

E-finance for Digital and Financial investments “S.A.E”
Consolidated Financial Statements and Auditor's Report
For the Financial Year Ended December 31, 2023



Hazem Hassan

Public Accountants & Consultants

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Auditor's Report
To the Shareholders of
E-finance for Digital and Financial investments "S.A.E"

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of E-finance for Digital and Financial investments (E-finance for technology solutions formerly) "the Group" which comprise the consolidated balance Sheet as at December 31, 2023, the consolidated Statement of Profit or Loss, consolidated statement of comprehensive income, consolidated statement of change in equity, consolidated statement of Cash Flow for the financial 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 group's management. The management is responsible for preparing and presenting the consolidated financial statements in a fairly presented in accordance with Egyptian accounting standards and in the light of the prevailing Egyptian laws. The management's 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, and this responsibility includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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.



Hazem Hassan

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 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 financial statements.

Basis for Opinion

1- As described in Note 8-1 to the financial statements, the Company carried its investment in certain equity instruments at cost instead of fair value as at 31 December, 2022. This accounting treatment was not in accordance with EAS 47, 'Financial Instruments'. The Company's management believed that it was unable to obtain a reliable measure of fair value as at 31 December, 2022 because quoted market prices were not available for the instruments. A reliable measure of fair value for the Company's investment in the instruments could have been obtained through other means. It was impracticable for us to quantify the financial effects of the adjustments to investment in the instruments, income taxes and other comprehensive income, which would have resulted from using fair values for the period then ended.

However, As at 31 December 2023, the Company carried its investment in these equity instruments at of fair value in accordance with EAS 47 'Financial Instruments'. No retrospective adjustment was made to the comparative information.

2- As shown in disclosure No. 14, the Group did not apply the expected credit losses model for some account receivable balances and accrued revenues due to one of its subsidiaries (E-Cards operating technology company) as at 31 December, 2022 and this accounting treatment did not comply with the requirements of Egyptian Standard No. 47, "Financial instruments ". A reliable measure of the expected credit losses could have been obtained through other means. It was impracticable for us to quantify the financial effects of the adjustments to account receivable balances and accrued revenues, income taxes and net income, which would have resulted from applying the expected credit losses model to the period then ended.

However, As at 31 December 2023, the Company applied the expected credit losses model to account receivable balances and accrued revenues in accordance with EAS 47 'Financial Instruments'. No retrospective adjustment was made to the comparative information.



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Opinion

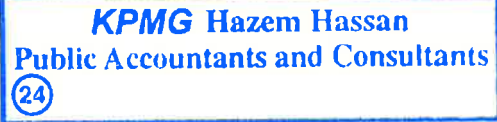
Except for the impact of the matters described above in the basis for opinion paragraph, in our opinion that the consolidated financial statements referred to above express fairly and clearly, in all their material respects, the consolidated financial position of E-finance for digital and financial investments on December 31, 2023, and its consolidated financial performance and consolidated cash flows for the year ended on December 31, 2023, in accordance with Egyptian accounting standards and accordance to the Egyptian laws and regulations relevant to the preparation of these consolidated financial statements.

KPMG

**KPMG Hazem Hassan
Public Accountants & Consultants**

Cairo,

29 February 2024



E-finance for Digital and Financial Investments Company
Consolidated statement of Financial position as of

	Note No.	December 31, 2023	December 31, 2022
		L.E.	L.E.
Assets			
Non current assets			
Fixed assets	5/4-2	386 055 474	322 943 167
Intangible assets	6/4-4	188 255 300	76 315 932
Projects under construction	7/4-3	160 895 751	143 514 867
Equity-investment at FVTOCI	8-1\4-6	1 074 319 294	197 988 608
Equity-Accounted investees (Associates)	10/24-4	146 748 286	96 727 878
Deferred tax assets	2-11	-	4 405 894
Prepaid employees' benefits	15	1 262 261	4 095 419
Other assets	40/4-23	-	55 581 185
Right of use assets	25-1	141 198 514	56 402 404
Total non current assets		2 098 734 880	957 975 354
Current assets			
Inventory	12/4-10	178 095 270	41 505 204
Work in progress	13/4-11	26 067 777	29 225 609
Trade and other receivables	14	2 613 048 299	1 653 200 506
Due from related parties	35-1	12 006 925	18 477 269
Financial investments at amortized cost	9	737 921 833	2 356 623 232
Equity-investment at FVTPL	8-2	463 961 532	-
Cash and cash equivalents	16/4-13	1 505 212 691	877 780 131
Total current assets		5 536 314 327	4 976 811 951
Total assets		7 635 049 207	5 934 787 305
Owners equity & Liabilities			
Owners equity			
Paid-up capital	17-2/4-14	924 444 445	924 444 445
Treasury Shares	19	(196 529 636)	(5 036 004)
Share Premium	18	1 956 462 107	1 956 462 107
Reserves	20/4-15	1 339 258 327	654 880 050
ESOP Reserve		505 435 842	247 111 100
Retained earnings		953 209 740	796 117 725
Equity attributable to owners of the company		5 482 280 825	4 573 979 423
Non controlling interest	25	117 780 537	56 836 093
Total Equity		5 600 061 362	4 630 815 516
Liabilities			
Non- Current Liabilities			
Lease liability	25-2	93 954 673	27 783 650
Borrowings	21	12 967 073	31 939 225
Deferred tax Liabilities	11-2	220 684 840	-
Employee benefits liabilities	23-1/4-9	312 591 909	206 810 785
Total non current liabilities		640 198 495	266 533 660
Current liabilities			
Lease liability	25-2	56 281 248	32 075 339
Trade and other payables	22	834 289 305	708 752 566
Due to related parties	35-2	56 447 561	-
Borrowings	21	104 790 224	75 409 758
Income tax payable	11-4/4-7	342 981 012	221 200 466
Total current liabilities		1 394 789 350	1 037 438 129
Total Liabilities		2 034 987 845	1 303 971 789
Total equity and liabilities		7 635 049 207	5 934 787 305

The attached notes from (1) to (42) are an integral part of these consolidated financial statements and to be read with them.
 Audit report is attached

Chairman & Managing Director
 Ibrahim Sarhan




E-finance for Digital and Financial Investments Company
Consolidated statement of Profit or Loss for the financial year ended December, 31

	<u>Note No.</u>	2023	2022
		<u>L.E.</u>	<u>L.E.</u>
Revenue	26/4-18	3 898 604 874	2 643 977 207
Cost of sales	27	<u>(1 757 578 649)</u>	<u>(1 278 851 418)</u>
Gross profit		2 141 026 225	1 365 125 789
Other revenue	29	8 263 022	13 463 519
General and administrative expenses	31	(367 225 612)	(252 289 483)
ESOP Expense	39	(306 629 075)	(144 711 105)
Marketing and selling expenses	32	(84 950 307)	(83 250 039)
Impairment of trade receivable and other debit balances	37	(153 369 471)	(21 096 205)
Other expenses	33	<u>(8 367 333)</u>	<u>(10 984 260)</u>
Operating Profit		1 228 747 449	866 258 216
Finance cost	33	(62 830 208)	(48 246 659)
Income from Equity-accounted investees "Associates"	10	51 770 410	19 880 801
Finance Income	30	<u>632 092 572</u>	<u>366 888 485</u>
Net profit for the year before tax		1 849 780 223	1 204 780 843
Income tax expense	11-1	<u>(582 776 981)</u>	<u>(395 049 216)</u>
Net profit for the year after tax		1 267 003 242	809 731 627
profit attributable to:			
Owners of the company		<u>1 257 706 102</u>	<u>803 924 407</u>
Non controlling interest		<u>9 297 140</u>	<u>5 807 220</u>
		1 267 003 242	809 731 627
Basic and diluted earnings per share	41	<u><u>0.62</u></u>	<u><u>0.40</u></u>

The attached notes from (1) to (42) are an integral part of these consolidated financial statements and to be read with the

Translation from Arabic

E-finance for Digital and Financial Investments Company
Consolidated statement of Comprehensive income for the financial year ended December, 31

	2023	2022
	<u>L.E.</u>	<u>L.E.</u>
Net profit for the year	1 267 003 242	809 731 627
<u>other comprehensive income</u>		
Actuarial (Losses) gain from employee benefit	(15 471 071)	10 351 660
Change in fair value of fainancail invetement at FVTOCI	876 781 694	-
Income Tax related to other comprehensive income (Note 11-1)	(193 794 893)	(2 329 121)
Total other comprehensive Income net of tax	667 515 730	8 022 539
Total comprehensive Income for the year	1 934 518 972	817 754 166
Attributable to:		
Owners of the company	1 925 492 754	811 786 047
Non controlling interest (Note 26)	9 026 218	5 968 119
Total comprehensive Income for the year	1 934 518 972	817 754 166

The attached notes from (1) to (42) are an integral part of these consolidated financial statements and to be read with them.

E-finance for Digital and Financial Investments Company
Consolidated statement of change in shareholders equity for the financial year ended December, 31

	Paid Up Capital	Share Premium	Treasury Share	ESOP Shares Reserve	Other Reserves	Reserve resulted from spin-off	Retained earnings	Equity attributable to owners of the company	Non controlling interest	Total Equity
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Balance at the Beginning of Jan. 2023	924 444 445	1 956 462 107	(5 036 004)	247 111 100	585 166 161	69 713 889	796 117 725	4 573 979 423	56 836 093	4 630 815 516
Comprehensive income	-	-	-	-	-	-	1 257 706 102	1 257 706 102	9 297 140	1 267 003 242
Net profit for the financial year ended December 31, 2023	-	-	-	-	667 786 652	-	667 786 652	667 786 652	(270 922)	667 515 730
Comprehensive income items	-	-	-	-	667 786 652	-	667 786 652	667 786 652	9 026 218	1 934 518 972
Total comprehensive income	-	-	-	-	667 786 652	-	667 786 652	667 786 652	9 026 218	1 934 518 972
Transaction with shareholders	-	-	-	-	-	-	(404 349 189)	(404 349 189)	-	(404 349 189)
Dividends according to the ordinary general assembly meeting held in March 21 ,2023	-	-	-	-	-	-	(318 436 639)	(318 436 639)	-	(318 436 639)
Dividends according to the ordinary general assembly meeting held in October 07 ,2023	-	-	-	-	19 511 194	-	(19 511 194)	-	-	-
Transfer to Legal Reserve	-	-	-	-	66 794 320	-	(66 794 320)	-	-	-
Transfer to Legal Reserve	-	-	-	258 324 742	-	-	-	258 324 742	-	258 324 742
ESOP Shares	-	-	(191 493 632)	-	-	-	1 939 413	(189 554 219)	-	(189 554 219)
Treasury Shares	-	-	-	-	-	(69 713 889)	69 713 889	-	-	-
Spin-off Reserve transfer to retained earring	-	-	-	-	-	-	-	-	(453 024)	(453 024)
Settlement	-	-	-	-	-	-	-	-	54 602 016	54 602 016
NCI shares in subsidiaries companies capital increase	-	-	-	-	-	-	-	-	(1 951 021)	(1 951 021)
NCI Share in profit distribution	-	-	-	-	-	-	-	-	(279 745)	(363 455 792)
Dividends for BOD and Employees	-	-	-	-	-	-	(363 176 047)	(363 176 047)	-	(363 455 792)
Total transaction with shareholders	-	-	(191 493 632)	258 324 742	-	-	(1100 614 087)	(1017 191 352)	51 918 226	(965 273 126)
Balance as of December 31 , 2023	924 444 445	1 956 462 107	(196 529 636)	505 435 842	1 339 258 327	-	953 209 740	5 482 280 825	117 780 537	5 600 061 362

The attached notes from (1) to (42) are an integral part of these consolidated financial statements and to be read with them.

E-finance for Digital and Financial Investments Company
Consolidated statement of change in shareholders equity for the financial year ended December, 31

	Paid Up Capital		Share Premium		Treasury Share		ESOP Shares Reserve		Other Reserves		Reserve resulted from spin-off		Retained earnings		Equity attributable to owners of the company		Non controlling interest		Total Equity	
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Balance at the Beginning of Jan. 2022	888 888 889	2 345 616 021	-	-	-	-	-	-	84 483 293	69 713 889	493 817 689	3 882 519 781	61 018 783	3 943 538 564						
Comprehensive income	-	-	-	-	-	-	-	-	-	-	803 924 407	803 924 407	5 807 220	809 731 627						
Net profit for the financial year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	7 861 640	7 861 640	160 899	8 022 539						
Comprehensive income items	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Total comprehensive income																				
Transaction with shareholders																				
Dividends according to the ordinary general assembly meeting held in March 31, 2022	-	-	-	-	-	-	-	-	-	-	(177 777 778)	(177 777 778)	-	(177 777 778)						
Capital Increase dated March 17, 2022	35 555 556	(389 153 914)	-	-	-	-	-	-	492 821 228	-	(35 555 556)	(103 667 314)	-	-						
Legal Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
ESOP Shares	-	-	-	-	247 111 100	-	-	-	-	-	-	247 111 100	-	247 111 100						
Treasury Shares	-	-	(5 036 004)	-	-	-	-	-	-	-	-	(5 036 004)	-	(5 036 004)						
NCI Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Dividends for BOD and Employees	-	-	-	-	-	-	-	-	-	-	(184 623 723)	(184 623 723)	(8 446 141)	(8 446 141)						
Total transaction with shareholders	35 555 556	(389 153 914)	(5 036 004)	(5 036 004)	247 111 100	(501 624 371)	(501 624 371)	(501 624 371)	(501 624 371)	(501 624 371)	(501 624 371)	(120 326 405)	(10 150 809)	(130 477 214)						
Balance as of December 31, 2022	924 444 445	1 956 462 107	(5 036 004)	(5 036 004)	247 111 100	585 166 161	69 713 889	796 117 725	4 573 979 423	56 836 093	817 754 166	817 754 166	5 968 119	8 022 539						

The attached notes from (1) to (42) are an integral part of these consolidated financial statements and to be read with them.

E-finance for Digital and Financial Investments Company
Consolidated statement of Cash flows for the financial year ended December, 31

Translation from Arabic

	<u>2023</u> <u>L.E.</u>	<u>2022</u> <u>L.E.</u>
<u>Cash flow from operating activities</u>		
Profit for the year before income tax	1 849 780 223	1 204 780 843
<u>Adjusted as the follows:</u>		
Fixed assets depreciation expenses	75 959 132	54 314 584
Amortization expenses of intangible assets	39 330 390	9 214 145
Amortization expenses of right of use asset	40 750 812	34 105 720
Amortization of prepaid employees benefits	2 680 646	2 718 298
Income from Equity-investment- at FVTOCI	(62 838 230)	(31 625 598)
Income from Equity-investment- at FVTPL	(69 164 255)	-
Debit interest	11 473 093	48 246 659
Credit interest	(165 000 387)	(77 289 255)
Financial investments at amortized cost revenue	(327 179 901)	(257 944 311)
End of service benefit formed	106 139 774	82 956 040
Provision formed for Impairment of trade receivable and other debit balances	153 369 471	21 096 205
Finance expenses-right of use asset	15 187 065	6 508 860
Foreign currency translation	(269 695)	(29 321)
ESOP Cost	258 324 742	144 711 105
Income from Equity-accounted investees "Associates"	(51 770 410)	(19 880 801)
Capital gain	3 069 238	(2 656 015)
	1 879 841 708	1 219 227 158
Change in inventory	(135 293 635)	(10 297 450)
Change in work in process	3 157 832	1 421 120
Change in prepaid employees benefits	410 377	-
Change in trade and other receivables	(1 197 421 082)	(335 965 585)
Change in due from related parties	6 470 344	(14 756 838)
Change in due to related parties	56 447 561	-
Change in trade and other payables	133 726 706	157 576 930
Cash flow Resulted from operating activities	747 339 811	1 017 205 335
Debit interest paid	(11 473 093)	(48 246 659)
Credit interest collected	165 000 387	77 289 255
Contracts asstes	-	(15 690 529)
Payment for employees benefits	(15 829 721)	(25 018 517)
Collection ESOP Loans	69 792 204	-
Dividends paid to employees and board members	(363 455 792)	(186 328 391)
Income taxes paid Note (11-4)	(295 719 858)	(226 556 009)
Net cash flow Resulted from operating activities	295 653 938	592 654 485
<u>Cash flow from investing activities</u>		
Proceeds from disposal of fixed assets	1 977 657	35 200
Proceeds from dividends of Equity-investment- at FVTOCI	56 554 407	28 508 002
Proceeds from Financial investments at amortized cost	233 645 493	99 238 833
Proceeds from dividends of Equity-investment- at FVTPL	4 931 456	-
Proceeds from Associates companies	1 574 999	-
Payment for acquiring Equity-investment- at FVTOCI	-	(2 900 000)
Payment of fixed assets and projects under construction	(179 267 715)	(104 309 246)
Payment of acquiring Equity-Accounted in investees (Associates) companies	-	(25 999 985)
Payment of purchasing intangible assets	(131 310 338)	(40 728 182)
Proceeds from liquidating investments at amortized cost	1 646 799 827	(1 747 818 879)
Payment of acquiring Equity-investment at FVTPL	(400 000 000)	(57 786 600)
Net cash flow Resulted from (used in) investing activities	1 234 905 786	(1 851 760 857)
<u>Cash flow from financing activities</u>		
Payment of Lease contract	(53 844 409)	(40 323 607)
Payment for treasury Shares	(189 554 220)	(5 036 004)
Proceeds from Borrowings	10 408 314	(7 531 040)
NCI shares in subsidiaries companies capital increase	54 600 000	-
Proceeds from ESOP	-	8 900 790
Dividends to Shareholders	(724 736 849)	(186 223 918)
Net cash flow used in from financing activities	(903 127 164)	(230 213 779)
Net change in cash & cash equivalent during the year	627 432 560	(1 489 320 151)
Cash & cash equivalent at beginning of the year	872 243 110	2 361 563 261
Cash & cash equivalent at end of the year	1 499 675 670	872 243 110

(Note No. 16)

The attached notes from (1) to (42) are an integral part of these consolidated financial statements and to be read with them.

1- Company's background

1-1 Legal entity

E finance for Digital and Financial Investments

- E finance for Digital and Financial Investments “The company” was established in the name of Raya for Technology of Operating Financial Institutions Company, and the name has been modified to the Operating Technology of Financial Institutions E-Finance Company– S.A.E- an Egyptian joint stock company - Giza Commercial Registry No. 15026 on 08/06/2005 in accordance with the provisions of Law No. 8 of 1997 Law of Guarantees And investment incentives, as amended by Law No. 72 of 2017 and Law No. 159 of 1981 and its executive regulations.
- Then the name was changed to E-Finance for Technology Solutions - an Egyptian joint stock company on 24/12/2020.
- Then the name was changed to E-Finance for digital and financial investments-an Egyptian joint stock company on 29/03/2021.
- The duration of the company is twenty-five years, starting from the date of registration in the commercial register.
- The company's headquarters: Building No. A3B 82 - Smart Village - Kilo 28 Cairo-Alexandria Desert Road - Giza.

The Group's Ownership structure is as follows:-

<u>Shareholder</u>	<u>Equity Ratio</u>	<u>Country</u>
Saudi Egyptian Investment Company	25.7%	Saudi
The National Investment Bank	21.8%	Egypt
Banque Misr	6.7%	Egypt
Egypt banks company for technological	6.7%	Egypt
Egyptian company for Investment Projects	6.7%	Egypt
National Bank of Egypt	6.7%	Egypt
Public Shares and Others	25.7%	Egypt
	100%	

1-2- Group's Purpose:

E-Finance for technology solutions company (Operating Technology of Financial Institutions E Finance Company (Previously)) (S.A.E)

- Providing specialized operating services for information and communication technology systems, whether inside or outside the Arab Republic of Egypt (except for the Sinai region, prior approval of the authority is required) and these services include the following:
- Managing, operating and maintaining all devices, equipment and computer networks.
- Production, issuance, printing, packaging, management and operation of a smart card system.
- Managing and operating the applications for providing banking services over the phone and through the Internet, electronic payment services, and electronic circulation of secured documents.
- Establishing, managing and operating the systems and management of customer service centers through the phone, and implementing, managing and operating the networks and central activity for the internal systems of the banks.
- Establishing and managing training centres for preparing researchers and information technology transfer centres.
- Training for operating, managing and maintaining the computer, card system and applications for providing banking services, customer service centers and applications for electronic payment services.
- Technology business incubators and entrepreneurship support.
- Information and communication technology industry, including its industrial activities, design and development of electronics, data centers and outsourcing activities, software development and technology education.
- Description, design and development of computer systems of various kinds.
- Production, development and operations of embedded systems, and training on them.
- Description and design work for data transmission and circulation networks.
- Implementation and management of data transmission and circulation networks.
- Providing technical, financial and administrative support to the companies to which the company contributes and works in the field of digital transformation and supporting them in developing their business volume.
- The company may have an interest or participate in any way with companies and others that carry out business similar to its business or that may help it to achieve its offer in Egypt or abroad. This is in accordance with the provisions of the law and its executive regulations.

Khales for digital payments services

- Providing specialized operating services for information and communication technology systems and digital payments.
- Managing, operating and maintaining banks' internal computer equipment, networks, and mainframe computers.
- Establishing operating systems for banking services through the Internet and by telephone, providing electronic payment and collection services, and handling secured documents electronically.
- Description, analysis and design work for software, databases and applications of various kinds.

- Designing and producing programs and applications, establishing databases and electronic information systems, operating and training for using them.
- The production of electronic content in various forms such as sound, image and data.
- Entering data to computers and by electronic means.
- Description and design work for data transmission and circulation networks.
- Establishing and managing training centers for preparing researchers and centers for transferring information technology and training to use them.
- Establishing, managing and developing consulting and study centers specialized in the fields of information and communication.
- Design, operation and maintenance of payment systems and electronic receipts systems.
- Trade in telecommunications equipment of all kinds, its spare parts and accessories, computers, its spare parts and accessories, and the supply of integrated systems for networks.
- Wired and wireless communication networks contracting business of all kinds, and the supply of their spare parts and requirements.
- Establishing, managing and operating outlets for the company to provide its services.
- Providing all consultations for the operation, management and maintenance of the computer, card system and applications (except for legal advice, consultations and studies related to evaluation on the occasion of capital increase and acquisition, as well as financial advice on securities for the activities of companies operating in the field of securities stipulated in Article 27 of the Capital Market Law and its executive regulations).
- Establishing and operating a center for preparing, training and developing human resources.

Smart Card Operation Technology Company E-CARDS: -

- Preparing, designing, operating, issuing, maintaining and supplying cards, smart chips and electronic programs to identify individuals and programs for issuing electronic documents.
- Description, design and management of data transmission and circulation networks for smart cards by various electronic means.
- Supply of electronic supplies, devices and programs for smart entities facilities.
- Preparing, designing, operating and maintaining electronic identification systems for individuals and integrating them into secure smart cards.
- Providing consultations in the field of smart cards and technological solutions (except for what is related to stock markets as well as markets, legal advice, consultations and studies related to evaluation on the occasion of increasing capital and acquisition, as well as financial advice on securities for the activities of companies operating in the field of securities stipulated in Article 27 of Capital Market Law and its executive regulations).
- Preparing training courses in the field of operating, managing and maintaining smart card systems and banking services applications.
- Preparing and designing short, medium and long-range radar stickers with smart chips, taking into account the Minister of Defence and Military Production Decision No. 64 of 2003.
- Import, export and commercial procurement.

E finance for Digital and Financial Investments Company (S.A.E)

Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023

- The company is bound by the provisions of Law No. 120 of 1982 and Law No. 121 of 1982 in the matter of the importers' registry regulating the business of the commercial agency, and the establishment of the company does not create any right to practice its purpose except after obtaining the necessary licenses to practice its purpose from the competent authorities without breaching the provisions of the laws regulating arranging for that purpose
- Establishing and operating a factory for manufacturing, printing and packaging smart cards, smart chips and fingerprint identification devices.
- Manufacturing, printing and packaging of smart cards, smart chips and fingerprint identification devices for individuals in third parties, without breaching the provisions of applicable laws, regulations, and decisions, and on the condition of obtaining the necessary licenses to practice these activities.
- The company may participate in any way with companies and others that carry out activities similar to its work or that may assist it in achieving its purpose in Egypt or abroad, and it may also merge with it, acquire it or join it in accordance with the provisions of the law.

Technology Company for Ecommerce Operations E-ASWAAQ MISR

- Establishing, developing and operating electronic markets.
- Create, design, develop, operate, manage, maintain and advertise for e-commerce platforms and applications.
- Online marketing.
- E-commerce.
- The work of designing and producing programs and applications, establishing databases and electronic information systems, operating and training them for agricultural, industrial, technological and exporting fields.
- Establishing voice, video and data transmission networks and providing value-added services after obtaining a license from the concerned authorities.
- Communications and Internet services.
- Providing electronic payment services.
- Publicity and Advertising.
- Holding and organizing exhibitions (except for tourist exhibitions), conferences, public parties and symposiums, on the condition that the necessary licenses are issued for each exhibition separately.
- Carrying out graphic design work.
- Providing technical and technological consultations and technical support services to the sectors operating in the field of microfinance.
- Mediation in ending the administrative procedures for electronic services at the non-governmental agencies.
- Providing logistical services from sea and air freight of goods, unloading and sea transport.
- Managing and operating call centers.
- Collecting bills electronically.
- Establishing, operating and managing warehouses.
- Import, export and commercial agencies.

E finance for Digital and Financial Investments Company (S.A.E)

Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023

- Establish operating systems for banking services through the Internet and mobile phones.
- Trade secured documents electronically.
- Managing, maintaining and operating computer equipment, and networks, and the internal systems of banks, networks, and mainframes.
- Providing specialized operating services for information and communication technology systems.

E nable for Outsourcing Services Company

- The information and communication technology industry, including its industrial activities, the core of electronics development, data centers, outsourcing activities, software development and technology education.
- Entering data on computers and by electronic means.
- Description and design of computer systems of various kinds.
- Description and design work for data transmission and circulation networks and Implementation and management of data transmission networks.
- Communications and Internet services
- Establishing voice, video and data transmission networks and providing value-added services after obtaining a license from the concerned authorities.
- Establishing, managing, operating and maintaining stations and networks of wired and wireless communication and satellites after obtaining a license from the concerned authorities, and this does not include radio and television.
- Activities related to the transformation of traditional content from sound, image and data to digital content, including the digitization of scientific, cultural and artistic content.
- Establishing, operating and managing call centres.
- The company may participate in any way with companies and others that carry out similar activities or that help it achieve its purpose in Egypt or abroad.

Technological operations for financial institutions E-Finance Company (S.A.E)

- Information and communication technology, including industrial activities, design and development of electronics and data centers, outsourcing activities, software development, and technological education.
- Software design and production.
- Design and production of computer equipment.
- Communications and Internet services.
- Establishing networks for transmitting audio, video and written information, and providing value-added services.
- Establishing and managing training centers for preparing researchers and information technology transfer centers.
- Establishing, managing, and developing consulting and study centers specialized in the fields of information and communication.
- Wholesale and retail trade of telecommunications equipment and systems, integrated systems for networks, computers, automated teller machines, points of sale, devices and equipment and importing them of all kinds, spare parts and requirements.

Technological Operation for Tax Solutions company (E tax) (SAE)

Assisting the Ministry of Finance in the following purposes after following the legally established methods of contracting:

- Provide the managerial and operating services and developing the electronic tax system including: -
 - 1- E-invoice service provider and e-receipt service provider.
 - 2- E-tax portal
 - 3- Providing field technical support services for the above-mentioned projects, providing consulting services and technological solutions to the Egyptian Tax Authority, and providing services and technological solutions to the Real Estate Tax Authority.

That does not conflict with aforementioned the objectives of the ministry, without breaching the provisions of the applicable laws, regulations and decisions, and on condition that the necessary licenses are issued to practice these activities.

The company may participate at any time it wants to cooperate with it in achieving its purpose in Egypt or abroad, it may also merge with it, buy it or attach it to it, in accordance with the provisions of the law.

Technological Operation for Health Insurance Services (E-Health) Company

Managing and operating the technological services of the comprehensive health insurance system.

- Specialized digital services for the health insurance sector and the health sector all over the Republic.

This is without breaching the provisions of applicable laws, regulations and decisions, and on condition that the necessary licenses are issued to practice these activities.

The company may participate in any way with companies and others that carry out activities similar to its activities or that may assist it in achieving its purpose in Egypt or abroad, and it may also merge with it, buy it or attach it to it, in accordance with the law.

2- Financial statement approval

The consolidated financial statements were approved for issuance by the Company's Board of Directors on February 28th, 2024

3- Basis of measurement

The consolidated financial statements are prepared according to the going concern assumption and the historical cost principle, except for financial assets and liabilities that are measured at fair value which are financial derivatives, financial assets and liabilities classified at fair value through profit or loss, and financial assets classified at fair value through other comprehensive income, as well as financial assets and liabilities measured at amortized cost. Historical cost is generally based on the fair value of the consideration given to acquire the assets.

3-1 Compliance with the Accounting Standards and Laws:

The attached consolidated financial statements were prepared according to the Egyptian Accounting Standards released by the minister of investment number 110 for 2015 and in the light of Egyptian laws and regulations in force.

3-2 Presentation Currency:

The financial statements were prepared and presented in Egyptian pound, and all the financial data was presented in the Egyptian pound are rounded to the nearest Egyptian pound except for earnings per share, otherwise is stated in the financial statement or its disclosure.

3-3 Consolidation basis

The consolidated financial statements consist of the financial statements of the parent company and its subsidiaries for the financial year. the parent company has control over the investee company if it has all the following:

- control over the investee (i.e. the existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure to variable returns resulting from the partnership in the investee, or its possession of rights to these returns.
- The ability to use its power over the investee to influence the amount of returns from it.

Generally, there is an assumption that owning the majority of voting rights leads to control. To support this assumption and when the group has less than the majority of voting rights or similar rights of the investee, the group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- Contractual arrangements with other vote holders of the investee company
- Right arising from other contractual arrangements
- The group's voting rights and potential voting rights

The Group reassesses whether or not the company controls the investee, if facts and circumstances indicate that there are changes in one or more of the three elements of control. Grouping of a subsidiary begins when the group obtains control of the subsidiary and stops when the group loses control of the subsidiary. The assets, liabilities, revenues and expenses of the subsidiary that were acquired or disposed of during the year are included in the consolidated financial statements from the date of the group's control until the date the group ceases to control the subsidiary.

The balances, transactions, revenues and expenses exchanged between the group companies are completely eliminated.

The rights of non-controlling interest holders in the consolidated financial position are presented under equity in a separate clause from the equity holders of the parent company.

When the Group loses its ultimate or joint control over a subsidiary or joint venture that obliges to joint control and instead retains a significant influence over it, then it recognizes the remaining investment as an investment in an associate and measures it at its fair value on the date of losing the ultimate or joint control. The fair value of the investment remaining on the date of losing the ultimate or joint control, is considered a cost at initial recognition of the investment in an associate.

E-Finance for Digital and Financial Investments Company (the parent company) owns, directly and indirectly, the following rights in its subsidiaries:

E finance for Digital and Financial Investments Company (S.A.E)

Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023

Subsidiaries	Activity	Country of incorporation	Direct and indirect ownership percentage
Khales for digital payment services	Digital payments services	Egypt	70%
Smart card operation technology company Ecards	Smart cards operations	Egypt	89.7%
The technology company for Ecommerce operations E Aswaq Misr	Operation of electronic markets	Egypt	61%
Enable for outsourcing services	Establishing operations, and communication centres	Egypt	99.98%
Technological operation for financial institutions (E Finance)	Operating technology of financial institution	Egypt	99.99%

3-4 Use of professional judgment and estimates

Preparing these consolidated financial statements requires management to make judgments and estimates that affect the values of revenues, expenditures, assets and liabilities included in the consolidated financial statements and the accompanying disclosures, as well as disclosure of contingent liabilities at the date of the financial statements. The uncertainty surrounding these assumptions and estimates may result in results that require significant adjustments to the carrying value of the affected assets and liabilities in future periods.

Estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The following are the main judgments and estimates that materially affect the company's consolidated financial statements:

Judgment

During the process of applying the company's accounting policies, management has taken the following provisions that have a significant impact on the amounts recognized in the consolidated financial statements:

Equity Accounted in investees (associate)

The associate company is a firm for which the group has significant influence through sharing in the financial and operational decision for this firm but not to the extent of control or Joint control.

The associate company business combination results, assets, and liabilities are shown in the financial statements of the group using the equity method, except for the investment held for trading which is accounted for according to the Egyptian accounting standard no 32 "Current assets held for sale and discontinued operations" which is measured using book value or fair value (less cost to sell) which is less. Besides, Using equity method the investment in associate is shown using the adjusted cost in the groups statement of financial position with the share of the group in the subsequent changes following the acquisition date in the company's net assets of the associate company after deducting any impairment which may rise on the value of each investment individually, and any increase in the group share of the company's net losses over the book value of the investment is not recognized except if this increase was in the limits of the legal or judgmental provision of the group towards the associate or the amounts that the group has settled on the behalf of this company

In the case of dealing with any associate company, the group's share of intercompany losses or profits is derecognized in the extent of the group's share of this associate,

besides these losses may be evidence on the decline in value of this transferred asset, such in case, an adequate provision is formed to meet this provision.

Estimates and assumptions.

The following are the main assumptions regarding the future and other major sources of estimation in case of uncertainty in the history of the financial position, which involves significant risk that causes a material adjustment to the carrying values of assets and liabilities during the next financial year. The company made its assumptions and estimates based on the available criteria when preparing the financial statements. However, the current circumstances and assumptions related to future developments may change due to market changes or the existence of conditions beyond the company's control, and these changes are reflected in the assumptions when they occur.

The useful life of fixed assets

The company's management determines the estimated useful life of fixed assets for the purpose of calculating depreciation. This estimate will be determined after considering the expected useful life of the asset or the physical depreciation of the assets. Management periodically reviews the estimated useful life and depreciation method in order to ensure that the method and duration of depreciation is consistent with the expected pattern of economic benefits arising from these assets.

Defined Benefit Plan

The defined benefit plan cost and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. This includes determining the discount rate, future salary increases, mortality rates, and employee turnover. Due to the complexities involved in valuation and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions, and all assumptions are reviewed at each financial position date.

The factor most subject to change is the discount rate. When determining the appropriate discount rate, the management takes into consideration the market return on high quality (company / government) bonds. The death rate is based on the death tables available in the country. These mortality tables change only at intervals in response to demographic changes. Future salary increases depend on the country's expected future inflation rates.

Fair value measurement

Fair value is the price that would be obtained to sell an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability either occurs.

- In the primary market for the asset, liability, or
- In the absence of the primary market, in the most beneficial market for the asset or liability

The fair value of the asset or liability is measured using the assumptions that market participants will use when pricing the asset or liability on the assumption that market participants will act in their economic interest. The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic

benefits through using the asset in its best and best use or selling it to another participant who will use the asset in its best and best use.

The group uses valuation methods that are considered appropriate according to the circumstances and for which sufficient information is available to measure fair value, while maximizing the use of relevant observable inputs and limiting the use of unobservable inputs.

All assets and liabilities that are measured or disclosed in the financial statements are classified at fair value into categories of the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the entire measurement on the fair value measurement as a whole:

- The first level: it is the quoted prices (unadjusted) in an active market for identical assets or liabilities.
- Second level: evaluation techniques in which the lowest level inputs that are important for the entire measurement are directly or indirectly observable.
- Third level: evaluation techniques in which the lowest level inputs that are important for the entire measurement are unnoticed.

Allowance for expected credit losses for trade receivables.

The Group uses the provision register to calculate the expected credit losses for its trade receivables. Provision rates are based on days of delay for the customer group.

The calculation is initially based on the Group's historical default rates. The Group will accurately calculate the matrix to adjust the historical credit loss with prospective information. For example, if projected economic conditions (ie GDP) are expected to deteriorate over the next year which may lead to an increase in the number of defaults, then the historical default rates are adjusted. At each reporting date, the historical default rates are updated and changes in forward-looking estimates are analysed.

The assessment of the relationship between defaulting historical rates which are observed, expected economic conditions and expected credit losses is a significant judgment. The value of expected credit losses is the most sensitive item to changes in expected economic conditions and circumstances. The historical credit loss and economic conditions expectations may not represent an actual customer default for the group in the future. Information regarding the expected credit losses of the company's trade receivables is disclosed in note 14.

4 The most significant accounting policies applied.

The accounting policies mentioned below are applied in a consistent manner during the financial periods presented in this consolidated financial statement.

4-1 Translating transactions in foreign currencies

The Group holds its accounts in Egyptian pound, and transactions are recognized in foreign currency books based on the prevailing price of foreign currencies and at the end of each financial period. fair value denominated in a foreign currency using the exchange rates prevailing at the date that the fair value was determined, and items of a non-monetary nature that are measured at historical cost are translated.

Gains or losses from translation of non-monetary items that are measured at fair value are recognized in a manner consistent with the recognition of gains or losses from the change in the fair value of the item. That is, translation differences related to items for which gains or losses from the change in fair value are recognized in other comprehensive income items or in the statement of profit or loss within other comprehensive income items or in the statement of profit or loss, respectively.

4-2 Fixed assets

All items of fixed assets appear in the statement of financial position at their historical cost, minus the accumulated depreciation, in addition to the accumulated losses resulting from impairment in their value. The cost of a fixed asset includes all expenditures directly attributable to the acquisition of the asset. Subsequent expenditures are added to the carrying amount of the asset or recognized separately depending on the case - only when it is likely that the use of this item will generate future economic benefits for the company and the acquisition cost of this item can be measured reliably.

Repair and maintenance expenses are charged to the profit or loss statement for the fiscal year in which these expenses are incurred. Profits and losses arising from the disposal or liquidation of fixed assets are determined on the basis of the difference between the processed of disposal - if any - and the book value of those assets and are included in the profit or loss statement.

Depreciation is charged to the consolidated income statement according to the straight-line method based on the estimated useful life of each type of fixed assets, so that it reflects the benefit from the economic benefits of the assets, and the company's management reviews the remaining useful lives of fixed assets periodically to determine whether they are compatible with ages previously estimated useful life, and if there is a significant difference, the assets are depreciated over the estimated remaining period.

	Assets useful life
Buildings and facilities	50 years
Network and light stream	4 years
Air conditioners and elevators	10 years
Computer	From 1 to 7 years
Furniture, tools and electrical appliances	From 2 to 4 years
Leasehold improvements	Lower of useful life or contract period
Networks	From 3 to 7 years
POSs	From 2 to 3 years
ATMs	5 years
Vehicles	5 years

Fixed assets are disposed when they are disposed of or when no future economic benefits are expected from their use or sale in the future. Any profits or losses that arise when the asset is disposed are recognized in the consolidated statement of profit or loss in the period in which the asset is disposed.

Land is recognized at its historical cost and is not depreciated.

The company determines, at each financial position date, whether there is an indication that a fixed asset has impaired. When the book value of the asset exceeds its recoverable amount, it is considered that there is impairment of the asset and thus it is reduced to its recoverable value. Impairment loss is recognized in the consolidated statement of profit or loss.

The loss resulting from impairment is only refunded if there has been a change in the assumptions used to determine the asset's recoverable value since the last loss resulting from impairment was proven, and the refund of the loss resulting from the impairment is limited so that the book value of the asset does not exceed its recoverable amount or the book value that was to be determined (net after depreciation) unless the impairment loss is recognized with respect to the asset in previous years. And the response to the loss resulting from impairment is recorded in the statement of profit or loss.

4-3 Projects under Construction

Projects in progress are recorded at cost, minus the sum of impairment in their value if any. The cost includes all costs directly related to the asset and necessary to prepare the asset to the status in which it is operated and for the purpose for which it was acquired. The projects under construction are transferred to the item of fixed assets when they are completed and available for the purpose for which they were acquired, and then their depreciation begins using the same bases followed by the depreciation of similar items of fixed assets.

4-4 Intangible assets

Assets of a non-monetary nature that do not have a physical but identifiable existence that are acquired for business purposes and from which future benefits are expected to flow are treated as intangible assets. Intangible assets (other than goodwill) include computer systems, licensing networks, and trademark rights. Intangible assets are measured at cost, which is the cash price on the date of its initial recognition. In the event of deferment of payment for periods longer than the normal credit period, the difference between the cash price and the total amount paid is recognized as interest. Intangible assets are presented net of depreciation and impairment losses. Subsequent expenditures on the acquisition of intangible assets are capitalized within the carrying amount of the capitalized assets only when such expenditures increase the future economic benefits of the asset or assets, while all other expenditures when incurred are charged to the profit or loss statement. Intangible assets are depreciated according to the straight-line method over the useful lives of intangible assets unless the useful life of intangible assets is indefinite, in which case an impairment test is conducted for those assets on an annual basis.

The Group shall recognize the assets necessary for public service concession agreements as intangible assets if :-

1. The group controls or regulates the service that the operator must provide through infrastructure and to whom they must be provided, and at what prices.

2. The group controls, through ownership usufruct or otherwise, any significant remaining portion of the infrastructure assets at the end of the term of the arrangement.

on a straight-line basis over the useful life of the asset as follows:

The useful life of the asset

Software	4 years
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4-5 Impairment of intangible assets

On an annual basis - or whenever necessary - the group reviews the book values of its tangible assets to determine whether there are evidence or indications of the possibility of impairment in their value, if the impairment losses in its value. If the recoverable amount of an asset cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In the case of using logical and fixed bases to distribute assets to the cash-generating units, the general assets of the group are also distributed to those units. If this is not possible, the group's general assets are distributed to the smallest group of cash-generating units that the group can determine using logical and consistent bases.

For intangible assets that do not have a definite useful life or are not yet available for use, an annual test for impairment is conducted in their value, or as soon as there is any indication that those assets are subject to impairment.

The recoverable amount of an asset or a cash-generating unit is represented by the "fair value less costs to sell" or "value in use", whichever is greater.

Estimated future cash flows from the use of the asset or cash-generating unit are discounted using a pre-tax discount rate to arrive at the present value of those flows, which expresses their value in use. This rate reflects current market assessments of the time value of money and the risks associated with that asset, which have not been taken into account when estimating the future cash flows generated by it. If the estimated recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, the carrying amount of that asset (or a cash-generating unit) is reduced to reflect its recoverable amount.

The impairment losses are immediately recognized in the income statement. When, in a later period, the impairment loss recognized in prior periods is derecognized, the carrying amount of the asset (or the cash-generating unit) is increased in line with the new estimated recoverable amount, provided that the revised carrying amount does not exceed the original carrying amount that would have been possible that the asset reaches it if the loss resulting from impairment in its value has not been recognized in previous years. This reverse adjustment of impairment losses is immediately recognized in the income statement.

4-6 Financial Instruments

Financial Assets

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Upon initial recognition, the entity shall, measure the financial asset or financial liability at its fair value added or deduct it, in the case of a financial

asset or financial liability not at fair value through profit or loss, transaction costs that can be directly attributable to the acquisition or issuance of the financial asset or financial liabilities, with the exception of the due from customers who, if the amounts owed to them do not include a significant financing component.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVTOCI – debt investment; FVTOCI – equity instrument; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect future cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms 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 an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI, so this election is made on an investment-by-investment basis.

All financial assets not measured at amortized cost or FVTOCI as described above are measured at FVTPL and this includes all derivative financial assets. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The accounting policies related to the application are similar to the accounting policies applied by the Group, with the exception of the following accounting policy, which came into effect starting from January 1, 2020.

Financial assets- Business Model Assessment:

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets.
- How the performance of the portfolio is evaluated and reported to the Group's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

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

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

- Contingent events that would change the amount or timing of cash flows.
- Terms that may adjust the contractual coupon rate, including variable-rate features.
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and

interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses:

Financial assets classified at FVTPL	Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss at derecognition is recognized in profit or loss.
Equity investments at FVTOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Debt investments at FVTOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

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

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Impairment

1) Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost.
- Debt investments measured at FVTOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of a default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue

cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as releasing security (if any is held); or
- The financial asset according to the terms of payment and the nature of each sector for individual customers and considering the study of expected credit losses prepared by the company.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

The calculation of expected credit losses excludes the following: -

1. Debt instruments issued by the Egyptian government in the local currency.
2. Current accounts and deposits in the local currency with banks operating in Egypt that are due within one month from the date of the financial position.

Credit-impaired financial assets.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer.
- A breach of contract such as a default or being more than 120 days past due; The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; It is probable that the borrower will

enter bankruptcy or other financial reorganization; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVTOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is two years past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4-7 Income tax and Deferred Tax

A provision is made to meet potential tax obligations and disputes from the management's point of view in light of the tax claims received and after conducting the necessary studies in this regard.

The group's consolidated income statement is periodically charged with an estimated tax expense for each financial period, which includes both the value of the current tax as well as the deferred tax, provided that the actual tax expense is recorded at the end of each financial year.

Deferred tax assets and liabilities represent the expected tax effects of temporary differences resulting from the difference in the value of assets and liabilities in accordance with tax rules, and between the book values of those assets and liabilities in accordance with the accounting bases used in preparing the consolidated financial statements.

The current tax is calculated on the basis of the tax base specified in accordance with the laws, regulations and instructions in force in this regard and using the tax rates in effect on the date of preparing the financial statements, while the deferred tax value is determined using the tax rates expected to be applied in the periods during which the obligation will be settled or the asset is used and based on Tax rates and tax laws in force at the date of the financial statements.

The deferred tax is recognized as an expense or revenue in the income statement, except for those related to items that are directly recognized in equity, so the related deferred tax is also treated directly within equity.

In general, all deferred tax liabilities (resulting from future taxable temporary differences) are recognized, while deferred tax assets (resulting from tax-deductible temporary differences) are recognized only if there is probable or other convincing evidence that sufficient tax profits will be achieved in the future. The statement of financial position method is used to calculate deferred tax assets and liabilities, and they are classified under non-current assets and liabilities.

4-8 Provisions

A provision is recognized when the group has a present obligation (legal or constructive) as a result of past events, and it is probable that the settlement of that obligation will result in an outflow from the group in the form of resources that include economic benefits and that the estimated costs of meeting those obligations are likely to occur and it is possible to estimate the value of the obligation reliably. The value that is recognized as a provision represents the best estimates available for the consideration required to settle the current obligation at the date of the financial statements if the risks and uncertainties surrounding that obligation are taken into consideration.

When a provision is measured using the cash flows estimated to settle the present obligation, the carrying amount of the provision represents the present value of those cash flows. If the cash flows are discounted, the book value of the provision increases in each period to reflect the time value of money resulting from the passage of the period. This increase in the provision is recorded in the financing expenses in the income statement.

4-9 Employee Benefits

The group manages a defined benefit plan for its employees. This plan is not funded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The re-measurements that include actuarial profits or losses are recognized immediately in the statement of financial position and the counterparty, whether indebted or creditor of the retained earnings, is through other comprehensive income in the period in which they occur. Reclassification of measurements is not made to the statement of profit or loss in subsequent periods.

The cost of past service is recognized as an expense on one of the following dates - whichever comes first:

- When an amendment or reduction to the system occurs. or
- When the entity recognizes the costs of the related restructuring.

The group calculates the net interest expense by applying a discount rate to the defined benefit obligation. The group recognizes changes in the following defined benefit obligation under “cost of revenue” and “general and administrative expenses” in the profit or loss statement (as per the functional classification):

- Service costs which include current service cost, past service costs, curtailment gains and losses, non-routine adjustments and compromises.
- Net interest expense

4-10 Inventory

Inventories are recorded at cost or net realizable value, whichever is lower. The cost is determined using the “first in, first out” method for issuing of the inventory. The net realizable value is estimated on the basis of the selling price in the normal course of business, minus the estimated costs necessary to complete the sale, as well as any other costs necessary to complete the sale.

4-11 Work in progress.

All costs associated with work-in-progress are collected in a work-in-progress account until the completion of these works and the value of these works is confirmed in the financial statements at cost or net recoverable value, whichever is less, and the cost includes all costs directly related to contracts concluded with clients until the completion of the contract and delivery to the customer.

4-12 Social Insurance

The group makes contributions to the national organization for social insurance and is calculated as a percentage of employees' salaries. The group's obligations are limited to these contributions, which are expensed when due.

4-13 Cash and cash equivalents.

Cash and cash equivalents include cash balances in the fund, current accounts with banks, time deposits, treasury bills and investment fund deposits, which do not exceed three months - if any - and the bank balance is considered an overdraft, which will be paid upon request as part of the group's management of funds for the purposes of preparing the cash flow statement.

4-14 Share capital.

Issuance of shares

The additional costs directly related to the issuance of new shares are calculated by deducting these net costs from equity after deducting income tax, if any.

Share capital repurchase.

The value paid to purchase equity capital shares recorded in equity must be recognized as a change in the equity value including the purchase expenses. Shares purchased are classified as treasury shares and deducted from total equity.

4-15 Legal reserve

In accordance with the requirements of the Companies Law and the Company's Articles of Association, 5% of the annual net profit is deducted to form a legal reserve. The legal reserve is used to increase the share capital or reduce the company's losses. The deduction of this percentage stops when the reserve balance reaches 50% of the issued capital of the company, and in the event that this reserve falls below the mentioned percentage, the formation of this amount must be set aside.

4-16 Employees' share of profit

In accordance with the articles of association, the group pays a cash share to the employees in the profits in accordance with the rules proposed by the company's board of directors and approved by the general assembly. The employees' share of profits is recognized as a dividend in the statement of changes in equity and as a liability during the financial year in which the group's shareholders approve this distribution.

4-17 Earnings per share

The group displays the basic share of the share of its ordinary shares. The basic share is calculated by dividing the profit or loss related to the shareholders on their contribution to the ordinary shares of the company by the weighted average number of ordinary shares outstanding during the year. Since the distribution of profits is an inherent right of the owners of the company, no liability is recognized by the employees in the profits whose distribution has not been declared until the date of the financial statements (retained earnings).

4-18 Revenue from contracts with customers

Revenue from contracts with clients is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for such transfer.

The group recognizes revenue from contracts with customers based on a five-step model as set out in EAS (48) and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies the performance obligation and recognizes revenue over time, if one of the following criteria is met:

- a) The performance of the group does not create an asset with an alternative use for the company, and that the company has an enforceable right to payment for performance completed to date.
- b) Group performance creates or improves a customer-controlled asset at the same time as the asset is being constructed or improved.
- c) The customer simultaneously receives and consumes the benefits provided by the entity's performance once the Group has performed.

For performance obligations, if any of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

If the Group fulfils the performance obligation by providing the services that have been promised, this creates an asset based on a contract in exchange for consideration gained from performance. In the event that the consideration received by the customer exceeds the amount of revenue that has been recognized, a contract obligation may arise.

Revenue is measured at the fair value of the consideration received or receivable, after taking into account the contractual terms of payment, and after excluding taxes and fees. The Group reviews its revenue arrangements against specific criteria to ascertain whether it is acting as principal or agent.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that revenue and costs, where applicable, can be measured reliably.

The Group recognizes some revenue over a period of time, by measuring the progress towards the fulfilment of performance obligations, for each performance obligation that is fulfilled over a period of time. The objective when measuring progress is to show the entity's achievement towards transferring control of the promised goods or services to the customer (ie the entity's fulfilment of the

performance obligation). Similar performance obligations and in similar circumstances.

The Group, when applying a method for measuring progress, shall exclude from the measurement any goods or services over which the Group will not transfer control to the customer. Conversely, the Group shall include, when measuring progress, any goods or services over which the entity has transferred control to the customer in fulfilment of a performance obligation.

For contracts that permit the customer to return the service, revenue recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. therefore, the amount of revenue recognized is adjusted for expected returns, which are estimated based on the historical data.

Output Method

Output methods recognize revenue based on direct measurements of the value of the goods or services transferred to the customer to date, attributable to the remaining goods or services promised under the contract. Output methods include methods such as inventory of performance completed to date, assessments of results achieved, a specific milestone reached, the time elapsed, units produced, or units delivered. When an entity assesses whether it will apply the output method to measure its progress, the entity must consider whether the output method chosen faithfully reflects the entity's performance towards full fulfilment of the performance obligation.

As a practical means, if an entity has a right in return from a customer in an amount that directly matches the value provided to the customer from the entity's completed performance to date, the entity may recognize revenue in the amount for which the entity is entitled to invoice.

Interest Income

Interest income is recognized according to the accrual principle on the basis of time proportional distribution, taking into consideration the principal outstanding and the effective interest rate applied for the period to the maturity date.

Dividends Group revenue

Revenues arising from dividends due to the group on its investments in equity instruments - except its investments in sister companies - are recognized in profits or losses when the group's right to receive the dividends is issued. The cost of such investments is reduced by pre-acquisition dividends, which clearly represent a recovery of part of the acquisition cost.

4-19 Expenses

All expenses are recognized, including the cost of revenues, general, administrative, marketing and financing expenses, and are included in the consolidated statement of

profit or loss in accordance with the principle of accrual in the fiscal year in which those expenses were realized.

4-20 Borrowing costs

The cost of borrowing is recognized as an expense in the income statement using the effective interest rate method when incurred, except for the borrowing cost that is directly related to the creation or acquisition of assets that qualify to bear the cost of borrowing. its specified purpose.

4-21 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date as a basis, or the price of the closest market owned by the company on that date in the absence of its market price, and the fair value of the liability reflects the risk of non-performance.

A number of the company's accounting policies and related disclosure requirements require the determination of the fair value of financial and non-financial assets and liabilities.

In the case of an active market, the fair value of financial instruments is determined on the basis of the market value of the financial instrument or similar financial instruments at the date of the financial statements. The values of financial assets are determined at the current purchase prices for those assets. The market is considered active if transactions are made on the asset or liability with frequency and a sufficient size to provide information Pricing continuously.

In the event that there is no active market to determine the fair value of financial instruments, the fair value is estimated using various valuation methods, taking into account the prices of recent transactions. The chosen valuation technique includes all the factors that market participants will take into account when pricing the transaction.

If an asset or liability is measured at fair value at the bid and ask price, the company measures long-term assets at the bid price and short-term liabilities at the ask price. The best evidence of the fair value of a financial instrument on initial recognition is usually the transaction price - that is, the fair value of the consideration paid or received. If the Company finds that the fair value at initial recognition differs from the transaction price and fair value (whether at a quoted price in an active market for an identical asset or liability and does not rely on a valuation technique on which any input is judged if it is not significant to the measurement), then the financial instruments are measured. Initially at fair value, adjusted to defer the difference between fair value at initial recognition and the transaction price. Subsequently, this difference in profit or loss is recognized on an appropriate basis over the life of the instrument but no later than when the valuation is fully supported by reliable market data or when the transaction is closed.

In limited circumstances, the cost may be used an approximation of fair value. This may be the case if the most recently available information is not sufficient to determine fair value, or if there is a wide range of possible fair value measurements and the cost is the best estimate of fair value within that range.

4-22 Lease contracts.

The Company, as a lessee, recognizes the “right of use” asset and the lease liability at the commencement date of the lease.

At the initial recognition, the right-of-use asset is measured as the amount equal to the initially measured lease liability, adjusted for pre-contract lease payments, initial direct cost and lease incentives, and the discounted value of the estimated costs of decommissioning and removing the asset. In the subsequent measurement, the right-of-use asset is measured at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis over the estimated useful life of the right-of-use assets or the lease term - whichever is less.

On initial recognition, Lease liabilities are measured at the present value of the lease payments unpaid on that date and related services fixed over the lease term, and the lease payments must be discounted using the incremental borrowing rate. Generally, the company uses the incremental borrowing rate as the discount rate. The lease liability is then measured at amortized cost using the effective interest rate method. The right-of-use assets and lease liability will be subsequently re-measured if one of the following events occurs:

- The change in the rental price due to the linkage to the rates or rate that became effective during the period.
- Amendments to the lease agreement.
- Reassess the lease term.

Leases of non-core assets not related to the Group's principal operating activities, which are by nature short-term (less than 12 months including renewal options) and leases of low-value commodities are recognized in the consolidated statement of profit or loss as incurred.

Significant Judgements

Egyptian Accounting Standard No. 49 requires a company to assess the lease term as the non-cancellable lease period in line with the lease with the period for which the company has extension options that it is certain to exercise, the periods specified by the company, and the periods for which the company has termination options that it is uncertain that the company will implement it.

4-23 Payment Based on Share

The fair value of share-based payment transactions settled in the form of equity instruments is recognized as an expense, and as a corresponding increase in equity, during the year to maturity. The amount recognized as an expense is adjusted to reflect the number of grants for which the related service and performance conditions are expected to be met, so that the amount ultimately recognized is based on the number of equity instruments granted that satisfy the relevant service conditions and non-market performance conditions at the maturity date.

4-24 Investments in Associates

The purchase method is used in accounting for the acquisition of these companies. The Cost of acquisition is measured at fair value or the consideration given by the company in the form of assets for purchase and/or equity instruments issued and/or liabilities incurred by the group and/or liabilities assumed on behalf of the acquired company, on the date of exchange, plus any costs directly attributable to the company

acquisition. The net assets, including identifiable contingent liabilities acquired, are measured at their value on the date of acquisition, regardless of the existence of any minority interests. The excess of the acquisition cost over the fair value of the group's share in that net Is goodwill. If the acquisition cost is less than the fair value of the net referred to, the difference is recorded directly in the income statement under the heading of other operating income (expenses).

Sister companies are accounted for in the group's consolidated financial statements using the equity method. Under this method, investments are recorded at the value of the group's share in net equity, and dividends are recorded in the balance sheet as a reduction in the value of the investment when these dividends are approved and the group has the right to collect them.

E-finance for Digital and Financial Investments Company
Notes To The consolidated Financial Statements for the financial year ended December 31, 2023

5- Fixed Assets

	<u>Lands & buildings</u>		<u>Equipments, Computer & software</u>		<u>Leasehold improvement</u>		<u>Office furniture & fixtures & Electrical equipments</u>		<u>Networks</u>		<u>Point of sale</u>		<u>ATM</u>		<u>Vehicles</u>		<u>Total</u>		
	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	
<u>Cost</u>																			
Cost as of 1/1/2023	156,402,336		335,580,002	35,834,155	67,761,952	30,977,403	97,982,524	30,517,185	1,606,105										756,661,662
Additions during the year	-		95,632,760	6,409,073	7,876,484	2,865,530	26,046,906	902,387	-										139,733,140
Transferred to intangible assets	-		(1,487,997)	-	(197,598)	-	-	-	-										(1,685,595)
Transferred from Puc	-		-	-	1,725,821	-	-	-	-										1,725,821
Disposals during the year	-		(895,542)	-	-	-	(22,543)	-	-										(918,085)
Cost as of 31/12/2023	156,402,336		428,829,223	42,243,228	77,166,659	33,842,933	124,006,887	31,419,572	1,606,105										895,516,943
<u>Accumulated depreciation</u>																			
Accumulated depreciation as of 1/1/2023	19,865,184		213,286,954	15,590,327	45,142,027	24,222,705	88,491,443	25,731,955	1,387,900										433,718,495
Depreciation of the year	1,992,030		39,752,957	9,262,580	12,718,566	2,512,127	7,846,525	1,808,888	65,459										75,959,132
Accumulated depreciation disposals	-		(199,014)	-	-	-	(17,144)	-	-										(216,158)
Accumulated depreciation as of 31/12/2023	21,857,214		252,840,897	24,852,907	57,860,593	26,734,832	96,320,824	27,540,843	1,453,359										509,461,469
Net book value as of 31/12/2023	134,545,122		175,988,326	17,390,321	19,306,066	7,108,101	27,686,063	3,878,729	152,746										386,055,474

Depreciation charged to the following items

	2023	2022
Cost of revenue (Note 28)	EGP 64,091,315	EGP 39,731,185
General and administrative expenses (Note 31)	11,867,817	14,583,399
Total depreciation of assets	75,959,132	54,314,584

E-finance for Digital and Financial Investments Company
Notes To The consolidated Financial Statements for the financial year ended December 31, 2022

5- Fixed Assets

	<u>Lands & buildings</u>		<u>Equipments, Computer & software</u>		<u>Leasehold improvement</u>		<u>Office furniture & fixtures & Electrical equipments</u>		<u>Networks</u>		<u>Point of sale</u>		<u>ATM</u>		<u>Vehicles</u>		<u>Total</u>		
	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	
<u>Cost</u>																			
Cost as of 1/1/2022	156 402 336		274 653 685		29 097 938		61 384 891		28 706 154		90 916 287		29 434 321		1 606 105				672 201 717
Additions during the year	-		60 926 317		6 736 217		6 377 061		2 271 249		7 082 113		1 082 864		-				84 475 821
Disposals during the year	-		-		-		-		-		(15 876)		-		-				(15 876)
Cost as of 31/12/2022	156 402 336		335 580 002		35 834 155		67 761 952		30 977 403		97 982 524		30 517 185		1 606 105				756 661 662
<u>Accumulated depreciation</u>																			
Accumulated depreciation as of 1/1/2022	17 873 155		185 164 578		9 983 268		32 186 728		23 217 038		85 840 020		23 832 561		1 322 439				379 419 787
Depreciation of the year	1 992 029		28 122 376		5 607 059		12 955 299		1 005 667		2 667 299		1 899 394		65 461				54 314 584
Accumulated depreciation disposals	-		-		-		-		-		(15 876)		-		-				(15 876)
Accumulated depreciation as of 31/12/2022	19 865 184		213 286 954		15 590 327		45 142 027		24 222 705		88 491 443		25 731 955		1 387 900				433 718 495
Net book value as of 31/12/2022	136 537 152		122 293 048		20 243 828		22 619 925		6 754 698		9 491 081		4 785 230		218 205				322 943 167

6 Intangible assets

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Cost		
The year beginning cost	92 118 763	27 445 439
Transferred from fixed assets (Note 5)	1 685 595	--
Transferred to inventory	(1 296 431)	--
Transferred from Project under constructions	20 427 870	8 254 613
Disposals	(1 929 631)	--
Additions during the year	131 310 338	56 418 711
Cost at end of the year	242 316 504	92 118 763
Deduct:		
Beginning accumulated amortization at the year	15 802 831	6 588 686
Accumulated amortization disposals	(1 072 017)	--
Amortization for the year	39 330 390	9 214 145
Accumulated amortization at end of the year	54 061 204	15 802 831
Net Book Value at end of the year	188 255 300	76 315 932

Amortization is charged within the following items:

	2023 <u>L.E</u>	2022 <u>L.E</u>
Cost of sales (Note 28)	17 744 679	5 219 096
General and Administrative Expenses (Note 31)	21 585 711	3 995 049
	39 330 390	9 214 145

7 Projects under Construction

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Computers and software	39 390 588	20 090 831
Points of sale devices	1 145 625	3 057 698
Building	118 844 017	120 366 338
Digital platform project	1 515 521	--
Total projects under constructions at the end of the year	160 895 751	143 514 867

8 - Financial investments at fair value:

8-1 Equity Investments at fair value through OCI

	<u>Investment Value</u>	
	<u>December, 31 2023</u>	<u>December, 31 2022</u>
	<u>L.E</u>	<u>L.E</u>
Beginning balance	197 988 608	137 302 008
Additions of the year	--	60 686 600
Settlement	(451 008)	--
Revaluation of financial investment at FVTOCI	876 781 694	--
Total investments at the end of year	<u>1 074 319 294</u>	<u>197 988 608</u>

The value of investments lies in the contribution to following companies:

- Egyptian State Technology Services Company ESERVE (SAE)
- Egyptian Company for Electronic Commerce Technology (MTS)
- Egypt Delta Payments Company (SAE)
- International Company for Consulting and Information Systems (ACIS)
- Nclude Financial Technology Innovation Fund (Limited partnership)

8-2- Investment in fair value through Profit or Loss

On June 20, 2023, the company's board of directors decided to allocate 15% of the company's available cash as a maximum portfolio, provides that these portfolios are assigned to three or four major portfolio management companies in the market with a stop loss point at the level of 20% and accordingly, the company Has already started investing and the following is a statement of these investments:

<u>Purchasing value</u>	<u>Profit Returned</u>	<u>Profit of Revaluation</u>	<u>Dividend</u>	<u>Tax Dividend</u>	<u>Commissions</u>	<u>Available Liquid</u>	<u>Balance December 31, 2023</u>
<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
400 000 000	12 760 667	50 978 258	5 425 330	(271 267)	1 170 538	(6 101 994)	<u>463 961 532</u>

Accounting classifications and fair values:

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 December 2023	Carrying amount		Fair Value	
	FVOCI	FVTPL	Level 3	Level 1
Equity securities	1 074 319 294	463 961 532	1 074 319 294	463 961 532
31 December 2022				
Equity securities	197 988 608	-	197 988 608	-

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Financial instruments measured at fair value:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities	<ul style="list-style-type: none"> Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. Net assets value. P/E multiplier 	<ul style="list-style-type: none"> Expected cash flows (31 December 2023: EGP 767M–2282M). Risk-adjusted discount Rate taking into consideration risk free rate, beta, tax rate and country risk. PE 7.8X 	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> the expected cash flows were higher (lower); or the risk-adjusted discount rate were lower (higher).

9 Financial Investment at amortized cost

Treasury bills in the financial position represent as the following:

Purchasing value	Purchasing date	Due date	Return Percentage	Duration	Return	Carrying value December 31, 2023	Face Value
L.E			%		L.E	L.E	L.E
470 260 000	24/10/2023	23/01/2024	25.37%	91	17 517 187	487 777 187	500 000 000
169 392 600	01/10/2023	26/03/2024	25.37%	117	8 518 793	177 911 393	190 000 000
70 170 805	09/11/2023	06/02/2024	25.30%	89	2 062 448	72 233 253	74 500 000
709 823 405					28 098 428	737 921 833	764 500 000

Purchasing value	Purchasing date	Due date	Return Percentage	Duration	Return	Carrying value December 31, 2022	Face Value
L.E			%		L.E	L.E	L.E
199 999 866	29/11/2022	30/05/2023	18.40	182	2 446 685	202 446 551	218 350 000
60 569 070	04/01/2022	03/01/2023	13.13	364	6 286 642	66 855 712	68 500 000
91 630 000	30/11/2022	30/05/2023	18.42	181	1 116 000	92 746 000	100 000 000
618 954 000	04/01/2022	03/01/2023	13.13	364	64 302 430	683 256 430	700 000 000
721 357 500	18/10/2022	17/01/2023	15.93	91	18 633 363	739 990 863	750 000 000
495 337 300	18/10/2022	17/01/2023	15.92	91	12 791 559	508 128 859	515 000 000
61 658 880	19/10/2022	17/01/2023	15.40	90	1 539 937	63 198 817	64 000 000
2 249 506 616					107 116 616	2 356 623 232	2 415 850 000

10 Equity accounted investees (Associates)

	Percentage	Investment Value	
		December 31, 2023	December 31, 2022
		L.E	L.E
Technological Operation for Tax Solutions (e Tax)*	35%	34 999 975	34 999 975
Group's share of Retained earnings		28 049 536	1 847 127
Group's share of Year Results		51 086 202	27 952 411
		114 135 713	64 799 513
E Health (Technological Operation for Health Insurance Services)**	35%	34 999 975	34 999 975
Group's share of Retained earnings		(8 071 610)	--
Group's share of year results		684 208	(8 071 610)
		27 612 573	26 928 365
E-Comm Africa	30.9%	5 000 000	5 000 000
		5 000 000	5 000 000
		146 748 286	96 727 878

- * The investment in associate companies amounted to 1 399 999 shares in Technological Operation for Tax Solutions (e Tax) representing 35% of the issued capital, which was established on February 1, 2021 with an issued capital 400 million pounds and paid up capital of 100 million Egyptian pounds with par value 100 Pounds paid at 25%.

The Group's share in retained earning at the date of the financial position amounted to 79 135 738 Egyptian Pound(29 799 538 Pounds as of December 31st, 2022).

- ** The investment in associate companies amounted to 1 399 999 shares in E Health (Technological Operation for Health Insurance Services) representing 35% of the issued capital, which was established on September 13, 2021 with an issued capital 400 million pounds and paid up capital of 100 million Egyptian pounds with par value 100 Pounds paid at 25%.

The Group's share in retained loss at the date of the financial position amounted to 7 387 402 Egyptian Pounds (8 071 610 on December 31, 2022)Pounds.

- *** The value of the investment represents the group's share of 5 million shares in the African e-commerce platform company E COMM, and the payer represents 100% of the group's share in the issued capital, with 4.9 million shares for the technology company for Ecommerce Operation E-Aswaaq Misr, and 100 thousand shares for the benefit of a technological operation for financial institution E-Finance company, which was established on April 10, 2022, with an issued and paid-in capital of 10 million pounds, with a nominal value of 1 pound per share.

E finance for Digital and Financial Investments Company (S.A.E)
Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023

11 Tax:

11-1 Income tax

	2023	2022
	<u>L.E</u>	<u>L.E</u>
Current Income Tax Expenses	(481 156 874)	(314 180 227)
Dividends tax from Equity investment at FVTOCI	(6 283 840)	(3 117 596)
Treasury Bills Tax	(65 559 936)	(51 588 862)
Deferred tax (expense)	(29 776 331)	(26 162 531)
Income Tax at Profit and Loss	<u>(582 776 981)</u>	<u>(395 049 216)</u>
Deferred income tax at other comprehensive income	<u>193 794 893</u>	<u>2 329 121</u>

11-2 Deferred tax

A) Recognized deferred tax assets / liabilities

	December 31, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Depreciation of fixed assets	-	26 048 888	-	19 362 385
Obligations of the employee benefits	70 333 180	-	46 532 427	-
Tax Losses	18 150 932	-	11 457 460	-
Investment by FVOCI	-	197 275 882	-	-
Dividends Income undistributed	-	81 153 908	-	34 297 778
Unrealized foreign currency exchange	-	4 690 274	76 170	-
	<u>88 484 112</u>	<u>309 168 952</u>	<u>58 066 057</u>	<u>53 660 163</u>
Net deferred tax liabilities/assets		<u>220 684 840</u>	<u>4 405 894</u>	<u>-</u>
		-		-
Deducts: the previously charged deferred tax assets	(4 405 894)		(32 897 546)	
Settlement in 2022	1 519 510			
Add: the deferred tax assets charged to the statement of other comprehensive income	193 794 893	-	2 329 121	-
Deferred taxes for the year as income (Expense)	<u>(29 776 331)</u>	<u>-</u>	<u>(26 162 531)</u>	<u>-</u>

B) Unrecognized deferred tax assets

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Impairment loss on trade receivable and other receivables	42 551 541	11 510 600
	<u>42 551 541</u>	<u>11 510 600</u>

- The deferred tax assets for temporary differences were not recognized above due to the lack of an appropriate degree to ascertain the extent to which the company will benefit from these assets in the foreseeable future.

11-3 Adjustment of the effective tax rate

	2023 <u>L.E</u>		2022 <u>L.E</u>
Net Profit Before Tax	1 849 780 223		1 204 780 843
Tax Income Based on Tax rate	22.5% 416 200 550	22.5%	271 075 690
Settlement	309 486 351		210 869 068
Untaxable revenue	(20 791 578)		(19 293 347)
The taxable income	2 138 474 996		1 396 356 564
Current income & Deferred tax	31.51% <u>582 776 981</u>	31.51%	<u>395 049 216</u>

11-4 Income Tax payable

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Accrued Income Tax at beginning of the year	221 200 466	181 109 076
Formed during the year	481 156 874	314 180 227
Income tax paid	(295 719 858)	(226 556 009)
Withholding tax-debit	(63 656 470)	(47 532 828)
	<u>342 981 012</u>	<u>221 200 466</u>

11-5 Tax position

E-finance for Digital and Financial investments

A) Corporate tax

- The company is subjected to a tax exemption until December 31, 2017, and the company was subject to tax according to the letter of the General Authority for Investment and Free Zones, starting from January 1, 2018.
- The company submits the tax return on the corporate profits tax on the legal dates.
- The tax examination of the company was carried out and the dispute was ended for the years 2005/2007, and the company paid all the tax differences.
- The company's tax examination for the years 2008/2009 was re-examined and the examination and dispute was ended,
- The company has been tax examined for the years from 2016 / 2020 and official forms are in process to be issued.
- The company regularly submits the tax returns on their time.

B) Payroll tax

- The company pays the tax on the legal dates and provides tax settlements in accordance with the provisions of the law.
- The company's tax inspection and assessment were carried out from the beginning of the activity until 2018, and all dues were paid.
- The Years 2019/2020 are in examination process.
- The company is being tax examined for the years 2021/2022

C) Sales tax and value added tax

- The years from 2016 till 2018 has been examined, and official forms are in process to be issued.
- The years from 1/1/2019 till 30/11/2020 has been examined, and dues were paid.
- The company is being tax examined for the years 1/1/2020/31/12/2022.

D) Stamp Tax

- The tax was examined for the company from the beginning of the activity until 2014, and the company paid all tax dues.
- The company is being tax examined for the years 2015/2020

F) Withholding taxes

- Withholding taxes is paid on legal dates.
- The company has not received any tax claims to date.

Khales for Digital Payment Services Company

a) Corporate tax

- Khales for Digital Payments Services Company was established on December 31, 2019, and has submitted tax returns in accordance with the law, and there are no tax claims on the company.
- The company's records have not been inspected yet.

B) Payroll tax

- The company pays the tax on the legal dates and provides tax settlements in accordance with the provisions of the law.
- the company regularly submits monthly and quarterly return
- The company has not been tax examined until now.

C) Value added tax

- The company submits tax returns on its legal dates and pays the tax due (if any).
- The company's records has not been inspected yet.
- The company is registered in value-added tax on 18 March 2020.

D) Stamp tax

- The company's records have not been inspected yet.

Smart Card Operation Technology Company ECARDS

a) Corporate tax

- Smart Card Operation Technology Company ECARDS was established on January 29, 2020, and it has not submitted tax returns so far in accordance with the law, and there are no tax claims on the company.
- the company submits the tax return on its legal dates.
 - The company's records have not been inspected yet.

b) Payroll tax

- The company pays the tax on the legal dates and provides tax settlements in accordance with the provisions of the law.
- the company regularly submits monthly and quarterly return
- The company has not been tax examined until now.

c) Value added tax

- The company submits tax returns on its legal dates and pays the tax due (if any).
- The company's records has not been inspected yet.
- The company is registered in value-added tax on 18 March 2020.

d) Stamp tax

- The company's records has not been inspected yet.

The Technology Company for Ecommerce Operations E-ASWAQ MISR

a) Corporate tax

- The Technology Company for Ecommerce Operations E-ASWAQ MISR was established on July 1, 2020,
- the company submit the tax return on its legal dates.
- The company has not been tax examined until now.

b) Payroll tax

- The company pays the tax on the legal dates and provides tax settlements in accordance with the provisions of the law.
- the company regularly submits monthly and quarterly return
- The company has not been tax examined until now.

c) Value added tax

- The company is registered in value-added tax.
- the company submits the tax return on its legal dates.
- The company has not been tax examined until now.

d) Stamp tax

- The company's records has not been inspected yet.

E-nable Outsourcing Services Company

a) Corporate tax

- Company was established on December 29, 2020.
- the company submits the tax return on its legal dates.
- The company has not been tax examined until now.

b) Payroll tax

- The company pays the tax on the legal dates and provides tax settlements in accordance with the provisions of the law.
- the company regularly submits monthly and quarterly return
- The company has not been tax examined until now.

c) Value added tax

- The company is registered in value-added tax on 28 March 2021.
- the company submits the tax return on its legal dates.
- The company's records has been inspected till now.

d) Stamp tax

- The company's records has not been inspected yet.

Technological Operation for Financial Institution E-finance Company (S.A.E)

a) Corporate tax

- Technological Operation for Financial Institution E-finance Company was established on December 30, 2020,
- the company submits the tax return on its legal dates.
- The company has not been tax examined until now.

b) Payroll tax

- The company has been inspected by the tax authority as the first financial year has not been ended.
- The company deducts and submits the tax on the legal dates.
- the company regularly submits monthly and quarterly return.

c) Value added tax

- The company has been registered on 24th February 2021.
- The company submits its returns monthly and quarterly and has not been inspected yet.
- The company has not been tax examined yet.

d) Stamp tax

- The company's records has not been inspected yet.

Technological Operation for Tax solutions (e tax)

a) Corporate tax

- Company was established on February 1, 2021.
- The company has not been tax examined yet.

b) Value added tax

- The company's records have not been inspected yet.
- The company is registered in value-added tax on 28 March 2022.
- the company submits the tax return on its legal dates.

c) Stamp tax

- The company's records has not been inspected yet.

Technological Operation For Health Insurance Services (E Health)

a) Corporate tax

- Technological Operation for Health Insurance Services (e tax) Company was established on September 13th, 2021, and the company has not been inspected yet.

12 Inventory

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Cards & Card centre supplies	83 838 408	29 726 312
Computer and networks	83 056 589	4 179 144
Spare parts	376 537	3 715 647
Point of sale devices	17 478 793	9 757 235
Stationary	1 846 486	225 506
ATMs	688 084	1 590 471
Impairment	(9 189 627)	(7 689 111)
	<u>178 095 270</u>	<u>41 505 204</u>

13 Work in progress.

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Work in progress for the Government sector	19 564 686	6 649 171
Work in progress for private sector	6 503 091	22 576 438
	<u>26 067 777</u>	<u>29 225 609</u>

14 Trade and other receivables

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Accounts receivable	1 578 136 313	1 026 209 116
Impairment in Accounts receivable	<u>(187 960 751)</u>	<u>(43 643 036)</u>
	<u>1 390 175 562</u>	<u>982 566 080</u>
<u>Other Debit Balances</u>		
Prepaid expenses	71 040 022	65 766 852
Suppliers -Advance payment *	384 055 428	56 991 481
Accrued revenue and accrued interest	518 542 786	400 556 611
Payment under investment	105 201 265	4 928 750
Deposits with others	14 847 841	9 508 901
Deposits with others - Work Retention	59 369 731	57 976 127
Income Tax	5 394 529	8 758 797
Value-added tax	17 167 356	17 009 875
Letter of guarantee margin	29 563 705	3 176 294
Withholding tax	9 711 737	11 058 693
Prepaid employees' benefits (Note 15)	2 665 809	2 718 298
Notes Receivable	344 508	--
Employee Loans	14 211 019	37 638 063
Other debit balances	5 892 853	2 060 847
Impairment in other debit balances	<u>(15 135 852)</u>	<u>(7 515 190)</u>
Total other debit balances	<u>1 222 872 737</u>	<u>670 634 426</u>
Total account receivable and debit balances	<u>2 613 048 299</u>	<u>1 653 200 506</u>

* The movement increased by EGP 327M mainly due to the down payments for new building preparation which equal to EGP 277M.

15 Prepaid employees' benefits.

According to the decision of the Board of Directors held on February 25, 2020, the proposal submitted by the Personnel Affairs Department regarding adding a car benefit for the senior management and the managing director was approved instead of the monthly transportation allowance, after submitting the proposal to the Financial Benefits Committee, compensation and rewards.

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Beginning balance	6 813 717	9 532 015
Additions of the year	205 376	--
Disposal of the year	(410 377)	--
Amortization of the year	(2 680 646)	(2 718 298)
Net balance	3 928 070	6 813 717
<u>Distributed as follows: -</u>		
Prepaid employee benefits-short term (Note 14)	2 665 809	2 718 298
Prepaid employee benefits – Long term	1 262 261	4 095 419
Total balance	3 928 070	6 813 717

The amounts charged to the consolidated statement of profit or loss are: -

	2023 <u>L.E</u>	2022 <u>L.E</u>
Cost of sales (Note 28)	2 213 753	2 127 405
General and administrative expenses (Note 31)	466 893	590 893
Total	2 680 646	2 718 298

16 Cash and cash Equivalents.

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Banks – Saving Accounts	1 368 948 212	284 149 617
Banks - time deposits	119 820 183	83 776 719
Investment funds*	16 444 296	509 786 964
Cash on hand	--	66 831
Balance of cash and cash equivalents	1 505 212 691	877 780 131

* **Investment Funds**

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Themar Fund, QNB	7 848 846	6 714 722
30/15 Fund	--	21 749 919
Diamond Fund – AAIB	--	473 900 214
SEYOLA fund	8 464 637	7 308 409
Youm by YOum Account - Bank Misr	130 813	113 700
	<u>16 444 296</u>	<u>509 786 964</u>

For the purposes of preparing the statement of cash flows, cash and cash equivalents is represented in the following:

	2023 <u>L.E</u>	2022 <u>L.E</u>
Cash and Its equivalents	1 505 212 691	877 780 131
<u>Deduct:</u>		
Investment funds pledged to meet letters to guarantee For third parties	(5 537 021)	(5 537 021)
Cash and cash equivalents for the purpose of preparing the cash flow statement	<u>1 499 675 670</u>	<u>872 243 110</u>

17 Capital

17-1 The authorized capital

The company's authorized capital has been set at 4 billion Egyptian pounds (four billion Egyptian pounds) after increasing it from 3.5 billion Egyptian pounds (three billion five hundred thousand Egyptian pounds) to four billion Egyptian pounds, an increase of 500 million Egyptian pounds based on the decisions of the extraordinary general assembly meeting of the company held on 20 December 2020.

17-2 Issued and paid-up capital

- The issued capital on the date of the company's incorporation amounted to 60 million Egyptian pounds distributed over 600 thousand shares with a par value of 100 Egyptian pounds in the commercial register on 16 August 2005.
- The issued capital was increased by 60 million Egyptian pounds based on the decision of the extraordinary general assembly meeting of the company held on December 20, 2006, so that the issued and paid-up capital of the company became 120 million Egyptian pounds.
- The extraordinary general assembly held on December 11, 2013 decided to transfer an amount of 55 million Egyptian pounds (fifty-five million Egyptian pounds) from the general reserve to increase the issued and paid-up capital of the company to become the issued and paid-up capital after the increase of 175 million Egyptian pounds (one hundred seventy five million Egyptian pounds) distributed in the same proportions of ownership of the shareholders and this was entered in the Commercial Registry on May 20, 2014.

- The extraordinary general assembly held on March 24, 2016 decided to transfer an amount of 50 million Egyptian pounds (fifty million Egyptian pounds) from the general reserve to increase the issued and paid-up capital of the company to become the issued and paid-up capital after the increase is 225 million Egyptian pounds (two hundred twenty five million Egyptian pounds) Distributed in the same proportions of shareholder ownership and this was entered in the Commercial Registry on August 1, 2016.
- The extraordinary general assembly convened on November 20, 2016 decided to increase the issued capital of the company by an amount of 22.5 million Egyptian pounds (twenty-two million five hundred thousand Egyptian pounds) to make the issued capital after the increase 247.5 million Egyptian pounds (two hundred forty-seven million five hundred thousand Egyptian pounds) And the payment of it is 236.25 million Egyptian pounds (two hundred thirty-six thousand and two fifty thousand Egyptian pounds) with the reduction of ownership percentages for shareholders after the entry of a new shareholder, the Egyptian Company for Investment Projects, by 9.09%, and this was indicated in the commercial register on December 29, 2016.
- The extraordinary general assembly held on March 21, 2018, decided to increase the issued capital of the company by an amount of 103 million Egyptian pounds (one hundred and three million Egyptian pounds) transferred from reserves and retained earnings, so that the issued capital after the increase becomes 350.5 million Egyptian pounds (three hundred fifty million five hundred thousand Egyptian pounds) paid in full distributed in the same proportions of shareholder ownership.
- The minutes of the Board of Directors held on November 13, 2018 decided to increase the issued capital of the company by an amount of 149.5 million Egyptian pounds (one hundred forty-nine million five hundred thousand Egyptian pounds) so that the issued capital after the increase becomes 500 million Egyptian pounds (five hundred million Egyptian pounds) paid in full distributed in the same Shareholders ownership percentages and this was entered in the Commercial Registry on December 19, 2018.
- The Extraordinary General Assembly held on September 23, 2019, decided to increase the issued capital by an amount of 300 million Egyptian pounds, to make the issued capital 800 million Egyptian pounds (eight hundred million Egyptian pounds) paid in full, and the entry was made in the company's commercial register on December 15, 2019.
- The extraordinary general assembly convened on September 23, 2019, decided to amend the par value of the share to 0.5 Egyptian pounds (fifty piasters) instead of 100 Egyptian pounds (one hundred Egyptian pounds) so that the issued capital becomes 800 million Egyptian pounds (eight hundred million Egyptian pounds) distributed on 1.6 billion shares.
- The Board of Directors, held on October 31, 2021, decided to increase the issued capital by issuing a number of 177 777 778 shares, with a nominal value of fifty piasters per share, and a total value of 88 888 889 Egyptian pounds, bringing the issued and paid-up capital to 888 888 889 Egyptian pounds.
- The extraordinary general assembly convened on September 15, 2021, decided to increase the issued capital with 4% issuing 71 111 111 shares with a face value of 0.5 EGP, with a total value 35 555 556 exclusively for ESOP, and delegated the board of directors to take the suitable procedures, the board of directors, held on of Jan 31st, 2022 to approve the capital increase. and the entry was made in the company's commercial register on March 17, 2022.
- The Egyptian Saudi for investment company acquired 25% of the company share (Purchased from national investment bank).

18 Share premium.

The share capital of E-Finance for Digital and Financial Investments S.A.E has been increased with 177 777 778 shares at a price of 13.98 pounds per share, and 2 485 333 336 Egyptian pounds were collected as a value of those shares, and this value has been reduced by direct expenses related to the capital increased shares amounting to 50 828 426 Egyptian pounds as well as the nominal value of the shares of 88 888 889 Egyptian pounds so that the share premium becomes 2 345 616 021 as of December 31, 2021.

. An amount of EGP 389 153 914 was transferred to the legal reserve so that the share premium balance on December 31, 2022 amounted to EGP 1 956 462 107.

19 Treasury shares

The Board of Directors. held on September 8th, 2022. decided to acquire treasury shares with a ceiling of 5% of total capital shares through 9 months, through the local market/price. "On November 14th, 2023. the company's board of directors decided to complete the purchase of treasury shares, up to a maximum of 1% (18.8 million shares) of the total company shares, not exceeding 250 million pounds, in accordance with the new regulations governing exceeding treasury shares, the purchase transactions carried out during the fiscal year:

“The following is a statement of purchase transactions carried out during the fiscal year”.

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>L.E</u>	<u>Shares</u>	<u>L.E</u>	<u>Shares</u>
Balance at the beginning of the year	5 036 004	366 767	--	--
Purchased share during the year	196 551 415	10 544 119	5 036 004	366 767
Sold shares during the year	(6 997 196)	(368 000)	--	--
From selling the year	1 939 413	--	--	--
Balance at the end of the year	196 529 636	10 542 886	5 036 004	366 767

20 Reserves

	<u>December 31,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>
	<u>L.E</u>	<u>L.E</u>
Legal Reserve *	634 417 271	548 111 757
General Reserve **	20 000 000	20 000 000
Reserve resulted from the spin-off***	--	69 713 889
Other Reserves****	684 841 056	17 054 404
	1 339 258 327	654 880 050

* In accordance with the requirements of the Companies Law and the Company's Articles of Association, 5% of the annual net profit is deducted to form a legal reserve. The statutory reserve is used to increase the share capital or reduce the company's losses. The deduction of this percentage stops when the reserve balance reaches 50% of the issued capital of the company, and in the case that this reserve falls below the mentioned percentage, the formation of this amount must be set aside.

- ** According to Article (54) of the company's articles of association, an extraordinary reserve is formed based on the proposal of the company's board of directors, provided that it is approved by the general assembly.
According to the general assembly meeting held on 19 March 2019 an amount of general reserve of 20 million was formed.
- *** According to the spin-off project issued by the Economic Performance sector on December 15, 2020, which was approved by the company's general assembly, which was held on December 20, 2020, which stipulates setting aside the net value of the land and the buildings on it from the carried profits. Therefore, the company sets aside an amount of 69 713 889 Egyptian pounds from the retained earnings for the year 2020 under the item of the demerge reserve as per the company's general assembly approval on 21st of March 2023.
- **** The reserve represents the actuarial Gain/loss included other comprehensive Income

21 Borrowings

<u>Bank</u>	<u>Authorized facility limit</u>	<u>Used</u>	<u>LGs & LCs</u>	<u>Nature of facility</u>
	L.E or Its equivalents of Foreign Currency	L.E or Its equivalents of Foreign Currency	L.E or Its equivalents of Foreign Currency	
QNB	50 000 000	31 784 252	--	Existing debt limit
QNB	81 500 000	--	--	Limit to issuing letters of credit
QNB	50 000 000	--	--	Limit to issuing letters of guarantee
QNB	45 000 000	--	--	Limit to issuing local letters of guarantee
Banque Misr	100 000 000	--	--	Import letters of credits
Banque Misr	50 000 000	--	--	Existing debt limit
Banque Misr	80 000 000	--	--	Existing debt limit
QNB	100 000 000	--	--	Existing debt limit
National Bank of Egypt	75 000 000	--	--	Limit to issuing local letters of guarantee
National Bank of Egypt	75 000 000	--	210 707 740	Limit to issuing letters of guarantee
Egyptian Bank for Imports Development	100 000 000	--	--	Existing debt limit
QNB	200 000 000	--	--	Existing debt limit
The United National Bank	150 000 000	--	--	Existing debt limit
Arab African International Bank	75 000 000	--	--	Limit on issuing letter of credits
Arab African International Bank	75 000 000	--	--	Issuance limit for issuing credit cards with a guarantee of deposits
Arab African International Bank	500 000	--	--	Existing debt limit
Commercial International Bank	150 000 000	--	--	Existing debit limit
Arab African International Bank	50 000 000	34 196 369	--	Existing debit limit
United National Bank	500 000 000	--	--	Existing debit limit
Arab African International Bank	45 000 000	44 346 530	107 486 547	Existing debit limit for multiple purpose
Egyptian Bank for Imports Development	45 000 000	39 214 398	--	Existing debit limit
Faisal Islamic Bank	80 000 000	--	--	Limit for purchasing of goods and production requirement
	2 177 000 000	117 757 297	318 194 287	

Provisions

are formed according to the best estimate of the value of the expected liabilities at the date of the financial statements arising from the company's practice of its activities and its contractual relations with others. The provisions formed during the year are included in the item of other expenses in the consolidated statement of profit or loss. The company's management annually reviews and settles these allocations according to the latest developments. And discussions and agreements with interested parties.

22 Trade and other payables

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Accounts payable	399 706 266	369 501 437
	399 706 266	369 501 437
Other credit balance		
Accrued expenses	146 741 154	81 887 672
Payroll tax	30 124 882	6 549 033
Value Added Tax (VAT)	42 501 900	34 327 499
Customers down-payments	75 303 013	130 987 800
Tax deducted from suppliers	10 854 374	8 118 535
Retention payable	874 953	696 477
Deferred Revenue	50 033 915	42 474 337
Other Credit balances	78 148 848	34 209 776
Total credit balances	434 583 039	339 251 129
Total payable and other credit balances	834 289 305	708 752 566

23 Obligations of the employee benefits system - (end of service benefits)

Based on the decision of the parent company's board of directors on March 9, 2010, it has been decided to approve the leave service reward system for the employees and the managing director, whereby the company's employees benefit from it upon the end of their service period in the company in accordance with the conditions specified in the regulations approved by the company's board of directors, provided that the company's management invests the system's funds The best possible investment.

24.1 Movement in the present value of the employee benefits obligations - (end of service benefits)

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Liability at beginning of the year	206 810 785	159 357 968
Interest Cost	32 055 673	23 106 905
Current service cost	74 084 101	59 849 135
Actuarial loss (gain) on the liability recognized in other comprehensive income	15 471 071	(10 351 660)
Transferred to Associate	-	(133 048)
Paid during the year	(15 829 721)	(25 018 515)
Liabilities at end of the year	312 591 909	206 810 785

24.2 The most important actuarial assumptions used in calculating the liability according to the actuarial expert's study.

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Discount rate	15%	15.50%
Gross salary rate	10.50%	10.50%

24.3 Quantitative sensitivity analysis and its effect on the benefit obligation, as follows.

Assumptions

	Sensitivity analysis			
	December 31, 2023		December 31, 2022	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	%0.50	%0.50	0.5%	0.5%
Discount rate	299 394 539	325 789 279	198 867 917	214 753 653
Current salary rate	325 789 279	299 394 539	214 753 653	198 867 917
	%1	%1	1%	1%
Death rate	323 627 095	301 556 723	213 949 160	199 672 410

The above sensitivity analysis has been determined based on a method that captures the effect on the benefit obligation as a result of reasonable changes in the key assumptions that occur at the end of the reporting period. Sensitivity analysis is based on a change in a material assumption, while all other assumptions are held constant. Sensitivity analysis may not be reflective of any actual change in the defined benefit obligation because it is unlikely that changes in the assumptions will occur when separated from each other.

24.4 Demographic Data

	<u>2023</u>	<u>2022</u>
Number of employees involved	1 057	892
average age (year)	35.81	35.26
Average Monthly Salary (EGP)	36 017	32 364
Average service life (year)	4.33	4.19

25 Lease contracts.

The company make lease contract for the branches and administrative buildings, this lasts from 2 to 8 years with the option to renew after that date, after the lapse of the lease there is a renegotiation for renewal and the renewal cost that reflect market lease cost, for some of lease contracts, the company is prohibited to make any arrangements with the subcontractor.

Following the contracts, the company has leased: -

25-1 Right of use assets

	December 31, 2023	December 31, 2022
	<u>L.E</u>	<u>L.E</u>
Beginning balance of the year	103 481 897	116 773 422
Additions during year *	130 274 438	39 500 015
Disposals during year	(34 862 112)	(52 791 540)
Ending Balance of the year	198 894 223	103 481 897
Accumulated Amortization Beginning balance	47 079 493	28 591 496
Amortization of the year	40 750 812	34 105 720
Disposals – Accumulated amortization	(30 134 596)	(15 617 723)
Accumulated amortization Balance at the end of year	57 695 709	47 079 493
Net Right of use	141 198 514	56 402 404

The amounts recognized in the consolidated statement of profit or loss.

	2023	2022
	<u>L.E</u>	<u>L.E</u>
Cost of Sales (Note 28)	21 550 791	16 227 357
General and Administrative expenses (Note 31)	19 200 021	17 878 363
Total	40 750 812	34 105 720

* The addition represents a property lease contract.

25-2 Lease Liability

The following is the minimum future lease liability within the lease contract in addition to the current value of minimum lease payments.

	December 31, 2023	December 31, 2022
	<u>L.E</u>	<u>L.E</u>
Beginning balance of the year	59 858 989	93 968 352
Additions during the year	130 274 438	39 500 015
Disposals during the year	(1 240 162)	(39 794 631)
Finance Cost	15 187 065	6 508 860
Lease payment	(53 844 409)	(40 323 607)
Balance at the end of the year	150 235 921	59 858 989
They are divided as follows: -		
Contract lease liability – non-current liability	93 954 673	27 783 650
Contract lease liability- current liability	56 281 248	32 075 339

E finance for Digital and Financial Investments Company (S.A.E)

Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023

Balance at the end of the year

150 235 921

59 858 989

**E finance for Digital and Financial Investments Company (S.A.E)
Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023**

26 Non-Controlling interest

	E- Finance	E-Cards	Khales	E-Aswaq	E-nable	Total
Balance on January 1, 2022	63 256	23 300 121	32 864 952	4 789 442	1 012	61 018 783
The share of non-controlling interests in comprehensive income for the year	62 555	(4 702 311)	2 323 040	8 284 661	174	5 968 119
The share of non-controlling interest in dividends	(42 988)	(7 424 744)	(2 683 077)	--	--	(10 150 809)
Balance on January 1, 2023	82 823	11 173 066	32 504 915	13 074 103	1 186	56 836 093
The share of non-controlling interests in comprehensive income for the year	91 219	(16 934 808)	4 119 680	21 749 819	308	9 026 128
The share of non-controlling interest in dividends	(70 279)	--	(2 160 405)	--	(82)	(2 230 766)
Settlement	--	(775)	(452 249)	--	--	(453 024)
Change in non – controlling interest in capital increase	--	--	--	54 600 000	2 016	54 602 016
Total non-controlling interests as of December 31, 2023	103 763	(5 762 517)	34 011 941	89 423 922	3 428	117 780 537

E finance for Digital and Financial Investments Company (S.A.E)
Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023

27 Revenues:

	2023	2022
	<u>L.E</u>	<u>L.E</u>
services and operations of cards revenue	1 669 729 067	941 743 011
Integrated solutions revenue	256 733 166	258 238 648
Hosting services revenue	1 299 089 940	770 708 011
Installations and technical support revenue	328 746 248	341 012 634
Maintenance and network contracts revenue	258 477 962	242 534 975
Cards Center Revenue	97 039 723	45 261 541
Other revenue	105 328 990	44 478 387
Sales return	(116 540 222)	--
	<u>3 898 604 874</u>	<u>2 643 977 207</u>

28 Cost of sales

	2023	2022
	<u>L.E</u>	<u>L.E</u>
Salaries and Wages and employee benefit	794 234 481	525 204 922
Technical advice and support	283 987 089	254 503 601
Card center	146 777 561	169 472 535
Programs license & communications	165 288 043	114 565 125
Cost of goods sold	140 856 215	39 731 185
Depreciation of fixed assets (Note 5)	64 091 315	16 227 357
Amortization of ROU assets (Note 25-1)	21 550 791	122 275 757
Rent	2 013 973	15 369 609
Employee benefits (cars) (note 15)	2 213 753	2 127 405
Cost of suppliers' services	104 889 086	78 076 826
Amortization of intangible assets (Note 6)	17 744 679	5 219 096
Other Costs	13 931 663	14 154 826
	<u>1 757 578 649</u>	<u>1 278 851 418</u>

E finance for Digital and Financial Investments Company (S.A.E)
Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023

29 Other Revenues:

	2023	2022
	<u>L.E</u>	<u>L.E</u>
Capital Gain (loss) from disposal of PP&E	1 275 730	35 200
Revenue of terms and conditions document	850 877	510 272
Income from board members rewards	2 033 385	1 821 645
Revenue of leased contract termination	657 082	2 620 815
Other revenue	3 445 948	8 475 587
	<u>8 263 022</u>	<u>13 463 519</u>

30 Finance income from equity investments at FVTOCI.

	2023	2022
	<u>L.E</u>	<u>L.E</u>
Finance income from equity investments at FVTOCI.	62 838 230	31 625 598
Finance income from equity investments at FVTPL	69 164 255	---
Foreign exchange Translation gain	269 695	29 321
Revenues from Investment in financial investment funds	20 791 578	19 293 347
Revenue from Financial investments at amortized cost	327 179 901	257 944 311
Bank interest on current accounts	144 208 809	39 216 611
Bank interest on time deposits	7 640 104	18 779 297
	<u>632 092 572</u>	<u>366 888 485</u>

31 General and Administrative Expenses

	2023	2022
	<u>L.E</u>	<u>L.E</u>
Wages and Salaries and employee benefit	121 149 562	98 387 004
Amortization of ROU asset (Note 25-1)	19 200 021	17 878 363
Stamps and deductions	26 891 583	20 625 906
Fixed Assets Depreciation (Note 5)	11 867 817	14 583 399
Consulting and legal fees	23 947 820	21 029 304
Comprehensive social insurance	12 124 353	8 347 005
Donations	9 785 000	7 514 001
Rent	4 202 768	3 831 227
Maintenance Expenses	35 972 508	10 355 431
Employee benefits (cars) (Note 15)	466 893	590 893
Amortization of intangible assets (Note 6)	21 585 711	3 995 049
Cleaning and Hospitality	11 574 779	8 768 784
Other expenses	68 456 797	36 383 117
	<u>367 225 612</u>	<u>252 289 483</u>

32 Selling and Marketing Expenses

	2023	2022
	<u>L.E</u>	<u>L.E</u>
Exhibitions	51 058 490	31 481 564
Public Relations	5 478 552	3 868 269
Advertisements	9 926 528	30 468 876
Other Marketing Expenses	18 486 737	17 431 330
	84 950 307	83 250 039

33 Other Expenses

	2023	2022
	<u>L.E</u>	<u>L.E</u>
Attendance, remuneration and allowances for members of the Board of Directors	8 367 333	10 984 260
	8 367 333	10 984 260

34 Finance Cost

	2023	2022
	<u>L.E</u>	<u>L.E</u>
Realized Foreign exchange	36 170 050	32 658 739
Debit interest expense and bank charges	11 473 093	9 079 060
Finance cost-lease contracts (note 24-2)	15 187 065	6 508 860
	62 830 208	48 246 659

**E finance for Digital and Financial Investments Company (S.A.E)
Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023**

35 Related parties

35-1 Due from related party

Related parties are represented in investee companies, major shareholders, companies controlled by or jointly affected by these parties, pricing policies and the duration of these transactions are approved by the company's management and shareholders.

The following is a summary of the related party balances and the transactions that were executed during the year between the company and related parties.

	<u>Relations Nature</u>	<u>Transaction Nature</u>	Volume of Transactions during the year	Balance	
				December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
35-1 Due from Related Parties:					
E Tax (Technological Operation for Tax Solutions)	Associate	Payment on behalf	(9 922 399)	--	9 922 399
E Health (Technological Operation for Health Insurance Services)	Associate	Payment on behalf	2 863 920		
		Services	588 135	12 006 925	8 554 870
				12 006 925	18 477 269
35-2 Due to Related Parties:					
E Tax (Technological Operation for Tax Solutions)	Associate	Services	(30 412 473)		
		Purchases	102 842 357		
		Payment on behalf	(15 982 323)	56 447 561	--
				56 447 561	--

35-3 Payment to top management:

The top Management includes the board of directors and the managers of the company. The salaries and benefits paid to the top management are the follows during the physical year ended in:

	December 31, 2023	December 31, 2022
	L.E	L.E
Salaries and Benefits	187 998 014	157 908 547
Board of directors' allowance	8 367 333	10 984 260
	<u>196 365 347</u>	<u>168 892 807</u>

36 Segment reporting.

The company has (7) sectors that can be disclosed as shown below, which are the strategic business units of the company. Strategic business units offer different products and services, and they are managed separately because they require different strategies. For each of the strategic business units, the Company's senior management reviews internal management reports on at least a quarterly basis.

The following summary explains the operations in each of the reporting sectors of the company:

- Sector (A) - services and operation of cards
- Sector (B) - integrated solutions
- Sector (C) - installations and technical support services
- Sector (D) - Card Center services
- Sector (E) - hosting services
- Sector (F) - maintenance and network contracts
- Sector (G) – others

Segment results that are disclosed to senior management (company chairman, CEO (CEO), chief operating officer (COO), and chief financial officer (CFO) include items that are directly proportional to the sector in addition to those that can be allocated on an acceptable basis.

Information on the results of each of the sectors that are disclosed is listed below. Performance is measured based on segment revenue, as included in the internal management reports that are reviewed by the top management.

**E finance for Digital and Financial Investments Company (S.A.E)
Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023**

Segment Reporting

	services and operation of cards L.E	Integrated Solutions		Hosting Services		Networks and Maintenance Contracts		Installations and Technical Support Services		Card centre services		Total L.E
		L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	
Revenues	1 669 729 067	256 733 166	1 277 948 073	258 477 962	328 746 248	97 039 723	105 328 990	4 015 145 096				
Sales return	(18 225 701)	--	(21 141 867)	--	(77 172 654)	--	--	(116 540 222)				
Net revenues	1 651 503 366	256 733 166	1 277 948 073	258 477 962	328 746 248	19 867 069	105 328 990	3 898 604 874				
Depreciation	(33 183 851)	(3 266 457)	(29 709 515)	(3 139 854)	(3 258 936)	(11 974 723)	(18 853 449)	(103 386 785)				
Salaries and wages and employees' benefits	(293 440 138)	(49 515 861)	(122 264 030)	(19 898 964)	(141 377 906)	(10 472 015)	(157 265 567)	(794 234 481)				
Other Cost	(416 765 361)	(23 132 231)	(54 758 353)	(113 216 446)	(141 764 800)	(45 575 712)	(64 744 480)	(859 957 383)				
Gross profit / (loss)	908 114 016	180 818 617	1 071 216 175	122 222 698	42 344 606	(48 155 381)	(135 534 506)	2 141 026 225				
Gross Profit/(loss) percentage	55%	70%	84%	47%	13%	(242%)	(129%)	55%				
Other expense and other revenue	(235 927 299)	(27 394 006)	(133 312 185)	(173 670 403)	(38 396 353)	(16 019 368)	333 4 73 612	(291 246 002)				
Net Profit before tax	672 186 717	153 424 611	937 903 990	(51 447 705)	3 948 253	(64 174 749)	197 939 106	1 849 780 223				
Net profit %	41%	60%	73%	(20%)	1%	(323%)	188%	47%				

**E finance for Digital and Financial Investments Company (S.A.E)
Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023**

Segment Reporting

	services and operation of cards L.E	Integrated Solutions L.E	Hosting Services L.E	Networks and Maintenance Contracts L.E	Installations and Technical Support Services L.E	Card centre services L.E	Others L.E	Total L.E
Revenues	941 743 011	258 238 648	770 708 011	242 534 975	341 012 634	45 261 541	44 478 387	2 643 977 207
Depreciation	(10 915 532)	(1 218 409)	(16 846 409)	(7 054 115)	(2 437 018)	(12 872 717)	(9833 438)	(61 177 638)
Salaries and wages and employees' benefits	(187 254 020)	(26 539 154)	(77 663 568)	(14 289 159)	(93 292 727)	(9 120 943)	(117 044 351)	(525 204 922)
Other Cost	(283 459 749)	(70 723 362)	(88 471 118)	(95 386 207)	(20 436 895)	(71 888 942)	(62 102 585)	(692 468 858)
Gross profit / (loss)	460 113 710	159 757 723	587 726 916	125 805 494	224 844 994	(48 621 061)	(144 501 987)	1 365 125 789
Gross Profit/loss percentage	49%	62%	76%	52%	66%	(107%)	*(325%)	52%
Other expense and other revenue	(139 907 671)	(27 915 936)	(59 819 447)	(29 925 894)	(24 879 673)	(40 622 749)	162 726 421	(160 344 946)
Net Profit before tax	320 206 039	131 841 787	527 907 469	95 879 600	199 965 321	(89 243 809)	18 224 436	1 204 780 843
Net profit %	34%	51%	68%	40%	59%	(197%)	41%	46%

37 Objectives and policies of financial instruments risk management

The Company is exposed to the following risks arising from the use of financial instruments:

- A) Credit risk
- B) Market risk
- C) Liquidity risk

This note provides information about the Company's exposure to each of the risks mentioned above, and the Company's objectives, policies, and processes in relation to measuring and managing these risks.

The company's board of directors is responsible for developing and supervising a framework for managing the risks that the company is exposed to. The top management of the company is responsible for setting and monitoring risk management policies and submitting reports to the Board of Directors dealing with its activities on a regular basis.

The current framework for managing financial risks in the Company is a combination of formally documented risk management policies in specific areas and undocumented risk management policies used in other areas.

A) Credit risk

They are financial losses that the company incurs in the event that the client or the counterparty fails to fulfill its obligations that are regulated by the financial instrument contract, and then the company is exposed to credit risk mainly from clients, notes and other receipts, employees loans , Treasury bill, investments through OCI ,and due from related parties as well as from its financial activities, including balances with Banks.

Other financial assets and cash deposits

With respect to credit risk arising from the company's other financial assets at amortized cost, the entity is exposed to credit risk as a result of default by the counterparty in payment to a maximum equivalent to the carrying value of these assets.

The financial sector manages credit risk arising from bank balances, and the company limits its exposure to credit risk by depositing balances with international banks only or with reputable local banks, and local banks are subject to the supervision of the Central Bank of Egypt, and thus the risk of exposure to credit risk is weak.

The maximum exposure to risk is limited to the balances shown in (Note 16)

Due from related parties

Balances due from related parties are considered to have a minimum credit risk where the maximum exposure is equivalent to the book value of these balances Investments.

Trade and other receivables

Credit risk arises based on the company's control policy, procedures and systems related to risk management. The credit strength of the customer is measured based on a credit score card for each individual customer and the credit limit is determined based on this evaluation. The company's revenues are due to a large company of clients with financial solvency in addition to Until a large part of the company's revenues are collected in cash immediately upon implementation of

E finance for Digital and Financial Investments Company (S.A.E)
Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023

the service, the outstanding balances of customers are constantly monitored, and the company conducts a study of impairment in every financial year.

The limit of the credit risk represents in the books of financial assets, here below statement with these balances on the financial position date:

	December 31, 2023 L.E	December 31, 2022 L.E
Trade and notes receivables and other debit balances	2 613 048 299	1 653 200 506
Due from related parties	12 006 925	18 477 269
Cash and Cash equivalents	1 505 212 691	877 780 131
Financial Investments at amortized cost	737 921 833	2 356 623 232

The Company determines the degree of credit risk based on data identified as expected of loss risk (The historical collection for the customer, customer contract terms) and historical credit terms. Credit risk grades are determined using qualitative and quantitative factors that indicate the risk of default.

The expected credit loss is assessed as follows:

- 1- The customer list has been divided into two sectors.
- 2- Each sector is divided by the age of trade receivables debt.
- 3- Each sector was reviewed according to the historical events of each sector. According to the study conducted, the expected default rate is derived from each of the above periods.
- 4- General economic conditions

The Company is reviewing its forward-looking estimates and general economic conditions to assess the expected credit loss, which will depend mainly on current and expected inflation rates.

The following table represents information about exposure to credit risk and credit losses expected from customers:

Exposure to credit risk from the governmental sector:

L.E	Total Trade receivable	Allowance of expected credit losses
Due to 0-90 days.	983 489 282	--
Due to 91 to 180 days	347 612 825	10 300 666
Due to 181 to 270 days	38 785 873	300 370
Due to 271 to 365 days	10 109 532	167 897
Due to more than 365 days	166 475 831	166 475 831
Total	1 546 473 343	177 244 764

Exposure to credit risk from the private sector:

L.E	Total Trade receivable	Allowance of expected credit losses
Due to 0-90 days.	12 354 364	---
Due to 91 to 180 days	7 867 958	17 503
Due to 181 to 270 days	120 801	141
Due to 271 to 365 days	641 873	20 369
Due to more than 365 days	10 677 974	10 677 974
Total	31 662 970	10 715 987

Expected credit loss during the year: -

	2023	2022
Impairment loss in trade receivable	144 317 715	21 096 205
Impairment loss in other assets	9 051 756	-
Total	153 369 471	21 096 205

B) Market risk

Market risk arises from the fluctuation of the fair value of future cash flows of a financial instrument as a result of changes in market prices. Examples are the foreign exchange risk rate and interest risk rate, which are risks that affect the company's income. Financial instruments that are affected by market risks include interest-bearing loans and deposits, the objective of market risk management is to manage and control risk within acceptable limits while at the same time achieving profitable returns. The company does not hold or issue derivative financial instruments.

Exposure to interest rate risk

Interest risk rate arises from fluctuations in the fair value or future cash flows of a financial instrument as a result of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates or not is mainly related to the company's obligations with a variable interest rate and interest-bearing deposits.

The general form of the interest rate of the company's financial instruments appears at the date of the financial statements as follows:

	December 31, 2023	December 31, 2022
	<u>L.E</u>	<u>L.E</u>
<u>Floating interest rate financial instruments</u>		
Financial Assets	1 505 212 691	877 780 131
	<u>1 505 212 691</u>	<u>877 780 131</u>

Exposure to foreign exchange rate risk

The following table shows the impact of a possible acceptable change in the exchange rates of the US dollar and the euro. In light of maintaining all other variables constant, the impact that occurred on the company's profits before taxation is due to changes in the value of assets and monetary liabilities. Changes in the exchange rates of all other foreign currencies are immaterial.

	Exchange rate	December 31, 2023	December 31, 2022
<u>Foreign Currencies</u>		<u>Net Liabilities</u>	<u>Net Liabilities</u>
US Dollar	30.94	(4 069 908)	(4 402 139)
Euro	34.15	7 650	6 310

C) Liquidity risk

The company's management monitors the company's cash flows, financing and liquidity requirements of the company. The company's goal is to achieve a balance between continuity of financing and flexibility by obtaining loans from banks. The company manages liquidity risk by maintaining adequate reserves and by obtaining borrowing facilities, whereby the parent company maintains credit limits of 1.7 billion Egyptian pound by continuously monitoring expected and actual cash flows and matching the maturity of assets and financial liabilities.

The parent company has sufficient cash to pay the expected operating expenses, including the financial liabilities expenses.

<u>December 31, 2023</u>	Net Book Value	Less than year	From 1 to 2	From 2 to 5
	<u>L.E</u>	<u>L.E</u>	<u>years</u>	<u>years or more</u>
			<u>L.E</u>	<u>L.E</u>
Suppliers and Other Credit Balances	834 289 305	834 289 305	--	--
Other Obligations	962 558 008	399 428 573	--	563 129 435
Borrowing	117 757 297	104 790 224	12 967 073	--
Lease liability	150 235 921	56 281 248	93 954 673	--
Total	<u>2 064 840 531</u>	<u>1 394 789 350</u>	<u>106 921 746</u>	<u>563 129 435</u>

E finance for Digital and Financial Investments Company (S.A.E)
Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023

The table below summarizes the maturity dates of the Company's financial obligations based on contractual undiscounted payments.

<u>December 31, 2022</u>	Net Book Value	Less than year	From 1 to 2	From 2 to 5
	<u>L.E</u>	<u>L.E</u>	years	years or more
			<u>L.E</u>	<u>L.E</u>
Suppliers and Other Credit Balances	708 752 566	708 752 566	--	--
Other Obligations	428 011 341	221 200 466	--	206 810 785
Borrowing	107 348 983	75 409 758	31 939 225	--
Leased Liability	59 858 989	32 075 339	27 783 650	--
Total	<u>1 303 971 789</u>	<u>1 037 437 949</u>	<u>59 772 875</u>	<u>206 810 785</u>

38 Capital Management

For the purpose of managing the company's capital, it includes the capital, the issued capital, and all other equity reserves of the company's shareholders. The parent company manages its capital structure and makes adjustments to it in light of changes in business conditions as well as to meet future developments of the activity. No changes were made in the objectives, policies or processes during the year, and the Company is not subject to any external requirements imposed on its capital.

	December 31, 2023	December 31, 2022
Total liability	2 034 987 845	1 303 971 789
Less cash & Equivalent	(1 505 212 691)	(877 780 131)
Net Liability	529 775 154	426 191 658
Total Equity	5 600 061 362	4 630 815 516
Net liability: total equity percentage	%9.46	%9.20

39 Contingent liabilities

Contingent liabilities are represented in the values of letters of guarantee that were not covered by the accounts of the Company's banks on behalf of others, except for what is covered by investment fund documents, as follows:

	December 31, 2023 <u>L.E</u>	December 31, 2022 <u>L.E</u>
Letters of Guarantee	318 194 287	206 286 539

40 Employees Share Option Plan

- The extraordinary general assembly of the company, held on December 23, 2019, agreed to add a new chapter to the company's articles of association, which is concerned with rewarding and motivating employees and managers.
- On September 15, 2021, the Extraordinary General Assembly decided to approve the employee stock ownership plan for the company's employees by promising to sell shares at decreased prices and granting free shares, with percentage 4% of the issued capital, and these shares are provided by increasing the capital from the retained earnings at the nominal value of the share is distributed as follows: -
 - 1) 1% of the shares allocated to the scheme under the system of promise to sell at reduced price (40% of the average share price through a period of three months).
 - 2) 3% of the shares allocated to the system are granted free of charge to the beneficiaries.
- The beneficiary of the plan must meet the plan requirements of the services period to be not less than one year before transferring the ownership of the shares to him/her, and his/her evaluation rate is not less than 90% on the annual performance evaluation reports prepared by the competent department of the

company. One of these conditions could be by passed or other extra conditions could be added to them, after obtaining the approval of the Financial Supervisory Authority, and provided that no owe of the beneficiaries has voted on a decision relevant to his/her benefit, and the company is committed to include it in its annual disclosure. The period of this plan is five years starting from the adoption of the plan by the Financial Supervisory Authority

- On September 8, 2022, the board of directors approved the decision of the ESOP committee decision activating the first 1% of shares dedicated to the ESOP, provided that 25% of the shares allocated to ESOP are activated at affordable prices.
- On January 16, 2022, the Employees share option plan was approved by the Financial Regulatory Authority, and on January 25, the General Authority for Investment and Free Zones approved the system.
- On January 21, 2022, the company's board of directors convened to approve an increase in the company's capital by 4% related to the ESOP.
- On September 8th, 2022, the company board members approved for activate 1% from company shares, On September 29,2022, the Chairman was delegated to complete the remaining according to the financial performance.
- The 25% represents 4 181 114 Shares, with a total value of 58 117 484 EGP, (after deducting the nominal value of shares) and according to the system the shares were sold for employees with a reduced value of 5.76 EGP, so the group bear on behalf of the employees 34 034 268 EGP Recognized on the group's P/L.
- On November 14th,2022 the remaining shares were activated with a total. 13 596 664 Shares with a total value 188 993 630 EGP (after deducting the nominal value), so the group bears on behalf of the employees 110 676 845 EGP which has been recognized in the consolidated statement of profit and loss.
- Employee loans for the ESOP as of December 31st, 2022, with a total amount of 93 219 248 EGP.
- During the first half of 2023, the ban on selling the first tranche of shares was lifted, and consequently, the tax became due, amounting to 565,695.51 EGP This tax was charged to the consolidated profit and loss statement.
- The balance of employees' loans related to bonus and incentive shares as of December 31, 2023, amounted to 14 211 019 EGP after deducting the amounts collected from the employees.
- On December 30, 2023, a portion of the first tranche of free shares was activated, comprising 16 730 877 shares (sixteen million, seven hundred and thirty thousand, eight hundred and seventy-seven shares) at a value of EGP 15.94 per share. The cost charged to the consolidated profit and loss statement amounted to EGP 258 324 740 (after deducting the nominal value of the shares).

41 Earnings per share

Basic earnings per share is calculated by dividing the net profit distributable to common stockholders by the weighted average number of shares outstanding during the period.

E finance for Digital and Financial Investments Company (S.A.E)
Notes to The Consolidated Financial Statements for the financial year ended December 31, 2023

	December 31, 2023	December 31, 2022
	<u>L.E</u>	<u>L.E</u>
Net profit for the year for the owners of the company	1 257 706 102	803 924 407
BOD and employees share	(148 257 693)	(90 376 117)
Net Profit available for ordinary shares	<u>1 109 448 409</u>	<u>713 548 290</u>
Average number of shares outstanding during the period for basic earnings (share)	<u>1 801 743 548</u>	<u>1 780 132 144</u>
Basic share in earnings for the year (EGP/share)	<u>0.62</u>	<u>0.40</u>

42 Capital Commitment

Its many represented in the value of unpaid portion of the group's contribution to the capital of the invested companies as at December 31, 2023 and its statement is as follows.

	Share	31 December 2023	31 December 2022
	%	<u>L.E</u>	<u>L.E</u>
Technological Operation for Tax Solutions company (E tax)	%35	104 999 925	104 999 925
Nclude Financial Technology Innovation	%9	172 392 500	172 392 500
Technological Operation for Health Insurance Services (E-Health)	%35	34 999 975	104 999 925
		<u>312 392 400</u>	<u>382 392 350</u>