

**RAYA HOLDING COMPANY FOR  
FINANCIAL INVESTMENTS (S.A.E)  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2023  
TOGETHER WITH LIMITED REVIEW REPORT**

**RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2023**

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10, Street 213, Maadi  
P.O. Box 250 Maadi  
Cairo  
Egypt

Tel +20 2 251 75598  
Fax +20 2 252 14252  
Email info@uhy-United.com  
Web www.uhy-United.com

Translation of auditor's report  
Originally issued in Arabic

## Limited Review Report of Consolidated Financial Statements

**TO THE BOARD OF DIRECTORS OF RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)**

### **Introduction**

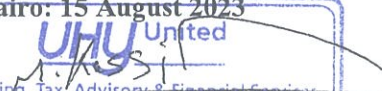
We have reviewed the accompanying consolidated financial position of **Raya Holding for Financial Investments Company (S.A.E.)** as of 30 June 2023, as well as the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated financial statements based on our limited review.

### **Scope of Review**

We conducted our review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of Financial Statements Performed by the Independent Auditor of the Entity." A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion to these consolidation financial statements.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements does not give a true and fair view, in all material respects, of the consolidated financial position of the entity as of 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the period ended then in accordance with Egyptian Accounting Standards.

Cairo: 15 August 2023  
  
UHY United  
Auditing, Tax, Advisory & Financial Services  
10, Street 213, Maadi  
**Mohamed Abu Elkassim**

**FESAA – FEST**  
**(R.A.A 17553)**  
**(EFSAR. 359)**  
**UHY- United**

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

STATEMENT OF CONSOLIDATED FINANCIAL POSITION  
AS OF 30 JUNE 2023

	Note	30 June 2023 EGP	31 December 2022 EGP
<b>NON-CURRENT ASSETS</b>			
Fixed assets	(4)	1,841,122,889	1,787,779,248
Investment property	(5)	618,297,792	633,777,806
Projects under construction	(6)	201,173,978	190,425,827
Intangible assets	(7)	20,587,703	19,661,819
Right of use assets	(8)	870,759,533	809,609,083
Goodwill	(9)	325,268,113	325,268,113
Investments in associates	(10)	153,076,977	126,991,578
Investments at fair value through other comprehensive income	(11)	26,229,725	22,980,050
Long term investments through other comprehensive income		1,073,820	1,031,230
Deferred tax assets		49,406,457	87,711,999
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,106,996,987</b>	<b>4,005,236,753</b>
<b>CURRENT ASSETS</b>			
Inventory	(12)	3,395,630,468	2,208,840,001
Work in progress		543,278,591	411,315,053
Accounts and notes receivable	(13)	10,580,926,428	9,166,401,363
Short term investments through profit and loss		4,289,911	4,119,764
Prepayments and other debit balances	(14)	5,153,432,540	3,456,243,139
Share based compensation	(15)	7,087,952	7,087,952
Debit balances (Tax Authority)		193,636,543	181,505,161
Cash on hand and at banks	(16)	2,181,239,739	1,329,422,769
<b>TOTAL CURRENT ASSETS</b>		<b>22,059,522,172</b>	<b>16,764,935,202</b>
<b>TOTAL ASSETS</b>		<b>26,166,519,159</b>	<b>20,770,171,955</b>
<b>EQUITY</b>			
Issued and paid-up capital	(17)	1,071,997,595	1,071,997,595
Legal reserve		92,010,015	92,010,015
General reserve		41,935,960	41,935,960
Treasury shares	(28)	(53,685,978)	(53,685,978)
Revaluation reserve of Investments at a fair value through other comprehensive income		3,390,288	3,390,288
Foreign currency translation differences		-	-
Accumulated foreign currency translation		(2,849,605)	(2,849,605)
Retained Earnings and Losses		190,453,776	190,453,776
Dividends		347,313,087	-
(Losses) profits for the period after deducting non- controlling interest		1,071,997,595	347,313,087
<b>TOTAL EQUITY BEFORE DEDUCTING NON- CONTROLLING INTEREST</b>		<b>1,860,239,849</b>	<b>1,690,565,138</b>
Non- controlling interest		642,165,141	566,757,426
<b>TOTAL EQUITY</b>		<b>2,502,404,990</b>	<b>2,257,322,564</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term notes payable		44,781,493	64,723,947
long term loans and finance lease arrangements	(18)	1,704,714,703	1,664,907,683
Finance lease liability		955,476,247	855,743,403
Other long-term liabilities	(30)	84,940,352	104,327,165
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,789,912,795</b>	<b>2,689,702,198</b>
<b>CURRENT LIABILITIES</b>			
Provisions	(19)	178,116,415	141,406,483
Accounts and notes payable	(20)	5,437,014,388	3,318,501,534
Short term loans		486,272,232	396,037,477
long term loans and finance lease	(18)	841,275,774	979,871,734
Finance lease liability – current portion		56,821,228	51,397,781
Bank overdraft	(22)	8,055,275,945	6,567,615,358
Accrued expenses and other credit balances	(21)	5,736,430,132	4,360,523,783
Dividends payable	(23)	82,995,260	7,793,043
<b>TOTAL CURRENT LIABILITIES</b>		<b>20,874,201,374</b>	<b>15,823,147,193</b>
<b>TOTAL LIABILITIES</b>		<b>23,664,114,169</b>	<b>18,512,849,391</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,166,519,159</b>	<b>20,770,171,955</b>

Chief Financial Officer  
Hossam Hussain



Chief Executive Officer  
Ahmed Khalil



Chairman  
Medhat Khalil



- The accompanying notes from (1) to (34) are an integral part of these consolidated financial statements.  
- Limited review report attached.



RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

STATEMENT OF CONSOLIDATED PROFIT OR LOSS  
FOR THE PERIOD ENDED AT 30 JUNE 2023

	Note	Six months ended at 30 June 2023 EGP	Six months ended at 30 June 2022 EGP	Three months ended at 30 June 2023 EGP	Three months ended at 30 June 2022 EGP
Revenues	(24)	14,511,423,489	9,126,170,708	7,964,742,862	4,646,580,890
Cost of revenues	(25)	(11,561,406,799)	(7,291,149,555)	(6,383,635,696)	(3,651,474,123)
<b>GROSS PROFIT</b>		<b>2,950,016,690</b>	<b>1,835,021,153</b>	<b>1,581,107,166</b>	<b>995,106,767</b>
General and administrative expenses		(1,222,180,927)	(856,583,270)	(641,523,549)	(463,283,575)
Board of directors Remuneration		(1,615,000)	(165,000)	(385,000)	(100,000)
Selling and marketing expenses		(508,560,926)	(365,247,823)	(243,584,525)	(174,232,519)
Expected credit losses	(13)	(200,262,272)	(73,918,421)	(131,404,654)	(43,322,022)
Reversal of expected credit losses	(13)	16,529,270	1,840,294	13,709,849	(172,524)
Provisions	(19)	(29,812,644)	(12,157,349)	(24,242,658)	(5,526,609)
Provisions no longer required		3,938,104	3,479,760	3,938,104	3,479,760
		<b>1,008,052,295</b>	<b>532,269,344</b>	<b>557,614,733</b>	<b>311,949,278</b>
Finance cost (net)		(521,415,883)	(291,881,974)	(283,103,984)	(159,483,491)
Foreign exchange differences		40,770,975	21,086	16,900,079	(1,727,209)
Company's share from profits of associates	(10)	26,085,398	8,283,292	-	4,111,729
Dividends distribution from financial investments at fair value		-	912,116	-	912,116
Earnings from sale of fixed assets		2,283,930	525,002	1,730,568	194,826
Other Revenue & (loss)		1,042,198	24,887,788	7,598,926	24,777,191
Takaful contribution		(22,000,733)	(15,571,749)	(12,400,021)	(8,150,273)
<b>PROFITS FOR THE PERIOD BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST</b>		<b>534,818,180</b>		<b>288,340,301</b>	
Income taxes	(26)	(184,426,129)	259,541,199	(106,341,333)	172,680,461
			(89,407,275)		(56,134,714)
<b>PROFITS FOR THE PERIOD</b>		<b>350,392,051</b>	<b>170,133,924</b>	<b>181,998,968</b>	<b>116,545,747</b>
<b>Distributed as follows:</b>					
Holding company		287,282,665	143,658,413	144,304,756	98,509,103
Non-controlling interest		63,109,388	26,475,511	37,694,212	18,036,644
<b>PROFITS FOR THE PERIOD</b>		<b>350,392,053</b>	<b>170,133,924</b>	<b>181,998,968</b>	<b>116,545,747</b>

Chief Financial Officer  
Hossam Hussain



Chief Executive Officer  
Ahmed Khalil



Chairman  
Medhat Khalil




-The accompanying notes from (1) to (34) are an integral part of these consolidated financial statements.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED AT 30 JUNE 2023

Note	Six months ended on 30 June 2023 EGP	Six months ended on 30 June 2022 EGP	Three months ended on 30 June 2023 EGP	Three months ended on 30 June 2022 EGP
	<b>350,392,053</b>	170,133,924	<b>181,998,968</b>	116,545,747
	<b>PROFITS (LOSSES) FOR THE PERIOD</b>			
	<b>OTHER COMPREHENSIVE INCOME</b>			
	(121,352,011)	(45,070,613)	(32,227,586)	-
	27,304,202	10,140,888	7,251,207	-
(34)	(94,047,809)	(34,929,725)	(24,976,379)	-
	60,187,836	6,950,807	20,960,502	1,926,410
	3,249,675	(816,585)	4,153,751	404,126
	(731,177)	183,732	(934,594)	(90,929)
	<b>(31,341,475)</b>	(28,611,771)	<b>(796,720)</b>	2,239,607
	<b>319,050,578</b>	141,522,153	<b>181,202,248</b>	118,785,354

Chief Financial Officer  
Hossam Hussain



Chief Executive Officer  
Ahmed Khalil

Ahmed Khalil

Chairman  
Medhat Khalil




-The accompanying notes from (1) to (34) are an integral part of these consolidated financial statements.

**RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)**  
**STATEMENT OF CONSOLIDATED CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED AT 30 JUNE 2023**

	Issued and Paid up capital	Legal reserve	General reserve	Reservation of investments at fair value through other comprehensive income	Treasury shares	Net profit from selling Aman share	Foreign currency translation	Retained Earnings and Losses	Differences in the valuation of foreign currency through OCI	Dividends distribution	Profits for the period after deducting non- controlling interest	Total before non- controlling interest equity	Non- controlling interest equity	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
1 January 2023	1,071,997,595	92,010,015	41,935,960	3,390,288	(53,685,977)	-	(2,849,605)	190,453,776	-	-	347,313,087	1,690,565,139	566,757,426	2,257,322,565
Transferred to retained earnings	-	4,288,010	-	-	-	-	-	343,025,077	-	-	(347,313,087)	-	-	-
Accumulated foreign currency translation differences	-	-	-	-	-	-	60,187,836	-	-	-	-	60,187,836	-	60,187,836
Change in minority rights	-	-	-	-	-	-	-	-	-	-	-	(86,266,480)	12,298,327	12,298,327
Dividends	-	-	-	-	-	-	-	-	-	(86,266,480)	-	-	-	(86,266,480)
Differences in the valuation of foreign currencies	-	-	-	-	-	-	-	-	(94,047,809)	-	-	(94,047,809)	-	(94,047,809)
Reserve of investments at fair value through OCI	-	-	-	2,518,498	-	-	-	-	-	-	-	2,518,498	-	2,518,498
Profits for the period	1,071,997,595	96,298,025	41,935,960	5,908,786	(53,685,977)	-	57,338,231	523,478,853	(94,047,809)	(86,266,480)	287,282,665	287,282,665	63,109,388	350,392,053
30 June 2023	1,071,997,595	96,298,025	41,935,960	5,908,786	(53,685,977)	-	57,338,231	523,478,853	(94,047,809)	(86,266,480)	287,282,665	1,860,239,849	642,165,141	2,502,404,990
1 January 2022	1,071,997,595	92,010,015	41,935,960	568,278	(7,183,129)	387,171,382	(13,313,401)	(470,425,631)	-	(290,662,575)	487,335,201	1,299,433,695	454,202,464	1,753,636,159
Transferred to retained earnings and legal reserve	-	-	-	-	-	-	-	487,335,201	-	-	(487,335,201)	-	-	-
Accumulated foreign currency translation differences	-	-	-	-	-	-	6,950,807	-	-	-	-	6,950,809	-	6,950,809
Net profit from selling Aman shares	-	-	-	-	(387,171,382)	-	-	387,171,382	-	-	-	-	-	-
Change in minority	-	-	-	-	-	-	-	-	-	-	-	(46,502,848)	74,054,134	74,054,134
Treasury shares	-	-	-	-	(46,502,848)	-	-	(290,662,575)	-	290,662,575	-	-	-	(46,502,848)
Dividends	-	-	-	-	-	-	-	-	-	-	-	(45,070,612)	-	(45,070,612)
Differences in the valuation of foreign currencies	-	-	-	(632,853)	-	-	-	-	-	-	-	(632,853)	-	(632,853)
Reserve of investments at fair value through OCI	-	-	-	-	-	-	-	-	-	-	143,658,413	143,658,413	26,475,510	170,133,923
Profits for the year	1,071,997,595	92,010,015	41,935,960	(64,575)	(53,685,977)	-	(6,362,592)	113,418,377	(45,070,612)	-	143,658,413	1,357,836,604	554,732,108	1,912,568,712
Balance as of 30 June 2022	1,071,997,595	92,010,015	41,935,960	(64,575)	(53,685,977)	-	(6,362,592)	113,418,377	(45,070,612)	-	143,658,413	1,357,836,604	554,732,108	1,912,568,712

- The accompanying notes from (1) to (34) are an integral part of these consolidated financial statements.

**RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)**

**STATEMENT OF CONSOLIDATED CASH FLOWS  
FOR THE PERIOD ENDED AT 30 JUNE 2023**

	Note	30 June 2023 EGP	30 June 2022 EGP
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profits before income tax and non- controlling interest		534,818,182	259,541,199
Depreciation of fixed assets, amortization of intangible assets, and investment property	(7,4,5)	172,161,203	145,370,818
Profit or loss from disposal of fixed assets		(9,754,644)	(525,002)
Finance cost (net)		521,415,883	291,881,974
Company's share from (profits) of associates	(10)	(26,085,398)	(8,283,292)
Provisions	(19)	42,090,001	19,640,479
Reversal of provisions	(19)	(3,762,864)	(3,479,760)
Write-down of inventory	(12)	19,911,727	20,762,540
Reversal of write-down of inventory	(12)	(347,298)	(3,152,417)
Expected credit loss	(13)	200,262,272	73,918,421
Reversal of expected credit loss	(13)	(16,529,270)	(1,840,294)
Treasury shares	(28)	-	(46,502,848)
		<u>1,434,179,794</u>	<u>747,331,818</u>
Change in inventory	(12)	(1,206,354,895)	(89,017,406)
Change in projects under construction		(131,963,538)	(146,541,178)
Change in accounts and notes receivable	(13)	(1,658,621,103)	(2,361,025,659)
Change in prepayments and other debit balances	(41)	(1,697,189,401)	(800,659,225)
Change in accounts and notes payable	(20)	2,118,512,854	993,820,966
Change in Credit Facilities in the non-banking finance sector	(22)	719,800,950	-
Change in loans in the non-banking finance sector		26,745,867	-
Change in accrued expenses and other credit balances	(21)	1,451,108,565	848,914,245
Change in other long-term liabilities		(19,386,813)	1,344,410
<b>CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES</b>		<u>1,036,832,280</u>	<u>(805,832,029)</u>
Income tax paid		(209,025,114)	(197,144,690)
Bad Debts		60,363,036	-
Used provisions		(1,617,205)	(13,293,580)
<b>NET CASH FLOWS PROVIDED FROM / (USED IN) OPERATING ACTIVITIES</b>		<u>886,552,997</u>	<u>(1,016,270,299)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Payments) to acquire fixed assets, intangible assets, and investment property	(7,4,5)	(148,943,079)	(190,755,753)
Proceeds from disposal of fixed assets and intangible assets	(4)	-	(61,019)
(Payments) in projects under construction	(6)	(63,001,140)	(32,079,934)
(Payments) to acquire Long Term investments		(42,590)	(1,001,640)
(Payments) to acquire Short Term investments		(170,147)	(4,001,552)
(Payments) in respect of restricted time deposits in favor of letters of credit	(16)	28,861,421	(4,014,1263)
<b>NET CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>		<u>(183,295,535)</u>	<u>(261,914,024)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from credit facilities	(22)	767,859,636	1,393,610,620
(Payments) in long term loans	(18)	(113,928,378)	(317,808,015)
Proceeds from long term loans	(18)	78,628,326	661,986,402
Proceeds from short term loans		-	100,000,000
Dividends paid		(86,266,480)	(137,916,865)
Change in non-controlling interest		12,298,326	74,054,134
Finance cost		(521,415,883)	(291,881,972)
(Payments) in long term notes payables		(19,942,453)	(9,481,687)
<b>NET CASH FLOW PROVIDED FROM FINANCING ACTIVITIES</b>		<u>117,233,094</u>	<u>1,472,562,617</u>
Accumulated foreign currency translation		60,187,836	6,950,807
<b>Net increase in cash and cash equivalent during the PERIOD</b>		<u>880,678,392</u>	<u>201,329,101</u>
Cash and cash equivalent - beginning of the period	(16)	1,240,400,495	996,591,968
<b>CASH AND CASH EQUIVALENT - END OF THE PERIOD</b>		<u>2,121,078,887</u>	<u>1,197,921,069</u>
Cash on hand and at banks – end of the period	(16)	2,181,239,739	1,265,766,411
<b>Deduct: Restricted time deposits</b>		<u>(60,160,852)</u>	<u>(267,845,34)</u>
<b>CASH AND CASH EQUIVALENT- END OF THE PERIOD</b>		<u>2,121,078,887</u>	<u>1,197,921,069</u>

- The accompanying notes from (1) to (34) are an integral part of these consolidated financial statements.



RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**1. GROUP BACKGROUND**

Raya Holding Company for Financial Investments (S.A.E) was established as holding company on 9 May 1999, The main purpose of the company is to subscribe in establishing companies that issue securities or increasing their capital in accordance with the regulations of Law number 146 for the year 1988. The company should submit a separate feasibility study to the general authority for investment for each project the company will invest or share in by any means as a per meant condition for approval of the general authority for investment, and the company has investments in subsidiaries.

On 12 October 2016, the Commercial Register was added to the activity of the company which is the practice of promotion and coverage of subscription securities and financial advisory services on securities and the formation and management of portfolios of securities with take into consideration of laws and regulations and decisions in force and require the issuance of licenses crisis to exercise these activities taking into account Article 127 of the Annual Regulations The company may have a reformer and participate in any way with the companies of funds that carry out business similar to their work which may cooperate to achieve its purpose in Egypt or abroad, which may be merged into those companies or purchaser or their equity and in accordance with the provisions of laws and its executive regulations.

On 27 June 2016, the Board of Directors approved the proposal to amend the Company's name and amend Article (2) of the Company's Articles of Association. The proposed name will be Raya Holding for Financial Investments (S.A.E), this was indicated in the commercial register on 12 October 2016.

The following are the details of investment in subsidiaries included in the consolidated financial statements as of 30 June 2023:

Company name	Country	Percentage of ownership
Raya Distribution Company	Egypt	100%
Raya Integration Company	Egypt	100%
Raya International Service Company	Egypt	100%
Raya Network Services Company	Egypt	100%
Raya Gulf Company	UAE	100%
Raya Technology Company Ltd.	Saudi Arabia	100%
Raya Contact Centre Company	Egypt	59.15%
Raya Electronics Company (Previously Sama)	Egypt	100%
Call Centre Company - C3	Egypt	100%
Best Service Company- Nigeria	Nigeria	100%
Raya Smart Building	Egypt	100%
Raya for Contact Centre Building Management Company	Egypt	100%
Ostool for Land Transport Company	Egypt	62.31%
Raya Restaurants Company	Egypt	95.423%
Raya Tech Distribution Company	Egypt	100%
Raya for Social Media Company	Egypt	100%
Raya for Data Centres Company	Egypt	100%
Raya Venture and Investment Company	Egypt	100%
Raya Contact Centre Gulf	UAE	100%
Raya for Food and Beverages Company	Egypt	100%
Raya Contact Centre Company – Europe	Poland	100%
Aman for Electronic Payments Company	Egypt	100%
Raya for Manufacturing and logistics Services Company	Egypt	100%
Raya Network power Company	Egypt	100%
Eden for Import and Export Company	Egypt	100%
Integrated Technology Systems Company	Egypt	100%
Madova Company	Poland	100%
Raya Foods Company	Egypt	100%
Aman for Financial Services Company	Egypt	100%
Aman for Micro finance Company	Egypt	100%
Raya for Modern vehicles Company	Egypt	100%
Raya for advanced manufacturing Company	Egypt	100%
Aman holding company for non-banking financial services and electronic payments	Egypt	76%
Raya Electric	Egypt	100%
Raya For Agricultural Products	Egypt	100%
United stores company	Egypt	100%
Egypt international communication company	Egypt	100%
Gulf customer experience	Bahrain	85%

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
30 JUNE 2023

**1. GROUP BACKGROUND (CONTINUED):**

**B- Suspended companies**

<b>Company Name</b>	<b>Country</b>	<b>Percentage of ownership</b>
1- International Business Ventures Company – IBVC	Britain	100%
2- Raya U.S.A. Company	USA	100%
3- Egyptian Company for Investment and Glass Production	Egypt	100%
4- Oratech for communication and Information Systems Company*	Egypt	50%
5- Oratech for Management and Information Technology Company **	Egypt	50%
6- Al Byoot Alarabia for Finance Lease Company	Egypt	100%
7- Ain Company for Networks	Egypt	100%
8- Raya Academy For It Training & Management	Egypt	100%
9- Interpain Egypt Company	Egypt	100%
10- Raya Algeria Company	Algeria	100%
11- Raya East Africa for financial investments company	Tanzania	100%
12- Best services company	Egypt	100%
13- Tadweer company for advanced industries	Egypt	100%
14- International Business System Company – IBSE	Egypt	100%
15- Raya Qatar Company	Egypt	100%

\* On 13 January 2004, Oratech for Communication and Information Systems Company notified the tax authority about its need to temporary suspend its activities starting from 21 March 2003 and it handed over its tax card.

\*\* On 25 May 2008, Oratech for Management and Information Technology Company notified the tax authority about its need to temporary suspend its activities starting from 31 September 2007 and it handed over its tax card.

The consolidated financial statements include the assets, liabilities and results of operations of Oratech for Communication and Information Systems Company and Oratech for Management & Information Technology Company.

The consolidated financial statements of the company for the period ended 30 June 2023 were authorized for issuance in accordance with the decision of the board of directors meeting dated on 15 August 2023.

**2- BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING ESTIMATES**

**2-1 BASIS OF CONSOLIDATION**

- The following steps are followed when preparing the consolidated financial position:
  - a- The carrying amount of the holding company's investment in each subsidiary and the holding company share of equity of each subsidiary are eliminated.
  - b- Non-controlling interest in the net profit or loss of the consolidated subsidiaries for the reporting period is identified.
  - c- Non-controlling interests in the net assets of consolidated subsidiaries are identified and presented in the financial statement separately from the parent's ownership interests.  
Non-controlling interests in the net assets consist of:
    - (1) The amount of those non-controlling interests at the date of the original combination.
    - (2) The non-controlling interests' share of changes in equity since the date of the combination.
  - d- Intergroup balances of transactions, income and expenses are fully eliminated.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**2- BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING ESTIMATE (CONTINUED)**

**2-1 BASIS OF CONSOLIDATION (CONTINUED):**

- The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same date.
- Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.
- Non-controlling interests are presented in the consolidated financial position within equity, separately from the equity of the owners of the parent. Also, the non-controlling interests share in the group profit or loss appears separately.

Non-controlling interests shown in the consolidated financial statements are as follows:

	<b>Percentage</b>
Ostool for Land Transport Company	37.69%
Oratech for Communication and Information System Company	50%
Oratech for Management and Information Technology Company	50%
Raya Restaurants Company	4.577%
Raya Contact Centre Company	43.68%

**2-2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of these financial statements requires management to make judgments and estimates that affect the values of revenues, expenses, assets, and obligations included in the financial statements and the accompanying disclosures, as well as the disclosure of potential liabilities at the date of the financial statements. The uncertainty surrounding these assumptions and estimates may have consequences that require substantial adjustments to the carrying amount of affected assets and liabilities in future years.

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

The following are the main judgments and estimates that materially affect the company's Consolidated periodic financial statements.

**2-2-1 Judgments**

**Recognition of revenue from the sale of products**

In making its own provisions, management has considered the detailed requirements for the recognition of revenue arising from the sale of products as set out in Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" regarding whether the company has transferred to the buyer significant risks and returns arising from the ownership of the products.

**2-2-2 Estimates**

**Decreased value of customer balances and notes receivable**

An estimate of the collectible amount is made from customer balances and notes receivable when collection of the full amount is no longer expected. For individually significant amounts, the estimation is made on an individual basis. As for amounts that are not individually significant, but which are past their due date, they are assessed collectively, and a provision is made according to the period that has elapsed since their maturity date based on historical recovery rates.

**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 shall 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 the method of depreciation to ensure that the method and duration of depreciation are consistent with the expected pattern of economic benefits arising from these assets.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**2- BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING ESTIMATE (CONTINUED)**

**2-2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)**

**Taxes**

The company is subject to income tax imposed in Egypt. Important judgments are required to determine the total provisions for current and deferred taxes. The company has made provisions, based on reasonable estimates, bearing in mind the potential consequences of the examinations conducted by the tax authorities in Egypt. The amount of this provision is based on several factors, including experience with previous tax checks and differing interpretations of tax regulations by the company and the responsible tax authority. Such differences in interpretation may arise in several issues according to the conditions prevailing in Egypt at the time.

Deferred tax assets are recognized for unused and carried forward tax losses so that it is probable that they will be offset by taxable profits that these losses can be used to offset. Substantial management judgments must determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits, as well as future tax planning strategies.

**Depreciation of non-financial assets**

The company assesses whether there are indications of impairment of non-financial assets in each of the reporting years. Non-financial assets are tested for impairment when there are indications that the carrying value may not be recoverable. When calculating value in use, management estimates the expected future cash flows from the asset or cash-generating unit and chooses the appropriate discount rate to calculate the present value of those cash flows.

**3- SIGNIFICANT ACCOUNTING POLICIES APPLIED**

**Statement of compliance**

The periodic Consolidated financial statements are prepared in accordance with the Egyptian Accounting Standards and the applicable laws and regulations.

**3-1 CHANGES IN ACCOUNTING POLICIES**

The accounting policies applied in this period are consistent with those applied in the previous period. As Shown in disclosure 35, on 6 March 2023, Council of Minister's was issued decision No. 883 of 2023 to amend some provisions of Egyptian Accounting Standards, and these amendments did not affect on the company's financial statements on 30 June 2023.

**3-1-1 Financial instruments**

Egyptian Accounting Standard 47 "Financial Instruments" which replaced Egyptian Accounting Standard 26 Financial Instruments: Recognition and Measurement. Egyptian Accounting Standard 47 was issued in 2019 and the standard began to be applied on or after 1 January 2021 in Egypt Except for coverage accounting, it must be applied retroactively but adjusting the comparative information is not mandatory.

The standard deals with three aspects of accounting for financial instruments: classification and measurement impairment, and coverage accounting.

**Classification and measurement**

According to Egyptian Accounting Standard 47, debt instruments are subsequently measured at fair value through profits, losses, amortized cost, or fair value through other comprehensive income. The classification is based on two classification criteria: the company's business model for asset management; and whether the contractual cash flows of the instruments represent "principal and interest payments only" on the outstanding principal amount.

The Company's business model was evaluated as of the date of initial application and assessed whether the contractual cash flows of debt instruments consisted only of principal amount and interest based on the facts and circumstances at the initial recognition of the assets.

**Impairment**

The new impairment model in accordance with Egyptian Accounting Standard 47 requires the recognition of impairment provisions based on expected credit losses rather than only credit losses incurred as in Egyptian Accounting Standard 26. Applicable to financial assets classified at amortized cost and debt instruments measured at fair value through other comprehensive income, Egyptian Accounting Standard 48 contract assets "Revenue from contracts with customers", rental receipts, loan commitments and certain financial guarantee contracts.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**3- SIGNIFICANT ACCOUNTING POLICIES APPLIED (CONTINUED)**

**3-1 CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

**3-1-1 Financial instruments (continued)**

**Financial Instruments - Recognition and Measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial obligation or proprietary instrument of another entity.

**A) Financial assets**

Financial assets, at initial recognition, as measured later, are classified by depreciated cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets at initial recognition is based on the characteristics of the contractual cash flow of the financial asset and the company's business model for its management. For a financial asset to be classified and measured at amortized cost or fair value by other comprehensive income, it must result in cash flows that are "principal and interest payments only" on the outstanding principal amount.

This test is referred to as the "principal and interest payments only" test and is performed at the instrument level. Financial assets that do not pass the "principal and interest payments only" test are classified and measured at fair value through profit or loss, regardless of business model. A company's business model for financial asset management refers to how it manages its financial assets to generate cash flows.

The business model determines whether cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both. Financial assets classified and measured at depreciated cost are held within the business model for the purpose of holding financial assets for the purpose of collecting contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within the business model for the purpose of collecting contractual cash flows and selling.

**Impairment of financial assets**

The Company recognizes the provision for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due under the contract and all cash flows expected by the Company, discounted at a rate close to the original effective interest rate. The provision for expected credit losses is recognized in two stages. For credit exposures for which there has been no significant increase in credit risk since initial recognition, expected credit losses for credit losses are measured by the value of credit losses resulting from potential defaults over the next 12 months (expected credit losses 12-month). For credit exposures for which credit risk has significantly increased since initial recognition, expected credit losses are measured over the remaining life of exposure, regardless of the timing of default (expected credit losses over a lifetime).

When determining whether the credit risk of the financial asset has increased materially since the initial recognition and when estimating the expected credit losses, the Company shall consider reasonable, supportive, and available information at no cost or excessive effort, including quantitative and qualitative information and analysis based on the Company's experience, enhanced credit ratings and future information.

The Company may also consider a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. The financial assets are excluded when there is no reasonable recovery expectation of expected cash flows. At the date of each report, the Company assesses whether financial assets recorded at amortized cost and debt securities at fair value through other comprehensive income have experienced credit impairment.

An asset is considered to have experienced an impairment when one or more events occur that have a negative impact on the estimated future cash flows of the financial asset.

**B) Financial obligations**

All financial obligations are recognized primarily at fair value and in the case of loans, debts, and credit balances less the cost directly attributable to the transaction.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
30 JUNE 2023

**3- SIGNIFICANT ACCOUNTING POLICIES APPLIED (CONTINUED)**

**3-1 CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

**3-1-2 Revenue from contracts with customers**

The new Egyptian Accounting Standard "Revenue from contracts with customers" No. 48 establishes a new five-step model, which will be applied to revenue arising from contracts with customers as follows:

**Step 1:** Define the contract(s) with the customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations. It outlines the bases and criteria that must be met for each contract.

**Step 2:** Identify the performance obligations in the contract: A performance obligation is an undertaking in the contract to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration the company expects to be entitled to 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 stipulated in the contract. For contracts that have more than one performance obligation,

The Group will allocate a transaction price to each performance obligation in the amount to which the Group expects to be entitled in exchange for meeting each performance obligation.

**Step 5:** Recognize revenue when the entity fulfills the performance obligation.

The company fulfills the performance obligation and recognizes revenue over a period, if one of the following conditions is met:

A. It does not create performance for the company and that the company has an enforceable right to a payment for the performance completed to date.

B. The performance of the company creates or improves the asset that the customer controls while the asset is being built and improved.

C. The customer receives the benefits provided by the performance of the facility and consumes them at the same time as the company performs.

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 company fulfills the performance obligation by providing the services that were promised, this leads to the creation of an asset based on a contract in exchange for the consideration gained from the performance. If the consideration received by the customer exceeds the amount of revenue that has been recognized, this may create a contract obligation.

Revenue is measured at the fair value of the consideration received or receivable, after considering the contractual terms of payment, and after excluding taxes and fees.

The Company 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 the revenue and costs, if applicable, can be measured reliably.

**A. The provision of services**

Revenue from providing services is recognized when services are provided, and this is done based on contracts with customers.

**B. financing income**

Finance income is recognized using the effective commission rate, which represents the rate at which estimated future cash receipts are discounted over the expected life of the financial instrument or less, whichever is appropriate to the net book value of the financial asset.

**C. Dividends**

Revenue is recognized when the company's eligibility to receive it is recognized, which is usually done by the distribution decision issued by the general assemblies of the investee companies.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**3- SIGNIFICANT ACCOUNTING POLICIES APPLIED (CONTINUED)**

**3-1 CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

**3-1-3 Financial leasing**

Egyptian Accounting Standard 49 replaces Egyptian Accounting Standard 20 "Accounting Rules and Standards Related to Financial Leasing Operations".

Egyptian Accounting Standard 49 now requires tenants to recognize lease obligations that reflect future rent payments and "right of use asset" for almost all leases. There is an optional exemption for some short-term leases and leases for low-value assets.

When the contract arises, it is evaluated whether the contract is a lease contract or includes a lease contract. The contract is a lease contract or includes a lease if it transfers the right of control over the use of the specified asset for a period for a fee. A single recognition and measurement policy applies to all leases, except for short-term leases and leases of small-value assets.

Rent obligations are recognized for rent payments and "usufruct assets" which represent the right to use the assets subject to the lease contract.

**A) Right of Use Assets**

Right of use assets are recognized at the beginning of the lease (on the date on which the asset becomes available for use).

Right of use assets are measured at cost minus any combined depreciation or impairment losses and adjusted by any revaluation of lease liabilities. Usufruct Asset Cost includes the amount of recognized lease obligations plus any direct costs or down payments made on or before the contract date minus any rental incentives received. The depreciation of the right of use assets shall be made based on the fixed premium over the term of the lease contract or the estimated useful life of the assets in accordance with the depreciation policy applied in the establishment, whichever is less. If the ownership of the asset subject to the contract devolves to the lessee at the end of the contract or the cost reflects the right of the lessee to exercise the purchase option at the end of the contract, the original usufruct right shall be depreciated over the estimated useful life of the asset in accordance with the depreciation policy applied in the establishment.  
right of use assets are subject to an impairment policy.

**B) Rent obligations**

The "lease obligation" at the beginning of the lease is recognized by calculating the present value of the unpaid lease payments on that date using the interest rate implied in the lease if determined. If it cannot be easily determined, the interest rate on the additional borrowing of the tenant is used.

Lease payments on the date of commencement of the lease included in the measurement of the lease obligation shall consist of the following payments for the right to use the underlying asset during the term of the lease that have not been paid on the lease commencement date and include:

Fixed payments less any receivable rental incentives.

Variable lease payments based on an index or rate and are initially measured using the index or rate on the lease start date.

Amounts expected to be paid by the lessee under residual value guarantees.

The price of exercising the call option if the lessee is sure that the option is reasonably exercised.

Penalty payments for termination of the lease if the duration of the lease reflects the tenant's exercise of the option to terminate the lease.

**3-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3-2-1 Foreign currency translation**

Transactions in foreign currencies are initially recorded at the rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the balance sheet date. All differences are recognized in the Consolidated statement of profit or loss.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**3- SIGNIFICANT ACCOUNTING POLICIES APPLIED (CONTINUED)**

**3-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3-2-1 Foreign currency translation (continued)**

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date of the initial recognition. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

**3-2-2 Goodwill**

At the date of acquisition, the company recognizes the acquired goodwill in business combination as an asset. Goodwill is initially measured at cost. Goodwill represents the excess of the cost of the combination of businesses over the company's interest in the net fair value of the assets, liabilities and contingent liabilities recognized. After initial recognition, the company measures the goodwill resulting from business combination at cost less impairment loss. Goodwill is not amortized, instead the company tests the impairment of goodwill annually or periodically if the events or change in circumstances indicates that there is impairment in goodwill.

**3-2-3 Fixed assets**

**Initial recognition**

The cost of any fixed asset item is recognized as an asset only when:

A- Metabolic economic benefits are likely to flow from this item.

B - The cost of the item can be measured reliably.

**Subsequent measurement**

The entity must choose either the cost model or the revaluation model as the accounting policy, and that policy must be applied to each class of fixed assets in its entirety.

**Cost Model**

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred if the recognition criteria are met. Likewise, when a major improvement is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Consolidated statement of profit or loss as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Buildings	40
Switches	4
Leasehold improvements	5-8 or lease duration whichever is less
Furniture and office equipment	8
Computers	3
Fixtures and fitting	4

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from derecognizing the asset is included in the Consolidated statement of profit or loss when the asset is derecognized.

**Post-acquisition costs**

The cost of substantial renovations is recognized on the cost of fixed assets by the cost of replacing a component of that item when it is likely to bring future economic benefits to the company with the possibility of reliably measuring the cost and depreciating over the remaining useful life of the asset or the expected useful life of such renovations, whichever is less, and other costs are recognized in the statement of profits or losses as expenses when incurred. The residual values of assets, their useful lives and methods of depreciation are reviewed at the end of each fiscal year.

The company periodically on the date of each budget

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.



RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**3- SIGNIFICANT ACCOUNTING POLICIES APPLIED (CONTINUED)**

**3-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3-2-3 Fixed assets (continued)**

The company periodically on the date of each budget the Company assesses at each balance sheet date whether there is an indication that fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the Consolidated statement of profit or loss.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the Consolidated statement of profit or loss.

**3-2-4 Intangible assets**

**Initial recognition**

Intangible assets acquired individually are initially recognized at cost if it is probable that future economic benefits that can be attributed to the asset will flow to the entity and the cost of that asset can be measured reliably.

**Subsequent measurement**

The entity must choose either the cost model or the revaluation model as its accounting policy.

**The Cost Model**

After the initial recognition the intangible asset is recorded at cost less accumulated depreciation and accumulated impairment losses and the shelf life of intangible assets is determined as finite or indefinite.

For impairment when there is an indication of the impairment of the asset and the depreciation period and the depreciation method for the intangible asset with a specific age are reviewed at the end of each fiscal year.

**3-2-5 Projects under construction**

Assets under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Assets under construction are valued at cost less impairment.

**3-2-6 Investments**

**Investing in a subsidiary**

Investments in a subsidiary are investments in companies in which the company has control. Control is assumed when the holding company owns, directly or indirectly, through its subsidiaries, more than half of the voting rights in the investee company, except for those exceptional cases in which it is clearly shown that such ownership does not represent control.

The investment in a subsidiary company is accounted for at cost, including the cost of acquisition, and in the event of impairment in the value of those investments, the book value is adjusted by the

The value of this impairment and included in the Consolidated statement of profits or losses for each investment separately.

The value of the loss resulting from the impairment of the value shall be refunded in the Consolidated statement of profits or losses in the year in which the refund occurred.

Dividends on investments in the subsidiary are recognized as part of the company's profit or loss statement when it is entitled to receive dividends.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**3- SIGNIFICANT ACCOUNTING POLICIES APPLIED (CONTINUED)**

**3-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3-2-6 Investments (continued)**

**Investment in associates**

Investments in associate companies are investments in companies in which the company has significant influence but it is not a subsidiary nor is it a share in a joint venture. Significant influence is presumed when the company owns directly or indirectly through its subsidiaries a percentage of 20% or more of the voting rights in The investee company except in cases where it appears clearly that such ownership does not represent significant influence. Investments in associate companies are accounted for in the financial statements at cost including the cost of acquisition in accordance with Egyptian Accounting Standard No. (18) The share of long-term investments in the profits that is decided to be distributed from the profits of the investee companies is included in the income statement as investment income.

**Investment at fair value through other comprehensive income**

Investments through comprehensive income are non-derivative financial assets that have been classified as assets available for sale, unclassified as loans and debts or as investments held to maturity or as investments at fair value through profit or loss.

Upon initial recognition, available-for-sale investments are measured at fair value including expenses directly related to them.

After the initial measurement, the investments available for sale are measured at fair value with the recognition of unrealized gains or losses directly within equity until the financial asset is excluded from the books, at which point the accumulated gains or losses recorded in equity are recognized in the statement of profits or losses, or if it is determined that the asset has decayed, in which case the accumulated losses recorded in equity are recognized in the statement of profit or loss. If the fair value of investments in equity instruments cannot be measured in a reliable manner, the value of those investments is measured at cost.

Equity investments: in the event of evidence of impairment, Accumulated losses are excluded from equity and derecognized in the statement of profits or losses. Impairment losses on equity investments cannot be recovered through the statement of profit or loss, and the increase in fair value immediately after impairment is recognized within equity.

**3-2-7 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 at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest.

level input that is significant to the fair value measurement as a whole:

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**3- SIGNIFICANT ACCOUNTING POLICIES APPLIED (CONTINUED)**

**3-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3-2-7 Fair value measurement (continued)**

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the Consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

To fair value disclosures, the Company has determined classes of assets and liabilities based on their nature and characteristics.

and risks of the asset or liability and the level of the fair value hierarchy as explained above. The preparation of the Consolidated financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the values of assets, liabilities, income, and expenses during the financial years. Actual results may differ from those estimates.

**3-2-8 Recognition and disposal of financial assets and liabilities**

**Recognition:**

The group first recognizes financial assets and liabilities at fair value on the date the transaction originated and the rest of the financial assets and liabilities are first recognized when the group becomes a party to the contract.

**Disposal:**

- The group will dispose the financial assets from the books after the contractual right ends the cash flows this asset, or transfer the contractual rights to collect cash flow from this assets, including transfer the risk and the benefits that are related the owning this asset significantly in case the development or the group keep the right of any financial assets without transfer. They recognized the right as an asset or an independent liability.

- The group will dispose financial liability in the book in case exemption, elimination, or end the contract liability that is related to it.

- When the company is keeping the contractual right to receive cash flow from financial asset (The original financial asset). But, the company uses this contractual right to paid this cash flow to another party or to other parties (the final receiver), so the source is treated this transaction to transfer it to financial asset if it is follow three conditions are met:

A) The company shouldn't obligate to paid amount to the final receiver if the amount doesn't collect from the owner of the financial assets that isn't equally the amount of the obligation. The short loan that the company is paid with right to refund the amount with the interest. It isn't considered contrary to theses condition.

B) According to contract, the company not allowed to Paid sales or mortgage the financial asset, But It allowed if it put as guaranty to the final receiver to pay the cash flows.

C) The company is committed to transfer the amount that is collected on behalf of the final receiver without any significant delay. In addition, the company has no right to reinvest this cash flow except the cash investment during short settlement from the date of collection to the date of last paid to the final receiver. Also, the source must transfer the interest from this investment to the final receiver.

**RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2023

**3- SIGNIFICANT ACCOUNTING POLICIES APPLIED (CONTINUED)**

**3-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3-2-9 Inventory**

Inventory items are evaluated as follows:

A- Raw materials spare parts and supplies: on the basis of cost (using a moving average) or net realizable value whichever is less.

B- Finished production: on the basis of production cost (according to cost lists) or net realizable value whichever is lower.

Cost includes direct materials direct labor and a share of manufacturing indirect costs excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The write down of inventory is recognized to net value Sales and all inventory losses are included in the cost of sales in the consolidated statement of profit or loss in the year in which the decrease or loss occurred.

The reversal of write down of inventory resulting from the increase in the net realizable value is recognized in the consolidated statement of profit or loss as a reduction from the cost of sales in the year in which this reversal occurred.

**3-2-10 Accounts and notes receivables, prepaid expenses, and other debit balances**

Customers, receivables, prepaid expenses, and other debit balances are recognized at the original value of the invoice less impairment losses. The Company applies the simplified approach permitted by Egyptian Accounting Standard No. (47) "Financial Instruments", which requires the recognition of expected credit losses on the reconstruction of debt to clients from the first recognition of the clients in the statement of profits or losses.

**3-2-11 Assets held for sale**

Assets (or disposals groups that include assets and liabilities) that are expected to be recovered initially by sale rather than by continuing use are classified as held-for-sale. The assets (or components of the disposal group) are remeasured immediately before they are classified as held for sale in accordance with the groups accounting policies. Thereafter the assets (or disposals group) are generally measured according to their book value or fair value less cost to sell whichever is lower.

**3-2-12 Treasury bills**

In accordance with the requirements of Egyptian Accounting Standard No. (47) "Financial Instruments", treasury bills have been classified on the basis of measuring - later - by depreciated cost through profits or losses, and treasury bills purchased are valued at nominal value and the difference between the purchase cost and the nominal value is recognized in calculating an investment return in deferred treasury bills and is depreciated by the value of the returns of treasury bills due for the financial period through profits or losses until the maturity date of treasury bills and the tax due is proved. On the returns of treasury bills. When collecting the yield of treasury bills, the tax deducted is recognized in the statement of financial position until it is settled with the annual tax return.

**3-2-13 Treasury Shares**

Treasury shares (company shares) are listed at the cost of their acquisition and the cost of treasury shares appears deducted from the equity in the financial center, and profits or losses resulting from the disposal of treasury shares are recognized within the equity in the financial center, and according to the text of Article 48 of Law 159 of 1998, the company should dispose of these shares to others within a maximum period of one year from the date of acquisition, otherwise the company is obligated to reduce its capital by the nominal value of those shares.

**3-2-14 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation because of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at the Consolidated financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense in the periodic Consolidated statement of profit or loss.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**3- SIGNIFICANT ACCOUNTING POLICIES APPLIED (CONTINUED)**

**3-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3-2-15 Social insurance**

The Company makes contributions to the Social Insurance Authority calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

**3-2-16 Legal reserve**

According to the Company's articles of association, 5% of the net profits for the year is transferred to the legal reserve until this reserve reaches 50% of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

**3-2-17 Borrowings**

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the periodic Consolidated financial statements date, then the loan balance should be classified as non-current liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the periodic Consolidated statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance expenses in the periodic Consolidated statement of profit or loss.

**3-2-18 Income taxes**

Income tax is calculated in accordance with the Egyptian tax law.

**Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority.

**Deferred income tax**

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate.

Deferred tax assets are recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the Consolidated statement of profit or loss for the period, except to the extent that the tax arises from a transaction or an event which is recognized, in the same or a different period, directly in equity.

**3-2-19 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue.

can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and value added taxes or duty.

The following specific recognition criteria must also be met before revenue is recognized:

• **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and an invoice is issued.

• **Interest income**

Interest income is recognized as interest accrues using the effective interest "EIR" method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**3- SIGNIFICANT ACCOUNTING POLICIES APPLIED (CONTINUED)**

**3-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3-2-20 Expenses**

All expenses including cost of sales, selling and marketing expenses, general and administrative expenses and other expenses are recognized and charged to the Consolidated statement of profit or loss for the six months ended 30 June 2023, in which these expenses were incurred.

**3-2-21 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are incurred in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**3-2-22 Related party transactions**

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the board of directors.

**3-2-23 Contingent Liabilities and Assets**

Contingent liabilities are not recognized in Consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the Consolidated financial statements but disclosed when an inflow of economic benefits is probable.

**3-2-24 Impairment**

**Impairment of financial assets**

At the date of each separate periodic financial statement, the Company determines whether there is objective evidence that a financial asset or group of financial assets has diminished. A financial asset or group of financial assets is deemed to have diminished if, and only if, there is objective evidence of impairment resulting from one or more events after the initial recognition of the asset and affecting the estimated cash flows of a financial asset or group of financial assets that can be reliably estimated.

**Impairment of non-financial assets**

At the date of each Consolidated periodic financial statements, the Company determines whether there is an indication that an asset has decayed. When the carrying amount of an asset or unit generating cash exceeds its redemption value, the asset is deemed to have diminished and is therefore reduced to its redemption value. The impairment loss is recognized by the statement of independent periodic profits or losses.

The impairment loss that was previously recognized shall be reimbursed only if there has been a change in the assumptions used to determine the redemption value of an asset since the last impairment loss has been recognized, and the reimbursement of impairment loss shall be limited to no more than the carrying amount of the asset, its redemption value or the carrying amount that would have been determined unless the impairment loss is recognized for the asset in prior periods. The refund for impairment loss is recognized in the statement of Consolidated periodic profits or losses.

**3-2-25 Pension system for employees**

The company operating in the Arab Republic of Egypt contributes to the social insurance system for the benefit of its employees in accordance with the Social Insurance Law No. 148 of 2019 and its amendments and the company's contribution is charged to the list of profits or losses according to the accrual basis and according to this system the company's commitment is limited to the value of that contribution.

Subsidiaries operating outside the Arab Republic of Egypt follow the social insurance system applied in those countries.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**3- SIGNIFICANT ACCOUNTING POLICIES APPLIED (CONTINUED)**

**3-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3-2-26 Statement of cash flows**

The statement of cash flows is prepared using the indirect method.

**3-2-27 Cash and cash equivalent**

For preparing the periodic Consolidated statement of cash flows, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within the period after deducting bank credit balances.

**3-2-28 The inclusive health insurance**

On January 11, 2018, Law No. 2 of 2018 promulgating the Comprehensive Health Insurance System Law was issued and shall come into force from the day following the expiration of six months from the date of its publication in the Official Gazette.

Employers are obliged to pay their monthly dues to the National Organization for Social Insurance.

Business owners are also obligated to pay a Takaful contribution at the rate of (0.0025) two and a half per thousand of the total annual revenues of individual establishments and companies, whatever their nature or the legal system to which they are subject, and this contribution is not considered one of the costs deductible in the application of the provisions of the Income Tax Law, and the Ministry of Finance shall collect this Takaful contribution in accordance with the financial report of the establishment submitted to the Tax Authority.

**RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2023

**4. FIXED ASSETS**

	Land		Buildings		Furniture and office equipment		Vehicles		Leaschold improvements		Switches		Computers		Fixtures		Productive assets		Total		
	EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		
Cost																					
1 January 2023	121,168,943		531,012,647		378,738,482		415,365,		653,063,564		75,958,226		256,382,704		408,015,32		399,835,348		3,239,540,993		
Additions during the year	25,319,540		88,350		23,545,948		7,264,980		29,970,438		8,000		12,572,158		1,647,209		1,491,302		101,907,925		
Transferred from project under constructions	-		27,850,672		-		15,689,633		-		-		-		-		8,712,685		52,252,990		
Disposals	-		-		(773,237)		(168,056)		(1,368,294)		(153,869)		(1,931,404)		(164,701,694)		-		(4,394,860)		
Reclassified assets	-		66,618,629		-		-		-		4,725,804		-		-		93,357,261		-		
Foreign Exchange Valuation Differences	-		-		-		-		21,057,461		-		-		-		19,469,877		40,527,338		
Translation differences	-		-		5,468,421		669,125		4,937,373		3,912,073		8,833,381		977,346		-		24,797,719		
30 June 2023	146,488,483		625,570,298		406,979,614		423,131,806		723,350,175		84,450,234		275,856,839		245,938,183		522,866,473		3,454,632,105		
Accumulated depreciation																					
1 January 2023	-		(80,119,181)		(234,574,445)		(244,425,075)		(329,313,705)		(75,932,837)		(189,122,100)		(208,527,915)		(89,605,868)		(1,451,621,126)		
Depreciation for the year	-		(9,465,552)		(23,520,990)		(19,797,994)		(45,372,478)		(1,830,973)		(15,220,734)		(16,180,260)		(19,743,012)		(151,131,993)		
Depreciation of disposals	-		-		741,772		149,530		1,368,294		153,869		1,928,652		-		-		4,342,117		
Reclassified assets	-		(55,398,390)		-		-		-		(1,147,075)		-		61,156,221		(4,610,756)		-		
Translation differences	-		-		(3,918,771)		(188,026)		(2,926,574)		(2,777,236)		(4,594,290)		(552,696)		-		(14,957,593)		
30 June 2023	-		(144,983,123)		(261,272,434)		(264,261,565)		(376,244,463)		(81,534,252)		(207,008,472)		(164,104,650)		(113,959,636)		(1,613,368,595)		
Net book value as of 30 June 2023	146,488,483		480,587,175		145,707,180		158,870,241		347,105,712		2,915,982		68,848,367		81,833,533		408,906,837		1,841,263,510		
Impairment of Raya Algeria Company's assets	-		-		(21,829)		-		(98,470)		-		(20,322)		-		-		(140,621)		
30 June 2023	146,488,483		480,587,175		145,685,351		158,870,241		347,007,242		2,915,982		68,828,045		81,833,533		408,906,837		1,841,122,889		

- There is a mortgage on the land located in 6<sup>th</sup> of October city on which the administrative building of Raya group is held.

- There is a mortgage on a store owned by Raya Distribution Company due to the loan granted to the company.

- There is no fixed asset not in use temporarily or permanently.

- The depreciation of fixed assets is allocated as follows:

	30 June 2023
Cost of revenues	EGP
General and administrative expenses	(62,752,081)
Selling and marketing expenses	(24,380,263)
	(63,999,648)
	(151,131,992)



**RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)**  
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**30 JUNE 2023**

**4. FIXED ASSETS (CONTINUED):**

Cost	Land		Buildings		Furniture and office equipment		Vehicles		Leasehold improvements		Switches		Computers		Fixtures		Productive assets		Total	
	EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP	
1 January 2022	79,597,943		412,495,574		304,382,158		409,640,329		457,509,919		70,707,149		205,992,094		366,170,745		329,192,464		2,635,688,375	
Additions during the year	34,071,000		83,238,605		67,536,241		6,775,782		144,004,803		1,405,678		39,148,253		35,101,013		60,680,301		471,961,676	
Transferred from project under restrictions	7,500,000		35,278,469		3,222,445		-		11,311,295		-		-		5,777,943		9,962,583		73,052,735	
Disposals	-		-		(3,988,008)		(1,615,936)		(149,754)		(519,114)		(458,860)		(11,725)		-		(6,743,397)	
Foreign Exchange Valuation Differences	-		-		1,655,518		-		33,885,183		-		-		-		-		35,540,701	
Translation differences	-		-		5,930,128		565,582		6,502,117		4,364,513		11,701,218		977,346		-		30,040,904	
31 December 2022	121,168,943		531,012,648		378,738,482		415,365,737		653,063,563		75,958,226		256,382,705		408,015,322		399,835,348		3,239,540,994	
Accumulated depreciation																				
1 January 2022	-		(64,650,534)		(186,817,760)		(205,356,610)		(260,166,522)		(66,680,955)		(152,703,182)		(173,991,316)		(58,182,794)		(1,168,549,673)	
Depreciation for the year	-		(15,468,647)		(45,109,828)		(39,783,769)		(64,160,076)		(6,367,842)		(28,198,564)		(33,995,626)		(31,423,074)		(264,507,426)	
Depreciation of disposals	-		-		2,353,344		903,331		58,322		518,831		214,677		11,723		-		4,060,228	
Translation differences	-		-		(5,000,201)		(188,026)		(5,045,429)		(3,402,871)		(8,435,030)		(552,696)		-		(22,624,255)	
31 December 2022	-		(80,119,181)		(234,574,445)		(244,425,074)		(329,313,705)		(75,932,837)		(189,122,100)		(208,527,915)		(89,605,868)		(1,451,621,124)	
Net book value as of 31 December 2022	121,168,943		450,893,467		144,164,037		170,940,683		323,749,858		25,389		67,260,605		199,487,407		310,229,480		1,787,919,869	
Impairment of Raya Algeria Company's assets	-		-		(21,829)		-		(98,470)		-		(20,322)		-		-		(140,621)	
31 December 2022	121,168,943		450,893,466		144,142,208		170,940,683		323,651,388		25,389		67,240,283		199,487,407		310,229,480		1,787,779,248	

- There is a mortgages on the land located in 6<sup>th</sup> of October city on which the administrative building of Raya group is held.
- There is a mortgages on a store owned by Raya Distribution Company due to the loan granted to the company.
- The depreciation of fixed assets is allocated as follows:

	31 December 2022
Cost of revenues	EGP (117,723,955)
General and administrative expenses	(38,584,677)
Selling and marketing expenses	(108,198,793)
	<u>(264,507,425)</u>

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
30 JUNE 2023

5. INVESTMENT PROPERTY

	Land EGP	Buildings EGP	Leasehold improvements EGP	Total EGP
1 January 2023	112,895,877	672,905,396	26,105,998	811,907,272
Additions during the year	-	-	-	-
30 June 2023	112,895,877	672,905,396	26,105,998	811,907,272
<b>Accumulated depreciation</b>				
1 January 2023	-	(162,188,501)	(15,940,965)	(178,129,466)
Depreciation of the year	-	(13,857,473)	(1,622,540)	(15,480,014)
30 June 2023	-	(176,045,974)	(17,563,505)	(193,609,480)
<b>Net book value 30 June 2023</b>	<b>112,895,877</b>	<b>496,859,422</b>	<b>8,542,493</b>	<b>618,297,792</b>
Net book value 31 December 2022	112,895,877	510,716,896	10,165,033	633,777,806

6. PROJECTS UNDER CONSTRUCTION

	30 June 2023 EGP	31 December 2022 EGP
Projects under construction –Fixed assets (6-1)	175,827,414	170,822,102
Projects under construction –Investment properties (6-2)	25,346,564	19,603,725
	201,173,978	190,425,827

6-1 PROJECTS UNDER CONSTRUCTION FIXED ASSETS

	30 June 2023 EGP	31 December 2022 EGP
Beginning balance of the period/year	170,822,102	106,817,744
Additions during the period/year	57,258,302	135,355,528
Transferred to fixed assets during the period/year	(52,252,990)	(73,052,734)
Foreign Exchange Valuation Differences	-	1,701,564
<b>Ending balance for the period/year</b>	<b>175,827,414</b>	<b>170,822,102</b>

Projects under construction balance for the parent company and its subsidiaries as follows:

	30 June 2023 EGP	31 December 2022 EGP
Raya Restaurants Company (A)	43,165,675	40,996,720
Raya Integration	508,772	-
Aman for Electronic Payments	1,385,416	142,000
Raya Electric	128,750	25,673,016
Raya for Data Centres Company	14,070,299	1,833,523
Raya Foods	13,608,227	8,487,686
Aman Micro Finance	78,174,883	81,827,100
Raya Call Centre Services Company	-	11,862,057
Gulf customer experience company	24,785,392	-
	175,827,414	170,822,102

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

6-1 PROJECTS UNDER CONSTRUCTION FIXED ASSETS (CONTINUED):

- A- The project under construction balance for Raya restaurants represents the cost of preparation of the restaurants.  
B- The project under construction balance for Aman for micro finance represents the construction of an administrative building for the company.

6-2 PROJECTS UNDER CONSTRUCTION INVESTMENT PROPERTIES

	30 June 2023	31 December 2022
	EGP	EGP
Beginning balance of the year	19,603,725	8,546,395
Additions during the year	5,742,839	14,292,112
Transferred to investment property during the period/ year	-	(3,234,782)
Ending balance for the period / year	<u>25,346,564</u>	<u>19,603,725</u>
	30 June 2023	31 December 2022
	EGP	EGP
Raya For Finance Lease	<u>25,346,564</u>	<u>19,603,725</u>
	<u>25,346,564</u>	<u>19,603,725</u>

- The balance of projects under construction for Raya Leasing Company is represented in the value of the payment under the account of the improvements of an administrative building in the central hub on 6<sup>th</sup> October city.

7. INTANGIBLE ASSETS

	30 June 2023	31 December 2022
	EGP	EGP
<b>Cost</b>		
1 January 2022	90,034,019	79,596,457
Additions during the year	6,507,817	10,552,950
Disposals	<u>(43,636)</u>	<u>(115,388)</u>
<b>31 December 2022</b>	<u>96,498,200</u>	<u>90,034,019</u>
<b>Accumulated amortization</b>		
1 January 2022	(70,372,200)	(61,508,290)
Amortization for the year	(5,549,196)	(8,974,409)
Depreciation of disposals	<u>10,899</u>	<u>110,499</u>
<b>31 December 2022</b>	<u>(75,910,497)</u>	<u>(70,372,200)</u>
<b>Net book value</b>	<u>20,587,703</u>	<u>19,661,819</u>

- The period amortization is charged to general and administrative expenses by EGP 406,494 and marketing expense by EGP 2,658,712 and the cost of the revenues by EGP 2,483,990.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

8. RIGHT OF USE ASSETS

	30 June 2023	31 December 2022
	EGP	EGP
<b>Cost</b>		
1 January 2023	1,256,619,609	965,056,910
Additions during the year	116,646,721	311,412,559
Adjustments during the year (disposals)	(16,425,078)	(36,354,813)
Currency Differences	40,928,672	13,119,250
Translation differences	568,360	3,385,703
30 June 2023	<u>1,398,338,284</u>	<u>1,256,619,609</u>
<b>Accumulated depreciation</b>		
1 January 2023	(447,010,526)	(358,537,126)
Previous years adjustments	-	-
Depreciation of the period / year*	(89,838,860)	(120,443,642)
Adjustments during the period / year (disposals)*	9,807,981	32,977,433
Translation differences	(537,346)	(1,007,191)
30 June 2023	<u>(527,578,751)</u>	<u>(447,010,526)</u>
<b>Net book value</b>	<u>870,759,533</u>	<u>809,609,083</u>

\*The period depreciation is charged to marketing expense by EGP 36,014,444 and the cost of the revenues by EGP 53,824,415.

9. GOODWILL

	30 June 2023	31 December 2022
	EGP	EGP
Raya Integration Company	6,019,341	6,019,341
Raya Contact Centers Company	3,160,166	3,160,166
Raya Electronics Company (Previously Sama)	33,236,748	33,236,748
Call Centre Company - C3	26,582,777	26,582,777
Raya Technology Company Ltd.	1,926,942	1,926,942
Al Byoot Al Arabia for Finance Lease Company	2,626,725	2,626,725
International Business System Company – IBSE	32,139,604	32,139,604
Ostool for Land Transport Company	893,048	893,048
Raya foods	23,127,622	23,127,622
International communication company	128,174,496	128,174,496
Gulf customer experience	115,451,911	115,451,911
Impairment of goodwill	(48,071,267)	(48,071,267)
	<u>325,268,113</u>	<u>325,268,113</u>

**The increase in a goodwill is:**

\* On 2, December 2021, the Board of Directors of Raya Holding Company for Financial Investments LLC decided to: (Major shareholder) in Raya Telecom LLC. By 56.32% by approving the purchase offer to acquire a majority stake of 85% of the shares of Gulf Customs Experience, a Bahraini closed joint stock company. The difference between the investment cost and the net equity of Gulf Customs Experience amounted to EGP 115,451,911 and the company recorded it as goodwill, using temporary values in accordance with paragraphs (45 and 46) of the Egyptian Standard No. 29 on business combination, provided that the company recognizes any settlements of these temporary values to complete the accounting Initial in a period not exceeding 12 months from the date of acquisition. In accordance with the acquisition agreement, the value of the investment in Gulf Consumer Experience Company B.S.C. was reduced by BD 1,102,042 (equivalent to BD 45,996,458), the amount of BD 377,358 was recovered, and the rest of the amount was refunded BD 724,684 equivalent to (EGP 47,146,065).

**Goodwill Impairment Test**

The company tests the impairment of goodwill annually on 31 December to ensure that the fair value can be recovered but if there are impairment indicators require tests the company will do it within the year.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

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10. INVESTMENT IN ASSOCIATES

	Ownership percentage	30 June 2023 EGP	31 December 2022 EGP
Allied Arab Company for Insurance	20%	1,253,455	1,253,455
Makarony Polskie	29.48%	151,823,522	125,738,123
		<u>153,076,977</u>	<u>126,991,578</u>

The company accounting for investment using the equity method: (value in thousands)

	Cost	Retained Earnings	Increase in capital	Profit for the year	Balance
	EGP	EGP	EGP	EGP	EGP
Allied Arab Company for Insurance	642,000	611,455	-	-	1,253,455
Makarony Polskie*	37,607,595	46,774,783	41,355,746	26,085,398	151,823,522
	<u>38,249,595</u>	<u>47,386,238</u>	<u>41,355,746</u>	<u>26,085,398</u>	<u>153,076,977</u>

\* At the end of December 2021, the capital increase of Makarony Polskie Company was subscribed and Raya Company's share in Makarony Polskie Company increased by 5% so that Raya's share became 29.48%, the amount of capital increase and increase in investment share amounted to EGP 41,355,742.

Below is a summary of the company's shares in associate Companies' assets, liabilities, equity, revenue, and net profit for the period: (value in EGP thousands):

Company Name	Ownership percentage	Long term assets	Current assets	Current liabilities	Long term liabilities	Paid up capital and equity	Revenues	Expenses
Allied Arab Company for Insurance	20%	462	9,078	(2,207)	-	(7,332)	7,858	(7,080)
Makarony Polskie	%29.48	1,034,794	668,817	(556,232)	(324,330)	(823,049)	972,149	(883,664)

11. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPERHENSIVE INCOME

	30 June 2023 EGP	31 December 2022 EGP
Unquoted shares or inactive shares at stock market*	14,314,250	14,314,250
Quoted shares at stock market**	11,915,475	8,665,800
	<u>26,229,725</u>	<u>22,980,050</u>

\* Investments are restricted at share cost, and the company is in the process of measuring them according to their fair value.

\*\* Impairment in the value of investments in the statement of profit or loss, including impairment in value was recognized in the statement of comprehensive income and the difference in valuation is recognized in the statement of comprehensive income during the period, and the movement is as follows:

	30 June 2023 EGP	31 December 2022 EGP
Fair value of investment	8,665,800	5,024,497
Deduct: Revaluation of investment reserved during the period / year	3,249,675	3,641,303
Fair value of investment	<u>11,915,475</u>	<u>8,665,800</u>

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

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12. INVENTORY

	30 June 2023	31 December 2022
	EGP	EGP
Mobile phones, accessories, spare parts and television	2,074,424,215	1,211,927,781
Supplies, switches spare parts and networks	89,706,887	179,055,918
Raw materials, work in progress and finished goods	260,013,223	220,301,178
Raya Algeria - Mobile phones, and accessories spare parts	53,875,658	53,875,658
Canned foods	215,545,924	113,086,484
Food and restaurants accessories	10,136,339	8,842,441
Frozen Foods	505,314,115	306,772,221
Electronic payment machines	40,205,898	48,836,124
Raw Coal	279,323,039	181,270,793
Others	3,629,503	1,851,306
	<u>2,074,424,215</u>	<u>2,325,819,904</u>
Write-down of inventory	(82,668,675)	(63,104,245)
Write-down of Raya Algeria Company's inventory	(53,875,658)	(53,875,658)
	<u>3,395,630,468</u>	<u>2,208,840,001</u>

Net value of inventory appears after the decline in value by write down provision movement in inventory write down is as follows:

	30 June 2023	31 December 2022
	EGP	EGP
Beginning of the period / year	63,104,245	42,808,980
Charged during the period / year	19,911,727	38,652,351
Reversal of Inventory write-down during the period / year	(347,297)	(18,357,086)
Ending of the period / year	<u>82,668,675</u>	<u>63,104,245</u>

- The amount of Inventory write-down and reversal are recorded in the cost of revenues.

13. ACCOUNTS AND NOTES RECEIVABLE

	30 June 2023	31 December 2022
	EGP	EGP
Accounts receivable	3,937,117,270	2,652,398,702
Instalments receivables	6,432,036,701	6,575,743,017
Notes receivable	674,878,881	320,718,478
	<u>11,044,032,852</u>	<u>9,548,860,197</u>
Expected credit losses	(463,106,424)	(382,458,834)
	<u>10,580,926,428</u>	<u>9,166,401,363</u>

**RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**13. ACCOUNTS AND NOTES RECEIVABLE (COUNTINUED)**

Balance of accounts and notes receivables presented in net value after deducting value of impairment the movements of accounts receivable impairment are represented as follows:

	30 June 2023	31 December 2022
	EGP	EGP
Beginning of the period / year	382,458,834	218,689,350
Charged during the period / year	200,262,272	188,247,921
Reversal of impairment during the period / year	(16,529,271)	(19,043,585)
Transferred to credit risk reserve	(42,722,375)	-
Used during the period / year	(60,363,036)	(5,434,852)
Ending of the period / year	<u>463,106,424</u>	<u>382,458,834</u>

At 30 June 2023 and 31 December 2022, the aging analysis of net accounts and notes receivables is as follows:

	Total	Neither Past Due nor Impaired	Less than 30 days	Past due but not impaired		
	EGP	EGP	EGP	Between 30 to 60 days	Between 60 to 90 days	More than 90 days
	EGP	EGP	EGP	EGP	EGP	EGP
30 June 2023	3,937,117,269	1,266,285,345	1,722,193,532	277,403,346	249,366,297	421,868,749
31 December 2022	2,652,380,703	650,597,596	1,205,837,676	255,476,800	243,956,156	296,530,475

**14. PREPAYMENTS AND OTHER DEBIT BALANCES**

	30 June 2023	31 December 2022
	EGP	EGP
Prepaid expenses	174,354,700	140,798,284
Customs Authority	45,384,535	10,539,814
Accrued revenues	1,408,729,144	1,028,790,825
Deposits with others	151,233,201	80,446,495
Suppliers down payments	1,486,896,395	1,486,378,023
Value added tax	191,970,852	173,887,244
Letters of guarantee margin	573,486,870	105,193,289
Employees receivables	3,153,563	4,816,334
Governmental authorities receivables	186,573,833	134,061,561
Debit Balances - (Suppliers)	485,781,748	158,233,210
Other debit balances	445,867,699	133,098,060
	<u>5,153,432,540</u>	<u>3,456,243,139</u>

	30 June 2023	31 December 2022
	EGP	EGP
Balances due within 12 months	3,476,808,750	1,830,987,223
Balances due in more than 12 months	1,676,623,790	1,625,255,916
	<u>5,153,432,540</u>	<u>3,456,243,139</u>

**15. SHARE BASED COMPENSATION**

	30 June 2023	31 December 2022
	EGP	EGP
Share based compensation	7,087,952	7,087,952
	<u>7,087,952</u>	<u>7,087,952</u>

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

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15 SHARED BASED COMPENSATION (CONTINUED)

On June 26, 2022, the Extraordinary Assembly unanimously approved the adoption of the draft reward and incentive system and the allocation of 107,199,760 shares, representing 5% of the company's shares, for the benefit of the reward and incentive system for employees, managers and executive board members of the company, and these shares are provided by issuing new shares to increase the capital in cash or by using part of the carry-forward profits and/or reserves after obtaining the approval of the General Assembly, at the nominal value of the share to finance the shared based compensation program and/or through treasury shares to finance the company's shared based compensation.

16. CASH ON HAND AND AT BANKS

	30 June 2023	31 December 2022
	EGP	EGP
Cash on hand	104,477,160	39,093,265
Banks – current and investing accounts		
Local currency	1,084,301,282	546,807,695
Foreign currency	256,535,671	307,366,191
Documentary Credits – Shipments	2,873,223	75,178,931
Banks – Time deposits*		
Local currency	142,441,199	161,668,599
Foreign currency	447,233,854	42,118,275
Checks under collection	143,377,350	157,189,813
	<u>2,181,239,739</u>	<u>1,329,422,769</u>

\* The balance of time deposits held with banks represented in the following as of 30 June 2023:

- The amount of EGP 29,524,853 (equivalent to USD 957,045) and EGP 30,636,000 that represents restricted deposits against letters of guarantee and letters of credit (the balance of restricted time deposit against letters of guarantee and letters of credit as of 31 December 2022 was EGP 50,363,400 and EGP 38,658,875 (equivalent to USD 1,564,503).
- The amount of EGP 96,869,000 (equivalent to USD 3,140,000) deposit for in favor of the company Raya Contact Centers.
- The amount of EGP 320,840,000 (equivalent to USD 10,400,000) deposit for in favor of the company Raya Integration.
- The amount of EGP 35,200,000 is deposited in favor of Aman for Electronic Payment Company.
- The amount of EGP 200,000 is deposited in favor of Raya for foods and beverage.
- The amount of EGP 75,000,000 is deposited in favor of Aman for Micro Finance company.
- The amount of EGP 1,405,199 is deposited in favor of Raya holding for financial investments.

17. CAPITAL

	30 June 2023	31 December 2022
	EGP	EGP
Authorized capital (EGP 0.5-share par value)	5,000,000,000	5,000,000,000
Issued and paid-up capital	1,071,997,595	1,071,997,595
Shares number	2143995190	2143995190

18. LONG TERM LOANS AND FINANCE LEASE ARRANGEMENTS

	30 June 2023	31 December 2022
	EGP	EGP
Long term loans – current portion	841,275,774	979,871,734
Long term loans	1,704,714,703	1,664,907,683
	<u>2,545,990,477</u>	<u>2,644,779,417</u>

Loans balances are represented in the following:

	30 June 2023	31 December 2022
	EGP	EGP
(1) Loans-Raya Holding Company for Financial Investments	1,106,858,145	1,103,914,825
(2) Loans-Raya Finance Lease Company	107,548,343	112,362,530
(3) Loans-Raya Restaurants Company	3,806,439	5,149,888
(4) Loans- Raya Foods Company	154,945,125	164,268,492
(5) Loans- Raya for Electronics (Previously Sama)	61,537,772	67,581,526
(6) Loans- Raya Distribution	34,559,999	47,728,027
(7) Loans- Raya Integrations	-	5,390,991
(8) Loans- Raya contact centre	87,497,819	85,657,416
(9) Loans- Aman financial services	989,236,835	1,052,725,722
	<u>2,545,990,477</u>	<u>2,644,779,417</u>



RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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18. LONG TERM LOANS AND FINANCE LEASE ARRANGMENTS (CONTINUED)

(1) Raya Holding Company for Financial Investments

	30 June 2023	31 December 2022
	EGP	EGP
Finance lease contract (loan)	<u>1,106,858,145</u>	<u>1,103,914,825</u>
	<u>1,106,858,145</u>	<u>1,103,914,825</u>

**Finance lease contracts**

Raya Holding Company, through its subsidiaries, has concluded contracts for the sale and leaseback of some assets owned by its subsidiaries, with the holding company obtaining financing directly.

The Group applied Egyptian Accounting Standard No. 49 on Lease to financial leases concluded in accordance with Law 95 and in applying the standard the Group evaluated whether the sales contracts met the requirements contained in Standard 48 on Revenue. It was found that the conditions for the transfer of control were not available and therefore all contracts were treated as financing and therefore the asset sold continues to be recognized with the amounts received as financing and there is no impact on the financial statements since the financing was recognized as a liability to their books and the subsidiaries recognize the assets sold within their fixed assets.

**The company has obtained financing arrangement loans in the form of financial lease contracts with one of the financial leasing companies according to the following:**

- The company signed a financial lease contract with one of the financial leasing companies to finance the completion of the administrative building of Raya Holding Group of Companies for Technology and Communications in Sixth of October City in the amount of 50,000,000 Egyptian pounds, and the loan is repaid in 60 monthly instalments starting from 3 June 2018 until 3 May 2023, and the loan balance on 30 June 2023 amounted to EGP 5,738,807.
- The company signed a financial lease contract with one of the financial leasing companies to finance the completion of the administrative building of Raya Holding Group of Companies for Technology and Communications in Sixth of October City in the amount of 100,000,000 Egyptian pounds, and the loan is paid in 60 monthly instalments starting from 3 November 2018 until 3 October 2023, and the loan balance on 30 June 2023 amounted to EGP 22,147,660.

**Collaterals provided by the company.**

- Promissory note signed by Raya Integration Company (subsidiary company) in favour of the financing company.
- All documents related to this facility signed by Raya Integration Company (subsidiary company) and the company are considered promissory notes for this facility.

The company obtained a long-term loan in the form of a finance lease contract with a finance lease company to finance the completion of Raya Holding for Technology and communications Group administrative building in 6<sup>th</sup> of October city, with the amount of EGP 70,000,000 with current interest rate. The loan will be paid over 60 monthly installments starting on 3 October 2019 to 3 December 2024. The balance of the loan as of 30 June 2023 amounted to EGP 29,973,034

**Collaterals provided by the company**

- Promissory note signed by Raya Integration Company (subsidiary company) in favour of the financing company
- The factory land is mortgaged in favour of the financing company.
- All documents related to this facility signed by Raya Integration Company (subsidiary company) and the company are considered promissory notes for this facility.

The company has signed a finance lease contract with a leasing company to finance building a factory of Raya advanced technology in 6<sup>th</sup> of October city, with the amount of EGP 40,000,000. The loan will be paid over 60 monthly installments starting on 3 July 2020 to 3 June 2025. The balance of the loan as of 30 June 2023 amounted to EGP 19,194,305.

The company has signed a finance lease contract with a leasing company to finance building a factory for Raya advanced technology in 6<sup>th</sup> of October city, with the amount of EGP 25,233,645 The loan will be paid quarterly installment over 20 installments starting on 25 April 2018 to 25 January 2023. The balance of the loan as of 30 June 2023 amounted to EGP 1,753,786.

The company has signed a finance lease contract with a leasing company to finance building a factory in 6<sup>th</sup> of October city, with the amount of EGP 20,695,996. The loan will be paid quarterly installment over 20 installments starting on 15 August 2018 to 15 May 2023. The balance of the loan as of 30 June 2023 amounted to EGP 2,784,600.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**18. LONG TERM LOANS AND FINANCE LEASE ARRANGMENTS (CONTINUED)**

**Collaterals provided by the company**

- Promissory note signed by Raya Integration Company (subsidiary company) in favour of the financing company
- All documents related to this facility signed by Raya Integration Company (subsidiary company) and the company are considered promissory notes for this facility.

The company has signed a finance lease contract with a leasing company to Lease entire 1<sup>st</sup> Floor and land of Galleria 40 which owned by RAYA for finance leasing, with the amount of LE 100,000,000 with 11,75% current interest rate. The loan will be paid over 20 quarterly installments starting on 25 December 2019 to 25 September 2024. The balance of the loan as of 30 June 2023 amounted to EGP 32,099,759.

The company has signed a financial lease contract with a financial leasing company to rent the entire land and build the upper commercial basement in the eastern administrative building B in Galleria 40 building, owned by Raya Leasing Company, at an amount of \$1,539,222, and the loan is repaid in 20 instalments. Quarterly starting from January 30, 2020 until October 30, 2024. The loan balance as of 30 June 2023 amounted to 615,315 US dollars, equivalent to EGP 16,341,570.

The company has signed a financial lease agreement with one of the financial leasing companies in order to rent the entire land and build the commercial ground floor in the eastern administrative building B in Galleria 40 building owned by Raya Financial Leasing Company for an amount of 58,000,000 Egyptian pounds, the loan is repaid in 20 quarterly instalments Annual starting from May 12, 2020 until February 12, 2025, and the loan balance as of 30 June 2023 amounted to EGP 21,764,641.

The company has signed a financial lease contract with one of the financial leasing companies in order to rent the entire land and build the upper commercial basement floor in the eastern administrative building B in Galleria 40 building owned by Raya Financial Leasing Company for an amount of \$1,999,714, and the loan is repaid in 20 instalments Quarterly starting from March 5, 2020 until December 5, 2024. The loan balance as of 30 June 2023 amounted to USD 688,314 equivalent to EGP 21,234,483.

**Collaterals provided by the company**

- Promissory note signed by Raya Holding Company (subsidiary company) in favour of the financing company
- Mortgage the entire land and buildings of the first floor recurring in favour of the financing company.
- All documents related to this facility signed by Raya Integration Company (subsidiary company) and the company are considered promissory notes for this facility.

The company signed a financial lease contract with one of the financial leasing companies in order to rent the entire land and build the upper commercial basement floor in the eastern administrative building B in Galleria 40 building, owned by Raya Company for the Construction and Management of Buildings at an amount of EGP113,400,000, and the loan is repaid on 20 Quarterly instalments starting from April 10, 2020 until 10, January 2025. The loan balance as of 30 June 2023 amounted to EGP 48,840,616.

**Collaterals provided by the company**

- Guarantee checks signed by Raya Integration.
- All documents of that facility are signed by Raya Integration and Raya Leasing Company (a subsidiary company) and the lending company as a promissory note for this facility.

The company signed a financial lease contract with one of the financial leasing companies to rent a real estate area of 802.50 square meters and its share in the land and the common parts of the entire land and build the commercial upper basement floor in the eastern administrative building B in Galleria building 40 owned by Raya Construction and Management Company The buildings amounted to 50,033,037 EGP, and the loan is repaid in 20 quarterly instalments starting from April 30, 2020 until January 30, 2025. The loan balance as of 30 June 2023 amounted to EGP 21,592,267.

**Collaterals provided by the company**

- Guarantee checks signed by Raya Integration.
- All documents of that facility are signed by Raya Integration and Raya Leasing Company (a subsidiary company) and the lending company as a promissory note for this facility.

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**18. LONG TERM LOANS AND FINANCE LEASE ARRANGMENTS (CONTINUED)**

The company has signed a financial lease contract with one of the financial leasing companies in order to rent the entire land and build the basement floor in the eastern administrative building B in Galleria 40, owned by Raya Company for the Construction and Management of Buildings for an amount of EGP 29,966,963, and the loan is repaid in 20 quarterly instalments Annually starting from April 30, 2020 until January 30, 2025, and the loan balance as of 30 June 2023 amounted to EGP 12,932,548.

**Collaterals provided by the company**

- Guarantee checks signed by Raya Integration.
- All documents of that facility are signed by Raya Integration and Raya Leasing Company (a subsidiary company) and the lending company as a promissory note for this facility.

The company has signed a financial lease contract with one of the financial leasing companies in order to rent the entire land and build the basement floor in the western administrative building in Galleria 40 building, owned by Raya Company for Construction and Building Management at an amount of EGP 100,000,000, and the loan is repaid in 20 quarterly instalments Annual starting from December 28, 2020 until September 28, 2025, and the loan balance as of 30 June 2023 amounted to EGP 53,973,157.

**Collaterals provided by the company**

- Guarantee checks signed by Raya Integration.
- All documents of that facility are signed by Raya Integration and Raya Leasing Company (a subsidiary company) and the lending company as a promissory note for this facility.

The company has signed a financial lease contract with one of the financial leasing companies in order to rent the entire land and build the basement floor in the western administrative building in Galleria 40 building, owned by Raya Construction and Building Management Company, at an amount of 50,000,000 Egyptian pounds, and the loan is repaid in 20 quarterly instalments Starting from May 25, 2022 until November 25, 2025, the loan balance as of 30 June 2023 amounted to EGP 29,423,864.

**Collaterals provided by the company**

- Guarantee checks signed by Raya Integration.
- All documents of that facility are signed by Raya Integration and Raya Leasing Company (a subsidiary company) and the lending company as a promissory note for this facility.

The company has signed a financial lease agreement with one of the financial leasing companies in order to rent the entire land and build the commercial ground floor in the western administrative building in Galleria 40 building, owned by Raya Construction and Building Management Company for an amount of EGP 100,000,000 and the loan is repaid in 20 quarterly instalments Annually starting from December 25, 2021 until September 25, 2026, and the loan balance as of 30 June 2023 amounted to EGP 73,537,495.

**Collaterals provided by the company**

- Guarantee checks signed by Raya Integration.
- All documents of that facility are signed by Raya Integration and Raya Leasing Company (a subsidiary company) and the lending company as a promissory note for this facility.

The company signed a financial lease contract with one of the financial leasing companies in order to lease the entire land and build the first administrative floor in the western administrative building in Galleria Building 40, owned by Raya Leasing Company for an amount of 100,000,000 Egyptian pounds, and the loan is repaid in 20 quarterly instalments starting from January 15, 2022 until October 15, 2026 The loan balance as of 30 June 2023 amounted to EGP 75,932,103.

**Collaterals provided by the company**

- Guarantee cheques signed by Raya Holding Company.
- All papers of this facility are signed by Raya Holding Company, Raya Leasing Company (a subsidiary) and the lending company as a promissory note for this facility.

The company signed a financial lease contract with one of the financial leasing companies to lease the entire land and build the second and third floors in the western administrative building in Galleria Building 40, owned by Raya Leasing Company for an amount of 150,000,000 Egyptian pounds, and the loan is repaid in 20 quarterly instalments starting from January 25, 2022 until October 25, 2026 The loan balance as of 30 June 2023 amounted to EGP 116,567,585.

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**18. LONG TERM LOANS AND FINANCE LEASE ARRANGMENTS (CONTINUED)**

**Collaterals provided by the company**

- Guarantee cheques signed by Raya Holding Company.
- All papers of this facility are signed by Raya Systems Company and Raya Leasing Company (a subsidiary) and the lending company as a promissory note for this facility.

The company signed a financial lease contract with one of the financial leasing companies in order to lease the entire land and build the second floor above the ground and basement, in addition to an area of 5,223 m of the total flat floor of the middle basement floor in the eastern administrative building in Galleria Building 40, owned by Raya Leasing Company, for an amount of 122,792,454 Egyptian pounds, and the loan is repaid in 20 quarterly instalments starting from March 5, 2022 until December 5, 2026 The loan balance as of 30 June 2023 amounted to EGP 96,006,470.

**Collaterals provided by the company**

- Guarantee cheques signed by Raya Holding Company.
- All the papers of this facility are signed by Raya Holding Company and Raya Leasing Company The financing company (subsidiary) and the lending company act as a promissory note for this facility.

The company signed a financial lease contract with one of the financial leasing companies to finance the completion of the administrative building of Raya Holding Group of Companies for Financial Investments in Sixth of October City in the amount of 150,000,000 Egyptian pounds, and the loan is repaid in 60 monthly instalments starting from September 3, 2022 until August 3, 2027 The loan balance as of 30 June 2023 amounted to EGP 131,820,322.

**Collaterals provided by the company**

- Promissory note in favor of the lender submitted by Raya Systems Company (subsidiary).
- All papers of this facility are signed by Raya Systems Company (a subsidiary) and the lending company serves as a promissory note for this facility.

The company signed a financial lease contract with one of the financial leasing companies to lease the entire land and build the basement, which has an area of 5,223 m of the total flat floor of the middle basement floor in the eastern administrative building in Galleria Building 40, owned by Raya Leasing Company, for an amount of 149,095,661 EGP, and the loan is repaid in 20 quarterly instalments starting from December 27, 2022 until September 27, 2027 The loan balance as of 30 June 2023 amounted to EGP 135,209,903.

**Collaterals provided by the company**

- Guarantee cheques signed by Raya Holding Company.
- All papers of this facility are signed by Raya Holding Company, Raya Leasing Company (a subsidiary) and the lending company as a promissory note for this facility.

The company has signed a financial lease contract with a financial leasing company to rent the first floor in the northern administrative building with an area of 2,250 m<sup>2</sup> in the Galleria 40 building owned by Raya Financial Leasing Company at an amount of 150,000,000 Egyptian pounds and the loan is repaid in 60 quarterly instalments starting from June 30 2023. Until April 30 2028 and the loan balance as of 30 June 2023 amounted to 137,989,170 Egyptian pounds.

**(2) Raya for construction and building managements**

The company has signed a financial lease contract with one of the financial leasing companies in order to rent the entire land and build the second and third floors above the ground in the eastern administrative building B in Galleria 40 building, owned by Raya Construction and Building Management Company in the amount of USD 10,000,000, and the loan is repaid on 20 Quarterly instalments starting from February 20, 2020 until November 20, 2024. The loan balance as of 30 June 2023 amounted to 3,486,170 US dollars, equivalent to EGP 107,548,344

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**18. LONG TERM LOANS AND FINANCE LEASE ARRANGEMENTS (CONTINUED)**

**(3) Raya Restaurants Company**

On March 4, 2014, the company concluded a credit facility contract with a bank for an amount of EGP 19,000,000 for a period of six years after the end of the grace period of 9 months, starting from April 29, 2014 until October 1, 2019 and the loan balance reached EGP 10,640,684 as at December 31, 2018 (EGP 15,200,642 as at December 31, 2017) excluding interest as it is deducted from the company's current account with the bank monthly). The principal of the loan will be repaid as of 1 January 2017 for 58 months. It was agreed with the Bank to extend the grace period for another year to end on December 31, 2017, and that the loan will be repaid after the end of this period for a period ending on November 1, 2021.

On March 15, 2020, the company in accordance with the initiative of the Central Bank regarding the postponement of payment dues scheduled for banks for a period of 6 months ending on September 15, 2020, and the interest of the periods due was capitalized to the principal of the loan. The loan balance stood at 14,393,213 as at 31 December 2020 and is deducted from the current account regularly. The loan balance as of 30 June 2023 amounted to EGP 3,806,439

**(4) Raya Foods**

Raya Foods Company signed a loan contract with a bank with a total amount of EGP 40,000,000 for a period of five years, including a grace period for repayment of six months, starting from January 2018 to pay the amounts used from the loan and its interest, and the loan is repaid in 18 quarterly instalments starting from July 2018, and the loan balance as of 30 June 2023 amounted to EGP 0.

- Raya Foods Company signed a financial lease contract with one of the financial leasing companies with a total amount of 80,950,000 Egyptian pounds, equivalent to 5,000,000 US dollars, for a period of six months, including a grace period of 180 days, and the balance as of 30 June 2023 amounted to 62,249,686 Egyptian pounds, equivalent to USD 2,017,818.

In 2021, on October 30, 2022, Raya Food Company applied the new Egyptian Accounting Standard No. (49) - Leasing Contracts and a sale contract was signed with re-lease on the land and buildings classified with the item (fixed assets), and the re-rented money amounted to 96,635,776 EGP and a down payment of EGP 9,663,578, provided that the quarterly rental value An amount of 5,631,450 EGP for a period of five years starting from October 31, 2022 to July 25, 2026 Due to the company's right to repurchase and the customer's failure to obtain control over the asset (lessor), the sale transaction with re-lease has been classified as financing in accordance with paragraphs (66b) to (68b) of the appendix of the new Egyptian standard No. (48), which resulted in the original rent amount of 64,089,723 in Egyptian pounds, and the instalments are loaded with rental returns, and the returns are evaluated according to the corridor price.

- It was agreed on a medium-term loan from a bank, which agreed to grant the company credit facilities worth EGP 50,500,000 only fifty million five hundred thousand Egyptian pounds only divided into two sections - in addition to the returns and expenses granted in the form of medium-term financing to be used in the import of new machines and equipment for the production line and construction work for the new line and to ensure the repayment of this loan and returns It was agreed that the company will arrange a mortgage on the movables subject to the contract It is represented in some machines, production lines and equipment that will be classified under the item of fixed assets.

- The first section with a maximum amount of USD 1,500,000 (only one million five hundred thousand US dollars only) not exceeding the equivalent in Egyptian Pounds amount of EGP 25,500,000 (only twenty-five million five hundred thousand Egyptian pounds only).

- The second section with a maximum amount of EGP 25,000,000 (only twenty-five million Egyptian pounds only) The withdrawal currency is the Egyptian pound and/or US dollar depending on the user segment. The loan period is five years after a grace period and the use of twelve months and starts from the date of signing the contract and ends on the due date of the last instalment and the loan is repaid in 20 quarterly instalments and interest is paid monthly. The loan balance as of 30 June 2023 amounted to EGP 25,133,158, equivalent to USD 814,689,09.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

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30 JUNE 2023

**18. LONG TERM LOANS AND FINANCE LEASE ARRANGMENTS (CONTINUED)**

**(5) Raya for Electronics**

The company has signed a finance lease contract with one of the financial leasing companies to rent a branch of Raya Electronics in the amount of 12,258,675 Egyptian pounds, and the loan is repaid in 20 quarterly instalments starting from February 25, 2019 until November 25, 2023. at 30 June 2023, an amount of EGP 1,635,404.

The company signed a financial lease contract with one of the financial leasing companies to lease a branch of Raya Distribution Company for an amount of 67,500,000 EGP and the loan is repaid in 20 quarterly installments starting from April 15, 2022 until April 15, 2027 The loan balance as of 30 June 2023 amounted to EGP 59,902,368

**(6) Raya Distribution**

The company signed a financial lease contract with one of the financial leasing companies to finance the production line of washing machines of Raya Distribution Company for an amount of 36,235,260 Egyptian pounds, and the loan is repaid in 20 quarterly instalments, and the loan balance as of 30 June 2023 amounted to EGP 12,260,808 equivalent to USD 397,433.

The company signed a finance lease contract with one of the financial leasing companies to lease a branch of Raya Distribution Company for an amount of 39,771,745 Egyptian pounds, and the loan is repaid in 20 quarterly instalments starting from July 27, 2020 until April 27, 2025, and this loan balance reached On 30 June 2023 the amount of EGP 12,599,191.

The company has signed a financing contract with one of the banks, and the loan is repaid in 12 quarterly instalments for a period of 3 years, starting from March 2021 until December 2023, with a total amount of 53,437,876.81 Egyptian pounds. The loan balance as of 30 June 2023 amounted to EGP 9,700,000.

**(7) Raya Integration**

Raya Systems Company signed a financial lease contract with one of the companies with a total amount of 12,000,000 EGP at a reducing interest rate of 14.10% for a period of five years to be paid in quarterly installments (20 installments) starting on December 1, 2019, and the loan balance as of 30 June 2023 amounted to EGP Zero.

**(8) Raya Contact centre**

Raya Contact Center Services Company signed a loan contract with a bank with a total amount of USD 10,000,000 for a period of five and a half years, including a grace period for repayment of a period of six months, starting from March 2020 to repay the amounts used from the loan and its interest, and the loan will be repaid in 21 quarterly installments starting from August 2020, and the loan balance as of 30 June 2023 amounted to EGP 87,497,819 equivalent to USD 2,836,234.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

18. LONG TERM LOANS AND FINANCE LEASE ARRANGMENTS (CONTINUED)

(9) Aman for Financial Services

The company obtained medium and short-term loans, as shown below:

1. Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 450,000,000 for a period of six years, and the loan balance as of 30 June 2023 amounted to EGP 341,785,928.
2. Aman Financial Services Company signed a loan contract with a bank with a total amount of 200,000,000 EGP for a period of six years, and the loan is repaid in 24 monthly instalments as of October 2023, and the loan balance as of 30 June 2023 amounted to EGP 48,241,779.
3. Aman Financial Services Company signed a loan contract with a bank with a total amount of 100,000,000 EGP for a period of six years, and the loan is repaid in 24 monthly instalments as of November 2023, and the loan balance as of 30 June 2023 amounted to EGP 41,762,485.
4. Aman Financial Services Company signed a loan contract with a bank with a total amount of 100,000,000 EGP for a period of two years, and the loan is repaid in 24 monthly instalments as of June 2023, and the loan balance as of 30 June 2023 amounted to EGP 99,383,583.
5. Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 30,000,000 for a period of five years, and the loan is repaid in 60 monthly instalments as of February 2020, and the loan balance as of 30 June 2023 amounted to EGP 877,325.
6. Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 200,000,000 for a period of five years, and the loan is repaid in 60 monthly instalments as of June 2023, and the loan balance as of 30 June 2023 amounted to EGP 8,539,549.
7. Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 70,000,000 for a period of 24 months, and the loan balance as of 30 June 2023 amounted to EGP 31,832,268.
8. Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 15,000,000 for a period of 24 months, and the loan balance as of 30 June 2023 amounted to EGP 5,671,070.
9. Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 15,000,000 for a period of six years, and the loan balance as of 30 June 2023 amounted to EGP 3,095,657.
10. Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 50,000,000 for a period of 24 months per draw, and the loan balance as of 30 June 2023 amounted to EGP 37,043,499.
11. Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 125,000,000 for a period of two years, and the loan will be repaid in 18 monthly instalments as of May 2022, and the loan balance as of 30 June 2023 amounted to EGP 100,000,000.
12. Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 150,000,000 for a period of two years, and the loan will be repaid in 24 monthly instalments starting from August 2022, and the loan balance as of 30 June 2023 amounted to EGP 56,302,482.
13. Aman Financial Services Company signed a loan contract with a bank with a total amount of 50,000,000 EGP for a period of two years, and the loan will be repaid in 24 monthly instalments starting from November 2022, and the loan balance as of 30 June 2023 amounted to EGP 39,001,947.
14. Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 50,000,000 for a period of two years, and the loan will be repaid in 60 monthly instalments as of November 2022, and the loan balance as of 30 June 2023 amounted to EGP 47,195,820.
15. Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 200,000,000 for a period of two years, and the loan will be repaid in 24 monthly instalments starting from November 2022, and the loan balance as of 30 June 2023 amounted to EGP 80,391,636.
16. Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 50,000,000 for a period of two years, and the loan will be repaid in 24 monthly instalments starting from November 2022, and the loan balance as of 30 June 2023 amounted to EGP 48,111,681.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**19. PROVISIONS**

	30 June 2023	31 December 2022
	EGP	EGP
Beginning balance for the period	141,406,483	107,165,766
Charged during the period*	42,090,001	59,880,374
Used during the period	(1,617,205)	(13,864,356)
Provisions no longer required during the period	(3,762,864)	(11,775,301)
	<u>178,116,415</u>	<u>141,406,483</u>

\* The component of the provisions was charged to the cost of the activity in the amount of EGP 12,277,357 and the remaining amount was charged at the amount of EGP 29,812,644 in the statement of profits and losses.

- Balance of provisions related to the parent company and its subsidiaries as follows:

	30 June 2023	31 December 2022
	EGP	EGP
Claims provision	24,567,455	25,343,058
Warranty provision	517,267	517,267
Other provision	106,390,356	68,904,821
Provision for acquisition of a subsidiaries	46,641,337	46,641,337
	<u>178,116,415</u>	<u>141,406,483</u>

**20. ACCOUNTS AND NOTES PAYABLE**

	30 June 2023	31 December 2022
	EGP	EGP
Accounts payable	4,356,466,819	2,579,395,952
Notes payable	1,080,547,569	739,105,582
	<u>5,437,014,388</u>	<u>3,318,501,534</u>

**21. ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	30 June 2023	31 December 2022
	EGP	EGP
Accrued expenses	972,243,986	734,564,547
Unearned revenues and subscriptions	1,729,399,511	1,448,751,921
Customers down payment	2,321,848,800	1,643,508,312
Creditors – Consumer Finance	175,377,042	118,467,392
Other credit balances	537,560,793	415,231,610
	<u>5,736,430,132</u>	<u>4,360,523,782</u>



RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023

**22. BANK OVERDRAFT**

	30 June 2023	31 December 2022
	EGP	EGP
Raya Distribution Company	1,601,675,835	1,496,948,230
Raya Integration Company	875,775,534	742,098,609
Raya Holding for Financial Investments Company	67,718,385	34,241,654
Raya Advanced Manufacturing Company	72,058,115	49,182,932
Raya Electronics Company	1,043,118,146	754,628,633
Best Service Company	27,869	27,869
Raya for Data Centres Company	12,252,928	10,639,962
Raya Foods Company	757,130,623	503,737,122
Raya Contact Centres Company – Poland	333,747	4,614,641
Raya Algeria Company	361,923	361,923
Aman for Financial Service	345,207,632	282,336,145
Aman for Micro Finance	3,003,009,043	2,346,079,580
Ostool For Land Transportation	-	28,281,022
Egypt international communication company	148,434,735	148,249,508
Raya Call Centre Services Company	-	542,262
Aman Company for Electronic Payments Technology	74,983,236	130,833,068
Raya Restaurants Company	3,252,699	3,336,802
Raya Electric Manufacturing Company	-	26,165,498
Raya Food & Beverage Company	-	5,309,898
Raya Agro	49,935,495	-
	<u>8,055,275,945</u>	<u>6,567,615,358</u>

The subsidiaries obtained credit facilities guaranteed by Raya Holding Company for Financial Investments from several banks, and the interest rate for the local currency ranges from 20.75 % to 21.25 % and for foreign currency between 8% to 11%.

**23. DIVIDENDS PAYABLE**

	30 June 2023	31 December 2022
	EGP	EGP
Dividends Payable – Employees	82,995,260	7,793,043
	<u>82,995,260</u>	<u>7,793,043</u>

**24. A- REVENUES ACCORDING TO TYPE:**

	30 June 2023	30 June 2022
	EGP	EGP
Devices and goods distribution revenue	7,395,891,657	5,105,082,009
Transportation service revenue	566,046,826	316,757,586
Supplies, and Installations revenue	3,039,953,126	1,402,754,774
Call Centre service revenue	899,324,463	485,599,674
Investment property revenue	94,877,051	85,832,183
Restaurant revenue	59,829,653	51,903,791
Non-bank financial services revenue	834,076,034	634,576,688
Manufacture, and export revenue	593,221,480	375,362,856
Canned foods revenue	628,064,862	396,060,969
Vehicles manufacturing revenue	324,163,109	248,517,344
Electrical appliances manufacturing revenue	75,475,228	23,722,834
	500,000	-
	<u>14,511,423,489</u>	<u>9,126,170,708</u>

**RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2023

**24. B- REVENUES ACCORDING TO CURRENCY:**

	30 June 2023	30 June 2022
	EGP	EGP
Revenues in Local currency	11,091,802,402	7,495,184,458
Revenues in Foreign Currency	3,419,621,087	1,630,986,250
	<u>14,511,423,489</u>	<u>9,126,170,708</u>

**25. COST OF REVENUES**

	30 June 2023	30 June 2022
	EGP	EGP
Cost of materials used in the production	603,475,010	523,483,031
Devices and goods distribution cost	7,159,335,829	4,158,065,585
Supplies and Installations Cost	2,598,062,240	1,605,714,692
Transportation service cost	389,030,793	273,974,178
Salaries and wages	637,322,445	584,614,332
Fixed assets depreciation , Intangible assets and properties	134,540,501	109,172,224
Finance cost	26,903,836	23,229,016
Other Direct Cost	12,736,145	12,896,497
	<u>11,561,406,799</u>	<u>7,291,149,555</u>

**26. INCOME TAX**

	30 June 2023	30 June 2022
	EGP	EGP
Current income tax	(164,097,854)	(81,587,903)
Deferred income tax	(20,328,275)	(7,819,372)
	<u>(184,426,129)</u>	<u>(89,407,275)</u>

**27. RELATED PARTY TRANSACTIONS**

Related parties represent in associated companies, major shareholders, members of the board and key management members of the Company The pricing terms and policies for transactions with related parties are approved by the Board of Directors and transactions with related parties are carried out on terms equivalent to those prevailing in free transactions, and compensation contracts had been approved at general assembly meeting.

**28. TREASURY STOCKS**

Due to the circumstances and events that occurred in the financial markets and what the Arab and foreign stock exchanges are going through, which led to an abnormal sharp decline in the Egyptian stock index and a negative impact on the company's share price, and in light of the amendment issued by Article 51 bis of the Listing Rules issued by the Financial Regulatory Authority's Board of Directors Resolution No. 27 of 2020 on 29/2/2020, which comes into force as of its issuance, As well as the statement published on the trading screens of the Egyptian Exchange on 1/3/2020 regarding On March 11, 2020, the Board of Directors of Raya Contact Center Services Company approved the company's purchase of treasury shares, for a period of one year within the limits of the legally prescribed percentages, and the balance of treasury shares during the year ended on December 31, 2021 amounted to 7,183,130 EGP. On March 9, 2022, the Board of Directors of Raya Contact Center Services Company approved the purchase of treasury shares with a maximum of 10% of the company's total shares, taking into account the percentage that has already been purchased in advance, from the open market, and the company purchased treasury shares during the period ending on 31 March, 2022 amounting to 35,659,233 EGP, and the balance of treasury shares during the period ending on 31 March, 2023 amounted to 45,817,430 EGP.

On June 10, 2022, the Board of Directors approved the purchase of treasury shares for a period of one year within the limits of 60,000,000 (sixty million Egyptian pounds), which represents about 1.45% of the company's total shares.

The balance of treasury shares as of 30 June 2023 amounted to EGP 7,868,548 for 3,346,306 shares.

Translation of consolidated financial statements  
Originally issued in Arabic

## RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 29. SEGEMENT REPORTING

Period Ended 30 June 2023	Segment Reporting											Eliminations of intersegments	Consolidated					
	Trade and distribution sector	Information technology sector	Call centers sector	Finance lease sector	International services sector	Land Transportation sector	Restaurants sector	Non-Bank Financial Services sector	Manufacturing & export sector	canned foods sector	Vehicles Manufacturing sector			Electrical appliances manufacturing sector	Other activities			
Revenues	6,393,959	2,960,664	910,744	94,877	134,898	566,047	59,830	2,028,384	593,221	628,065	324,163	75,475	500	EGP	EGP	EGP	EGP	14,511,423
Cost	(5,766,566)	(2,530,735)	(553,128)	(42,124)	(82,634)	(448,042)	(33,282)	(1,158,739)	(523,334)	(359,565)	(249,204)	(73,456)	-	-	EGP	EGP	EGP	(11,561,407)
Depreciation and amortization	(21,789)	(2,929)	(62,693)	(16,576)	(221)	(9,648)	(4,762)	(42,305)	(824)	(7,384)	(920)	(2,171)	(3,700)	-	EGP	EGP	EGP	(175,922)
Net profit for the period	84,373	198,307	81,940	21,462	(6,855)	35,115	(20,558)	85,748	6,757	32,605	30,083	(8,742)	137,801	(390,754)	EGP	EGP	EGP	287,283
Total Assets	6,009,538	6,481,301	2,040,703	897,318	243,284	1,381,745	149,973	8,641,011	369,260	2,901,135	343,507	456,787	4,321,627	(8,097,973)	EGP	EGP	EGP	26,139,215
Total Liabilities	(5,586,392)	(6,103,369)	(2,378,887)	(306,127)	(362,504)	(1,251,701)	(136,627)	(7,252,650)	(271,936)	(1,256,734)	(254,024)	(233,573)	(2,638,327)	4,368,737	EGP	EGP	EGP	(23,664,114)

Year Ended 31 December 2022	Segment Reporting											Eliminations of intersegments	Consolidated					
	Trade and distribution sector	Information technology sector	Call centers sector	Finance lease sector	International services sector	Land Transportation sector	Manufacturing sector	Restaurants Sector	Non-Bank Financial Services sector	Manufacturing & export sector	Canned Food Sector			Vehicles Manufacturing Sector	Other activities			
Revenues	9,108,670	3,629,796	1,226,250	174,671	150,179	607,117	127,067	3,429,492	888,460	789,890	550,337	49,372	-	EGP	EGP	EGP	EGP	20,413,179
Cost	(8,212,046)	(3,070,321)	(772,546)	(79,164)	(96,088)	(423,810)	(64,479)	(2,102,332)	(779,961)	(530,201)	(465,047)	(62,698)	-	-	EGP	EGP	EGP	(16,340,568)
Depreciation and amortization	(80,646)	(11,857)	(84,000)	(34,933)	(700)	(37,821)	(11,889)	(104,963)	(14,383)	(21,191)	(3,331)	(4,868)	(13,731)	-	EGP	EGP	EGP	(424,512)
Net profit for the year	152,359	253,100	42,225	38,230	(2,142)	69,994	(23,237)	136,990	5,218	4,423	20,579	(24,219)	(27,403)	(298,804)	EGP	EGP	EGP	347,313
Total Assets	4,722,151	4,136,506	1,416,278	818,261	166,577	1,287,904	159,006	8,543,724	2,49,024	2,151,241	299,197	388,477	3,061,263	(6,629,438)	EGP	EGP	EGP	20,770,171
Total Liabilities	(4,257,575)	(3,596,082)	(956,089)	(246,209)	(224,004)	(1,131,323)	(124,578)	(7,251,659)	(158,458)	(868,110)	(240,679)	(156,531)	(2,357,372)	3,055,819	EGP	EGP	EGP	(18,512,850)

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**30. OTHER LONG TERM LIABILITIES**

Other Long term liabilities represent value of the end of service benefits for some of Raya group employees, and business insurance.

**31. TAX SITUATION**

Raya Holding Company for Financial Investments and some of its subsidiaries are subject to Egyptian income tax law. The income tax was calculated for each company individually, and the income tax amount shown in the consolidated profit or loss statement for the period ended 31 March 2023 represents the total income tax for the subsidiaries, which are subject to income tax, except other subsidiaries that are exempted from income tax according to law (8) of 1997, as they are established in pursuance of this law, so no income tax was calculated.

**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**a) Foreign Currency Risk**

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates, and the value of monetary assets and liabilities denominated in foreign currencies which are translated using the current exchange rate were as follows:

	30 June 2023	31 December 2022
	Net	Net
The currency	EGP	EGP
USD	621,036,841	291,115,452
EURO	16,621,167	4,480,557
GBP	47,032,379	14,079,559
AED	22,735,518	21,097,046
SAR	13,362,886	11,946,702

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, AED and SAR exchange rates, with all other variables held constant. The impact on the company's profit before tax is due to changes in the value of monetary assets and liabilities. The company's exposure to foreign currency changes for all other currencies is not material.

Currency	Change Ratio	30 June 2023	Change Ratio	31 December 2022
		The effect in profit before Tax		The effect in profit before Tax
	%	EGP	%	EGP
USD	%10+	62,103,684	%10+	29,111,545
USD	%10-	(62,103,684)	%10-	(29,111,545)
EUR	%10+	1,662,117	%10+	448,056
EUR	%10-	(1,662,117)	%10-	(448,056)
GBP	%10+	4,703,238	%10+	1,407,956
GBP	%10-	(4,703,238)	%10-	(1,407,956)
AED	%10+	2,273,552	%10+	2,109,705
AED	%10-	(2,273,552)	%10-	(2,109,705)
SAR	%10+	1,336,289	%10+	1,194,670
SAR	%10-	(1,336,289)	%10-	(1,194,670)

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED):**

**b) Credit risk**

The group does business with financial institutions with high credit solvency which limiting credit risk.

For the group customers, the Group legal arrangements and documents made at the transaction date reduces credit risk to a minimum, and allowances are necessary to mitigate the risk of default in payment by the customer for each individual case.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its Accounts and notes receivables, prepayments and other debit balances, due from related parties, and from its financial activities, including deposits with banks and financial institutions.

**Trade and notes receivables**

The Company has entered into contracts with customers. The Company is exposed to credit risk in respect of customers due amounts. In addition, due balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less influence on credit risk. The Company earns its revenues from a large number of customers.

**Other financial assets and cash deposits**

With respect to credit risk arising from the other financial assets of the Company, which comprise bank balances and cash on hand, financial assets at amortised cost, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Parent Company. The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good repute. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

**Due from related parties**

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

**c) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest bearing time deposits. Interest on financial instruments having floating rates is re-priced at intervals of less than one year.

The risk of interest in the changes in interest rates which may have an adverse effect on the business results. The company's total liabilities from loans and credit facilities from banks as of 30 June 2023 are EGP 11,658,345,391 (31 December 2022 EGP 10,184,259,906) and value of related interest charged during the three months ended 30 June 2023 was EGP 521,415,883 (31 December 2022 EGP 651,972,390), Charged interest was classified as finance cost in profit or loss statement. The company management is always working to get better borrowing terms available in the market.

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30 JUNE 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED):

	30 June 2023		31 December 2022	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial asset	+1%	5,896,751	+1%	2,037,869
	- 1%	(5,896,751)	- 1%	(2,037,869)
Financial liability	+1%	116,583,454	+1%	101,842,599
	- 1%	(116,583,454)	- 1%	(101,842,599)

d) Liquidity risk

Liquidity risk is the inability of the company to repay its obligations under the contractual terms with others.

The company's management on a regular basis to make sure of the availability of the necessary liquidity to pay obligations when due without incurring losses or risk the reputation of the company.

The company has sufficient cash to repay Batch projected expenditures include financial liabilities expenses.

The table below summarizes the maturity profile of the financial liabilities the company dates based on the contractual undiscounted payments

Financial liabilities	Less than 3 Months	From 3 to12 Months	From 1 to 5 years	Total
30 June 2023	EGP	EGP	EGP	EGP
Loans	-	841,275,774	1,704,714,703	2,545,990,477
Short term loans	-	486,272,232	-	486,272,232
Bank overdrafts	4,592,390,049	3,462,885,896	-	8,055,275,945
Accrued expenses and other credit balances	2,110,182,389	3,709,243,001	-	5,819,425,390
Right of use long term loans	6,438,808	50,382,420	955,476,248	1,012,297,476
Other long term liabilities	-	-	84,940,352	84,940,352
Accounts and notes payable	2,826,881,708	2,610,132,680	-	5,437,014,388
Long term notes payable	-	-	44,781,493	44,781,493
Total undiscounted financial liabilities	9,535,892,954	11,160,192,003	2,789,912,796	23,485,997,753

Financial liabilities	Less than 3 Months	From 3 to12 Months	From 1 to 5 years	Total
31 December 2022	EGP	EGP	EGP	EGP
Loans and finance lease arrangements	-	979,871,733	1,664,907,683	2,644,779,416
Short term loans	-	396,037,477	-	396,037,477
Bank overdrafts	3,309,942,045	3,257,673,313	-	6,567,615,358
Accrued expenses and other credit balances	1,988,232,743	2,593,726,730	-	4,581,959,473
Right of use long term loans	32,301,447	51,397,782	823,441,956	907,141,185
Other long term liabilities	-	-	104,327,165	104,327,165
Accounts and notes payable	1,972,695,120	1,345,806,414	-	3,318,501,534
Long term notes payable	-	-	64,723,947	64,723,947
Total undiscounted financial liabilities	7,303,171,355	8,624,513,448	2,657,400,751	18,585,085,555

e) Capital management

The main purpose of the company's capital management is to ensure that there is a good capital levels to support the business and maximize shareholder benefits. The Company manages its capital structure in light of changes in the conditions of activity. There are no changes occurred in the objectives and policies of the company during the period.

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**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED):**

**f) Fair value of financial instruments**

Financial instruments comprise financial assets and financial liabilities. Financial assets of the company include cash on hand and at banks, fair value investments through profit or loss, accounts and notes receivables, and other debit balances, Financial liabilities of the company include other credit balances, accounts and notes payable, loans, and credit facilities.

Note (2) from the notes to the financial statements accounting policies used to measure and recognize significant financial instruments and their related income.

Based on the methods used to evaluate the company's assets and liabilities contained in note (2) the fair values of the financial assets and liabilities are not materially different from their carrying value at the closing date of financial position.

**33. CONTINGENT LIABILITIES**

The value of letters of guarantee issued by the banks of the subsidiaries in favour of third parties on June 30, 2023 amounted to EGP 4,586,106,804 (31 December 2022 amounted to EGP 2,818,710,083) and the uncovered part as of June 30, 2023 amounted to EGP 4,012,619,933 (31 December 2022 amounted to EGP 2,713,516,794) and the covered part of EGP 573,486,870 was included under prepaid expenses and other debit balances (31 December 2022 amount to EGP 105,193,289) Note 14.

**34. SIGNIFICANT MATTERS**

The slowdown of many economies of major countries in the past period has led to a combination of rising global commodity prices, Supply chain disruption and high shipping costs, In addition to the volatility of financial markets in emerging countries, Which led to inflationary pressures that affected the economies of many countries, including the economy of the Arab Republic of Egypt, The war between Russia and Ukraine has led to a decline in foreign exchange flows from tourism as well as from foreign direct investment, which has resulted in higher prices in general. This increase in global prices put additional pressure on the local currency (the Egyptian pound). Which necessitated the intervention of the Central Bank of Egypt to raise the interest rate on the Egyptian pound and move the exchange rate during 2023, and this movement resulted in a decrease in the value of the Egyptian pound against the US dollar during that period, which resulted in companies with large balances of foreign currency liabilities, whether short-term or long-term, being affected by large losses as a result of retranslating these balances according to the exchange rate after moving it.

These losses were significantly reflected on the results of the business of these companies in the income statement (profit or loss statement), and affected the financial performance of those companies.

On 16 May 2023, the Prime Minister's Decree No. 1847 of 2023 was issued amending some provisions of the Egyptian Accounting Standards - Annex (B) of the Egyptian Accounting Standard No. (13) amended 2015 "The effects of changes in foreign exchange rates" in order to develop an optional special accounting treatment through which the effects of moving the foreign exchange rate can be dealt with on the financial statements of the entity whose dealing currency is the Egyptian pound. This optional special accounting treatment issued Annex shall not be considered an amendment to the amended Egyptian Accounting Standards currently in force, beyond the time period of validity of this Annex.

**The first treatment: Assets financed with liabilities in a foreign currency:**

An entity that has established, during the period from the beginning of January 2020 until the date of moving the exchange rate, to acquire fixed assets and / or real estate investments and / or exploration and valuation assets and / or Intangible assets other than goodwill (funded by foreign currency liabilities), To make a Recognition in the cost of those assets the currency differences resulting from re-translation of the existing commitment balance related to the date of moving the exchange rate using the exchange rate on the date of exchange. The entity can apply this option for each asset separately, and the adjusted net cost should not exceed the recoverable value of the asset, which is measured in accordance with the requirements of Egyptian Accounting Standard No. (31) Modified "Impairment of Assets".

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**34. SIGNIFICANT MATTERS (CONTINUED)**

**Second treatment: foreign exchange differences:**

An exception from the requirements of paragraph No. "28" of the modified Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" for recognizing currency differences, an entity whose business results have been affected by the net profit or loss of currency differences as a result of moving the exchange rate of foreign currencies can recognize the items of other comprehensive income the debit and credit currency differences resulting from the re-translation of the balances of items of a monetary nature that existed on 31 March 2023 using the closing price on the same date deduct from it any currency translation differences that have been recognized in the cost of assets in accordance with the first treatment of this Appendix, considering that such differences are primarily due to exchange rate changes.

The amount of currency differences arising on the re-translation of monetary items, which were presented in other comprehensive income, is recognized in the profit or loss carried at the end of the same financial period to apply the accounting treatment in this appendix.

The group has applied the first and second treatments to this supplement and the result of the application is as follows:

<b>Item</b>	<b>Amount of Increase (Decrease) EGP</b>
Fixed Assets	40,527,338
Right of use assets	40,928,672
Foreign Currency Exchange Differences Losses-Statement of Comprehensive Income	(94,047,809)
Profits before income taxes – Statement of profits or losses	534,818,180