime Minister's Decision No. 883 of 2023 amending the provisions of accounting standards, The main amendments are summarized below:

New or reissued standards	Main amendments summary	Expected impact on financial statements	Date of application
<p>Egyptian Accounting Standard No. (10) amended 2023 "Fixed assets and its depreciation"</p> <p>Egyptian Accounting Standard No. (23) amended 2023 "Intangible assets"</p>	<p>1. These standards were reissued in 2023, where the reassessment model was allowed for subsequent measurement of fixed and intangible assets</p> <p>2. This has resulted in the modification of the paragraphs associated with the use of the reassessment model option for certain applicable Egyptian accounting standards, as follows:</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard (5) "Accounting policies and changes in accounting estimates and errors"</li> <li>- Egyptian Accounting Standard (24) "Income Tax"</li> <li>- Egyptian Accounting Standard (30) "Financial Statements"</li> <li>- Egyptian Accounting Standard (31) "Impairments of Fixed Assets"</li> <li>- Egyptian Accounting Standard (49) "Lease Contracts"</li> </ul>	<p>Company management will not use the reassessment model during this year.</p>	<p>Applying modifications to add the option of using revaluation model to the financial periods starting <b><u>on or after 1<sup>st</sup> of January 2023, cumulatively;</u></b></p> <p>Demonstrating the cumulative effect of the initial application of the reassessment model <b><u>Adding it to the revaluation surplus account along with equity at the beginning of the financial period in which the company applies the model for the first time.</u></b></p>

On 30 March 2023, the Monetary Policy Committee of the Central Bank of Egypt (CBE) decided in its meeting to raise the overnight deposit and lending rates and the main operation rate of the Central Bank by 200 basis points to reach 18.25% 19.25% and 18.75%, respectively, and the credit and discount rate was raised by 200 basis points to reach 18.75%.

On 18 May 2023, the Central Bank of Egypt's Monetary Policy Committee decided in its meeting to maintain the overnight deposit and lending rates and the main operation rate of the Central Bank at 18.25% 19.25% and 18.75%, respectively, and the credit and discount rate at 18.75%.

On May 17, 2023, the Prime Minister's Decree 1847 of 2023 was issued amending some provisions of the Egyptian Accounting Standards by adding Annex (B) to the amended Egyptian Accounting Standard No. (13) 2015 The effects of changes in foreign exchange rates, which includes a special accounting treatment to deal with the effects of moving foreign exchange rates.

On 3 August 2023, the Monetary Policy Committee of the Central Bank of Egypt (CBE) decided in its meeting to raise the overnight deposit and lending rates and the main operation rate of the Central Bank by 100 basis points to reach 19.25% 20.25% and 19.75%, respectively, and the credit and discount rate was raised by 100 basis points to reach 19.75%.

On 21 September 2023, the Monetary Policy Committee of the Central Bank of Egypt (CBE) decided in its meeting to maintain the overnight deposit and lending rates and the main operation rate of the Central Bank at 19.25% 20.25% and 19.75%, respectively, and the credit and discount rate at 19.75%.

On September 19, 2023, the company received a letter from the consortium of Toma for Commercial and Industrial Investments with Majid Samir Touma Thomas, including an initial offer to acquire 1.607 billion shares representing 90% of the company's issued capital shares, and the company explained that the offer includes an initial purchase price of EGP 0.65 per share, through a mandatory purchase offer for the company's shares.

On October 17, 2023, the Financial Regulatory Authority (FRA) approved the publication of the aforementioned mandatory tender offer, provided that the offer includes the purchase of up to 838.137 million shares representing 46.9% of the company's shares at a price of EGP 0.65 per share. The sum of what was displayed to the total shares to be purchased. In the event that the shares offered for sale exceed the number of shares to be purchased, the offeror will purchase from all the shareholders who responded to the offer in proportion to the total shares to the total shares to be purchased.

On November 8, 2023, the EGX announced the amendment of the aforementioned offer price to EGP 0.80 per share instead of EGP 0.65 per share, while maintaining the rest of the conditions for announcing the purchase offer approved by the Authority without modification.

On November 15, 2023, the EGX announced the quantities of shares responding to the aforementioned offer with a total number of 544 536 000 shares.

On November 19, 2023, the company announced that Touma for Commercial and Industrial Investments has purchased 494 546 182 shares of the company's shares at a rate of 27.68% according to the aforementioned compulsory purchase offer for an amount of 395 628 945 EGP at an average price of EGP 0.8 per share. In addition, Maged Samir Touma purchased 50 million shares of the company's shares according to the mandatory purchase offer referred to above for an amount of EGP 40 million at an average price of EGP 0.8 per share, bringing the percentage of the shareholding after the purchase to 11.5%.

During October 2023, the war broke out between Israel and the Palestinians which had an impact on the region and on the global economy and on Egypt in particular because of its close proximity to the running events. However it's too soon to take a full overview evaluation on the effect of war as it's improbable to predict to what extend it would take any further escalation. But it's quiet clear that it has no impact for the company's activities

On November 2, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided in its meeting to maintain the overnight deposit and lending rates and the main operation rate of the Central Bank at 19.25%, 20.25% and 19.75%, respectively, and the credit and discount rate at 19.75%.

On December 21, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided in its meeting to maintain the overnight deposit and lending rates and the main operation rate of the Central Bank at 19.25%, 20.25% and 19.75%, respectively, and the credit and discount rate at 19.75%.

On February 1, 2024, the Monetary Policy Committee of the Central Bank of Egypt (CBE) decided in its meeting to raise the overnight deposit and lending rates and the main operation rate of the Central Bank by 200 basis points to reach 20.25% 22.25% 21.75%, respectively, and the credit and discount rate was raised by 200 basis points to reach 21.75%.

On March 3, 2024, the Prime Minister's Decree No. 636 of 2024 was issued amending some provisions of the Egyptian Accounting Standards, which resulted in the replacement of Standards No. (13) The effects of changes in foreign exchange rates, Standard No. (17) Independent Financial Statements and Standard No. (34) Real Estate Investment from the Egyptian standards referred to in the standards attached to this decision, provided that this decision is published in the Official Gazette and comes into force from the day following the date of its publication.

The implementation of the Egyptian accounting standards No. (13) The effects of changes in foreign exchange rates will led to combined effect that will affect the shareholders equity.

The combined effect for the re-evaluation of the monetary assets and liabilities using the spot price for the early adoption will be losses amounted to EGP 248 849 597 will be amended on the retained earnings as of January 1, 2024.

On March 6, 2024, the Monetary Policy Committee of the Central Bank of Egypt decided in its extraordinary meeting to raise the overnight deposit and lending rates and the main operation rate of the Central Bank by 600 basis points to reach 27.25% 28.25% 27.75%, respectively, the credit and discount rate was raised by 600 basis points to reach 28.75%.

In addition, the Central Bank has decided to allowing the exchange rate to be determined by market forces.

#### 34. years adjustments

As a result of the uncertainty and certainty regarding the collection of export subsidies recently, the Board of Directors decided on May 17, 2023, to change the system of recording export support revenue in the company's books from registering support at maturity to registering support when collecting it, and this resulted in the following adjustments:

	Financial Statement	Before Adjustment	After Adjustment	Difference
Retained Earnings balance for the year 31 December 2022	Equity	134 471 297	40 407 685	(94 063 612)
Net Profit for the year 31 December 2022	Equity	161 382 814	120 756 290	(40 626 524)
Debtors and other debit Balances (Net) on 31 December 2022	Financial Position	327 824 548	193 134 412	134 690 136
Other income for the year end 31 December 2022	Profit or loss	101 417 587	60 791 063	(40 626 524)
(Increase in Debtors and other Debit Balance)	Cash flow	(116 822 968)	(76 196 444)	(40 626 524)
Net Profit per Share for the period ended 31 December 2022 (EGP / share)	Profit or loss	0.15	0.12	0.03
Earnings per share (EGP / share) from Total comprehensive Income	Comprehensive Income	0.06	0.02	0.04

#### 35. Fiscal year

The fiscal year begins on January 1 and ends on December 31 of each year.

Chief Financial Officer

Mr. Victor Fakhry



Managing Director

Mr. Nagi Thoma

