

**RAYA HOLDING COMPANY FOR  
FINANCIAL INVESTMENTS (S.A.E)  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2024  
TOGETHER WITH LIMITED REVIEW REPORT**

**RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2024**

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**LIMITED REVIEW REPORT OF CONSOLIDATED FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS 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 31 March 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 separate 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.

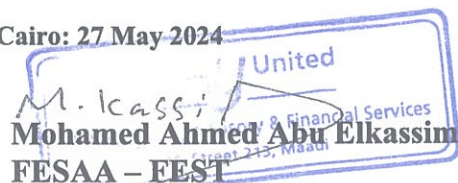
**Scope of Review**

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 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the period ended then in accordance with Egyptian Accounting Standards.

Cairo: 27 May 2024

  
United  
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Street 213, Maadi

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RAA 17553

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

STATEMENT OF CONSOLIDATED FINANCIAL POSITION  
AS OF 31 MARCH 2024

	Note	31 March 2024 EGP	31 December 2023 EGP
<b>NON-CURRENT ASSETS</b>			
Fixed assets	(4)	1,944,724,747	1,964,957,130
Investment property	(5)	600,836,710	608,711,014
Projects under construction	(6)	260,209,284	239,587,014
Intangible assets	(7)	45,096,540	30,742,030
Right of use assets	(8)	884,605,787	819,385,150
Goodwill	(9)	393,917,204	297,251,819
Investments in associates	(10)	222,148,600	167,897,225
Investments at fair value through other comprehensive income	(11)	25,229,825	25,604,787
Long term investments through other comprehensive income		2,043,310	1,130,150
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,378,812,007</b>	<b>4,155,266,319</b>
<b>CURRENT ASSETS</b>			
Inventory	(12)	3,856,719,540	2,858,524,718
Work in progress		1,042,087,405	916,768,032
Accounts and notes receivable	(13)	12,312,028,607	9,460,906,134
Short term investments through profit and loss		3,813,431	4,514,949
Prepayments and other debit balances	(14)	8,007,042,331	6,344,541,686
Share based compensation	(15)	2,993,892	2,993,892
Debit balances (Tax Authority)		70,104,251	211,038,335
Cash on hand and at banks	(16)	2,601,713,729	3,194,399,517
<b>TOTAL CURRENT ASSETS</b>		<b>27,896,503,186</b>	<b>22,993,687,263</b>
<b>TOTAL ASSETS</b>		<b>32,275,315,193</b>	<b>27,148,953,582</b>
<b>EQUITY</b>			
Issued and paid-up capital	(17)	1,071,997,595	1,071,997,595
Legal reserve		96,298,025	96,298,025
General reserve		41,935,960	41,935,960
Treasury shares	(28)	(7,868,547)	(7,868,547)
Financing Risk Reserve		64,862,540	78,461,196
Revaluation reserve of Investments at fair value through other comprehensive income		5,133,864	5,424,460
Accumulated foreign currency translation		165,105,063	71,333,237
Foreign currency translation differences		212,355,876	-
Retained Earnings		716,173,833	274,817,088
Profits for the Period / year after deducting non- controlling interest		330,954,771	441,356,745
<b>TOTAL EQUITY BEFORE DEDUCTING NON- CONTROLLING INTEREST</b>		<b>2,696,948,980</b>	<b>2,073,755,759</b>
Non- controlling interest		818,228,869	849,644,442
<b>TOTAL EQUITY</b>		<b>3,515,177,849</b>	<b>2,923,400,201</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term notes payable		13,279,743	20,393,217
Long term loans and finance lease arrangements	(18)	1,257,382,843	1,352,911,485
Long term bank overdraft		1,142,996,529	697,255,346
Finance lease liability		1,189,044,600	884,655,787
Other long-term liabilities	(30)	110,744,037	121,982,598
Deferred tax liabilities		17,631,945	4,920,708
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,731,079,697</b>	<b>3,082,119,141</b>
<b>CURRENT LIABILITIES</b>			
Provisions	(19)	169,748,100	169,931,660
Accounts and notes payable	(20)	6,889,340,989	4,805,707,049
Short term loans		545,360,019	614,404,698
long term loans and finance lease – current portion	(18)	1,264,166,148	1,353,071,690
Finance lease liability – current portion		63,303,904	49,106,571
Bank overdraft	(22)	8,993,512,544	8,430,891,585
Accrued expenses and other credit balances	(21)	7,057,115,553	5,684,053,260
Dividends payable	(23)	46,510,390	36,267,727
<b>TOTAL CURRENT LIABILITIES</b>		<b>25,029,057,647</b>	<b>21,840,689,586</b>
<b>TOTAL LIABILITIES</b>		<b>28,760,137,344</b>	<b>24,225,553,381</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,275,315,193</b>	<b>27,148,953,582</b>

Chief Financial Officer  
Hossam Hussein



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 is attached.

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

STATEMENT OF CONSOLIDATED PROFIT OR LOSS  
FOR THE PERIOD ENDED 31 MARCH 2024

	Note	31 March 2024 EGP	31 March 2023 EGP
Revenues	(24)	10,413,602,221	6,546,680,627
Cost of revenues	(25)	(8,251,512,024)	(5,177,771,103)
<b>GROSS PROFIT</b>		<b>2,162,090,197</b>	<b>1,368,909,524</b>
General and administrative expenses		(771,440,935)	(580,657,378)
Board of directors Remuneration		(310,000)	(1,230,000)
Selling and marketing expenses		(327,280,342)	(264,976,401)
Expected credit losses	(13)	(216,885,647)	(68,857,618)
Reversal of expected credit losses	(13)	103,477,088	2,819,421
Provisions	(19)	(6,344,251)	(5,569,986)
Expected credit losses – debit balances		(13,711,188)	-
<b>OPERATING PROFIT</b>		<b>929,594,922</b>	<b>450,437,562</b>
Finance cost (net)		(372,911,767)	(238,311,899)
Foreign exchange differences		(23,978,360)	23,870,895
Company's share from profits of associates	(10)	54,251,376	26,085,398
Profits from selling fixed assets		626,091	553,363
Other Income / (loss)		244,009	(6,556,727)
Takaful contribution		(15,672,475)	(9,600,712)
<b>PROFITS FOR THE PERIOD BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST</b>		<b>572,153,796</b>	<b>246,477,880</b>
Income taxes	(26)	(194,273,394)	(78,084,797)
<b>PROFITS FOR THE PERIOD</b>		<b>377,880,402</b>	<b>168,393,083</b>
<b>Distributed as follows:</b>			
Holding company		330,954,771	142,977,907
Non-controlling interest		46,925,631	25,415,176
<b>PROFITS FOR THE PERIOD</b>		<b>377,880,402</b>	<b>168,393,083</b>

Chief Financial Officer  
Hossam Hussein



Chief Executive Officer  
Ahmed Khalil



Chairman  
Medhat Khalil



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

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2024

	Note	31 March 2024 EGP	31 March 2023 EGP
<b>PROFITS FOR THE PERIOD</b>		<b>377,880,402</b>	<b>168,393,083</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Differences of foreign currency translation through other comprehensive income	(34)	212,355,876	(89,124,425)
Income tax related to foreign currency valuation differences	(34)	(47,780,072)	20,052,996
Translation differences		93,771,826	39,227,334
Available for sale investments revaluation differences before tax		(374,963)	(904,076)
Income tax related to other comprehensive income items		84,367	203,417
<b>TOTAL OF OTHER COMPERHENSIVE INCOME</b>		<b>258,057,034</b>	<b>(30,544,754)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>635,937,436</b>	<b>137,848,329</b>
<b>Distributed as follows:</b>			
Holding company		556,965,980	117,043,203
Non-controlling interest		78,971,456	20,805,127
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>635,937,436</b>	<b>137,848,330</b>

-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 31 MARCH 2024

	Issued and paid up capital	Legal reserve	General reserve	Reservation of investments at fair value through other comprehensive income	Treasury shares	Finance risk reserve	Foreign currency translation differences	Foreign currency through other comprehensive income	Retained Earnings	Dividends distribution	Profits for the year 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 2024	1,071,997,595	96,298,025	41,935,960	5,424,460	(7,868,547)	78,461,196	71,333,237	-	274,817,088	-	441,356,745	2,073,755,759	849,644,442	2,923,400,201
Transferred to retained earnings	-	-	-	-	-	-	93,771,826	-	441,356,745	-	(441,356,745)	93,771,826	-	93,771,826
Accumulated foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-	(13,598,656)	(78,341,204)	(78,341,204)
Change in minority rights	-	-	-	-	-	-	-	-	-	-	-	(13,598,656)	-	(13,598,656)
Transferred from retained earnings to finance risk reserve **	-	-	-	-	-	(13,598,656)	-	-	-	-	-	212,355,876	-	212,355,876
Differences in the valuation of foreign currencies	-	-	-	-	-	-	-	212,355,876	-	-	-	212,355,876	-	212,355,876
Reserve of investments at fair value through OCI	-	-	-	(290,596)	-	-	-	-	-	-	-	(290,596)	-	(290,596)
Profits for the period	-	-	-	-	-	-	-	-	-	-	330,954,771	330,954,771	46,925,631	377,880,402
31 March 2024	1,071,997,595	96,298,025	41,935,960	5,133,864	(7,868,547)	64,862,540	165,105,063	212,355,876	716,173,833	-	330,954,771	2,696,948,980	818,228,869	3,515,177,849
1 January 2022	1,071,997,595	92,010,015	41,935,960	3,390,288	(53,685,978)	-	(2,849,603)	-	190,453,776	-	347,313,087	1,690,565,138	566,757,426	2,257,322,564
Transferred to retained earnings	-	4,288,010	-	-	-	-	39,227,334	-	343,025,077	-	(347,313,087)	39,227,334	-	39,227,334
Accumulated foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-	(86,266,480)	(18,410,045)	(18,410,045)
Change in minority rights	-	-	-	-	-	-	-	-	-	-	-	(86,266,480)	-	(86,266,480)
Dividends	-	-	-	-	-	-	-	(89,124,425)	-	-	-	(89,124,425)	-	(89,124,425)
Differences in the valuation of foreign currencies	-	-	-	(700,659)	-	-	-	-	-	-	-	(700,659)	-	(700,659)
Reserve of investments at fair value through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profits for the period	-	-	-	2,889,629	(53,685,978)	-	36,377,729	(89,124,425)	533,478,853	(86,266,480)	142,977,507	142,977,507	25,415,176	168,393,083
31 March 2023	1,071,997,595	96,298,025	41,935,960	2,889,629	(53,685,978)	-	36,377,729	(89,124,425)	533,478,853	(86,266,480)	142,977,507	1,696,678,816	573,762,557	2,270,441,372

\*\* The value of the difference between the accounts receivable provision calculated according to the percentages stated in the Authority's decision and the accounts receivable provision calculated in accordance with the Egyptian Accounting Standard No. (47) for the fiscal ended period on March 31, 2024.

- 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 31 MARCH 2024**

	Note	31 March 2024 EGP	31 March 2023 EGP
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profits for the period before income tax and non- controlling interest		572,153,796	246,477,880
Depreciation of fixed assets, amortization of intangible assets, and investment property	(7,4,5)	88,805,298	88,813,435
Profit from disposal of fixed assets		(626,091)	(553,363)
Finance cost (net)		372,911,766	238,311,899
Company's share from profits of associates	(10)	(54,251,376)	(26,085,398)
Provisions	(19)	9,912,262	14,040,584
Provisions no longer required	(19)	-	(700,000)
Write-down of inventory	(12)	11,623,145	8,069,106
Write-down of inventory reversal	(12)	(7,196,250)	(4,051,157)
Impairment of accounts receivable	(13)	216,885,647	68,857,618
Impairment of accounts receivables reversal	(13)	(103,477,088)	(2,819,421)
		<u>1,106,741,109</u>	<u>630,361,183</u>
Change in inventory	(12)	(1,002,621,718)	(755,186,522)
Change in projects under construction		(125,319,373)	(357,792,208)
Change in accounts and notes receivable	(13)	(3,040,005,526)	(196,515,668)
Change in prepayments and other debit balances	(14)	(1,662,500,642)	(1,632,788,062)
Change in accounts and notes payable	(20)	2,083,633,944	1,323,551,666
Change in bank overdraft Non-Bank Finance Sector	(22)	1,316,852,919	500,099,986
Change in loans Non-Bank Finance Sector		(217,415,448)	(46,345,810)
Change in accrued expenses and other credit balances	(21)	1,383,304,952	569,381,535
Change in other long-term liabilities		(11,238,560)	(12,725,735)
<b>CASH FLOWS (USED IN) / PROVIDED FROM OPERATING ACTIVITIES</b>		<u>(168,568,343)</u>	<u>22,040,365</u>
Income tax paid		314,913,633	(38,776,831)
Doubtful Debts		75,474,495	-
Used provisions		(10,095,821)	-
<b>NET CASH FLOWS PROVIDED FROM / (USED IN) OPERATING ACTIVITIES</b>		<u>211,723,964</u>	<u>(16,736,466)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Payments) to acquire fixed assets, intangible assets and investment property	(7,4,5)	(75,941,455)	(82,366,586)
Proceeds from disposal of fixed assets and intangible assets	(4)	1,681,577	6,029,650
(Payments) in projects under construction	(6)	(20,789,424)	-
(Payments) to acquire long-term investments		(913,156)	(20,010)
(Payments) to acquire short-term investments		701,518	(79,940)
(Payments) to time deposits for letters of credit	(16)	26,874,480	(6,697,650)
<b>NET CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>		<u>(68,386,460)</u>	<u>(83,134,536)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from credit facilities	(22)	(308,490,777)	792,719,661
(Payments) in long term loans	(18)	(282,158,171)	(62,997,537)
Proceeds from long term loans	(18)	246,094,755	18,342,823
Dividends paid		-	(86,266,480)
Change in non-controlling interest		(78,341,204)	(18,410,045)
Finance cost		(372,911,766)	(238,311,899)
(Payments) in long term notes payables		(7,113,474)	(11,839,010)
<b>NET CASH FLOW (USED IN) / PROVIDED FROM FINANCING ACTIVITIES</b>		<u>(802,920,637)</u>	<u>393,237,513</u>
Accumulated foreign currency translation		93,771,826	39,227,334
<b>NET INCREASE IN CASH AND CASH EQUIVALENT DURING THE PERIOD</b>		<u>(565,811,307)</u>	<u>332,593,845</u>
Cash and cash equivalent - beginning of the period	(16)	3,105,377,241	1,240,400,495
<b>CASH AND CASH EQUIVALENT - END OF THE PERIOD</b>		<u>2,539,565,934</u>	<u>1,572,994,340</u>
Cash on hand and at banks – end of the period	(16)	2,601,713,729	1,668,714,263
Deduct: Restricted time deposits		(62,147,795)	(95,719,923)
<b>CASH AND CASH EQUIVALENT- END OF THE PERIOD</b>		<u>2,539,565,934</u>	<u>1,572,994,340</u>

**Non-cash transactions:**

- An amount of 9,711,232 deferred tax assets was eliminated
- An amount of 212,355,876 was excluded from foreign currency translation differences
- An amount of 374,963 was excluded from financial investments at fair value through comprehensive income.
- An amount of 290,596 was excluded from reservation of investments at fair value through other comprehensive income.
- An amount of 167,154 was excluded from project under construction and fixed assets.
- An amount of 13,598,656 was excluded from finance risk reserve.

- 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**

31 MARCH 2024

**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 fusibility 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.

The following are the details of investment in subsidiaries included in the consolidated financial statements as of 31 December 2023:

Company name	Country	Percentage of ownership
1- Raya Distribution Company	Egypt	%100
2- Raya Integration Company	Egypt	%100
3- Raya International Service Company	Egypt	%100
4- Raya Network Services Company	Egypt	%100
5- Raya Gulf Company	UAE	%100
6- Raya Technology Company Ltd.	Saudi Arabia	%100
7- Raya Contact Centre Company	Egypt	%59.15
8- Raya Electronics Company (Previously Sama)	Egypt	%100
9- Call Centre Company - C3	Egypt	%100
10- Best Service Company- Nigeria	Nigeria	%100
11- Raya Smart Building	Egypt	%100
12- Raya for Contact Centre Building Management Company	Egypt	%100
13- Ostool for Land Transport Company	Egypt	%90
14- Raya Restaurants Company	Egypt	%95.423
15- Raya Tech Distribution Company	Egypt	%100
16- Raya for Social Media Company	Egypt	%100
17- Raya for Data Centres Company	Egypt	%100
18- Raya Venture and Investment Company	Egypt	%100
19- Raya Contact Centre Gulf	UAE	%100
20- Raya for Food and Beverages Company	Egypt	%100
21- Raya Contact Centre Company – Europe	Poland	%100
22- Aman for Electronic Payments Company	Egypt	76%
23- Raya for Manufacturing and logistics Services Company	Egypt	%100
24- Raya Network power Company	Egypt	%100
25- Eden for Import and Export Company	Egypt	%100
26- Madova Company	Poland	%100
27- Raya Foods Company	Egypt	%100
28- Aman for Financial Services Company	Egypt	76%
29- Aman for Micro finance Company	Egypt	76%
30- Raya for Modern vehicles Company	Egypt	%100
31- Raya for advanced manufacturing Company	Egypt	%100
32- Aman holding company for non-banking financial services and electronic payments	Egypt	76%
33- Raya Electric	Egypt	%100
34- Raya For Agricultural Products	Egypt	%100
35- United stores company	Egypt	%100
36- Egypt international communication company	Egypt	%100
37- Gulf customer experience	Bahrain	85%
38- Aman for Financial Services Company	Egypt	76%
39- Aman Securitization	Egypt	76%
40- Aman Taqa	Egypt	739

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2024

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

**B- Suspended companies**

Company Name	Country	Shareholding %
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 Al Arabia 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%
16- Integrated technology systems 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 31 March 2024 were authorized for issuance in accordance with the decision of the board of directors meeting dated on 27 May 2024.

**2. BASIS OF CONSOLIDATION 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 year 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

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**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	10%
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%
Aman Taqa	61%

**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

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**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.

**Impairment 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. on 3 March 2023, Council of Minister's was issued decision No. 636 of 2024 to amend some provisions of Egyptian Accounting Standards, and the company is in the process of studying the impact of applying these amendments to the financial statements for the year 2024.

**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

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**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

31 MARCH 2024

**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. Providing 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

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**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

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**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	Production units
Buildings	40	
Vehicles and transportation	4-7	
Communication centers	4-5	
Furniture and office equipment	5-10	
Leasehold improvements	5-8 or lease duration	
Computers	2-3	
Fixtures and fitting	10-30	
Productive assets	-	400.000 Ton

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

31 MARCH 2024

**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

31 MARCH 2024

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

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

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

**Investing in a subsidiary**

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

Investments in a subsidiary company are accounted for at cost, including the acquisition cost. In the event of a decline in the value of those investments, the book value is adjusted by the value of this decline and is included in the consolidated statement of profits or losses for each investment separately.

Dividends on investments in the subsidiary company are recognized in the company's statement of profit or loss when it is issued the right to receive the distributions.

**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.

**Investments at fair value through profit or loss.**

Investments at fair value through profit or loss are financial assets that are classified either as assets held for trading purposes that were acquired for the purpose of selling in a short period of time, or financial assets that were classified upon initial recognition at fair value through profit or loss.

Upon initial recognition, investments at fair value through profit or loss are measured at fair value including direct related expenses.

Investments at fair value through profit or loss are recognized in the financial position at fair value, and their gains and losses are recognized in the statement of profit and loss.

Gains or losses on the sale of investments at fair value through profit or loss are recognized in the statement of profit and loss.

**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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2024

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

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

**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:

- 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 asset, 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 MARCH 2024

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

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

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

- 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.

**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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 MARCH 2024

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

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

**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.

**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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 MARCH 2024

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

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

**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.

**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 September 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2024

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

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

**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.

**Impairment of financial investments measured at fair value through comprehensive income**

Available-for-sale investments are considered to be impaired if there is objective evidence that the cost of the asset cannot be recovered. In addition to objective evidence, the company uses qualitative evidence to determine impairment, and this evidence includes a significant or persistent decline in fair value below cost. In the event of impairment, the accumulated losses are excluded from equity and re-recognized in the statement of profit and loss. Losses on decline in the value of equity investments cannot be recovered through the statement of profit and loss, and the increase in fair value after impairment is recognized directly in equity.

**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.

**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.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

**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)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 FIXED ASSETS

	Land	Buildings	Furniture and office equipment	Vehicles	Leasehold improvements	Switches	Computers	Fixtures	Productive assets	Total
Cost	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
1 January 2024	146,488,483	659,387,565	460,760,624	431,136,688	880,892,763	84,446,320	300,093,807	273,662,585	516,715,097	3,753,583,932
Additions during the period	-	3,031,007	9,246,852	3,276,498	15,881,901	293,770	21,410,545	3,246,201	1,681,915	58,068,689
Transferred from project under constructions	-	-	167,154	-	-	-	-	-	-	167,154
Disposals	-	(839,040)	(149,246)	-	(77,521)	(90,680)	(4,613,593)	(15,280)	-	(5,785,360)
Reclassified assets	-	-	-	-	-	-	-	-	-	-
Foreign Exchange Valuation Differences	-	-	-	-	-	-	-	-	-	-
Translation differences	-	-	7,025,675	-	10,008,610	7,325,046	6,085,723	-	-	30,445,054
31 March 2024	146,488,483	661,579,532	477,051,059	434,413,186	906,705,753	91,974,456	322,976,482	276,893,506	518,397,012	3,836,479,469
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
1 January 2024	-	(154,982,490)	(290,606,328)	(284,542,706)	(438,626,112)	(82,590,276)	(223,898,426)	(183,002,503)	(130,237,340)	(1,788,486,181)
Depreciation for the Period	-	(4,883,589)	(15,508,443)	(740,820)	(30,446,100)	(299,921)	(6,558,020)	(8,439,956)	(10,535,892)	(77,412,741)
Depreciation of disposals	-	506,635	173,614	-	8,783	65,833	695,949	5,380	-	1,456,194
Reclassified assets	-	-	-	-	-	-	-	-	-	-
Translation differences	-	-	(6,627,945)	-	(7,370,523)	(7,037,068)	(6,136,037)	-	-	(27,171,373)
31 March 2024	-	(159,359,444)	(312,569,102)	(285,283,526)	(476,433,752)	(89,861,432)	(235,896,534)	(191,437,079)	(140,773,232)	(1,891,614,101)
Net book value as of 31 March 2024	146,488,483	502,220,088	164,481,957	149,129,660	430,272,001	2,113,024	87,079,948	85,456,427	377,623,780	1,944,865,368
Impairment of Raya Algeria Company's assets	-	-	(21,829)	-	(98,470)	-	(20,322)	-	-	(140,621)
31 March 2024	146,488,483	502,220,088	164,460,128	149,129,660	430,173,531	2,113,024	87,059,626	85,456,427	377,623,780	1,944,724,747

- 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:

	31 March 2024
Cost of revenues	EGP
General and administrative expenses	(25,981,931)
Selling and marketing expenses	(13,203,830)
	(38,226,980)
	<u>(77,412,741)</u>

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 FIXED ASSETS (CONTINUED)

	Land	Buildings	Furniture and office equipment	Vehicles	Leasehold improvements	Switches	Computers	Fixtures	Productive assets	Total
<b>Cost</b>	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
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	4,105,640	9,054,267	73,412,517	15,325,905	181,627,918	1,274,601	36,688,700	29,376,611	2,615,947	353,482,106
Transferred from project under constructions	21,213,900	52,702,022	6,264,235	47,500	28,920,556	-	4,892,697	-	1,436,664	115,477,574
Disposals	-	-	(2,348,991)	(168,056)	(8,774,850)	(634,204)	(6,918,467)	-	-	(18,844,568)
Reclassified assets	-	66,618,629	-	-	-	4,725,804	-	(164,701,694)	93,357,261	-
Foreign Exchange Valuation Differences	-	-	-	-	21,057,461	-	-	-	19,469,877	40,527,338
Translation differences	-	-	4,694,381	565,582	4,998,114	3,121,893	9,048,173	972,346	-	23,400,485
31 December 2023	146,488,483	659,387,565	460,760,624	431,136,688	880,892,763	84,446,320	300,093,805	273,662,585	516,715,097	3,753,583,932
<b>Accumulated depreciation</b>										
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	-	(19,464,919)	(53,989,313)	(40,097,661)	(106,272,565)	(3,157,133)	(34,595,708)	(35,078,113)	(36,020,716)	(328,676,128)
Depreciation of disposals	-	-	2,048,430	168,056	1,015,947	634,204	6,565,670	-	-	10,432,307
Reclassified assets	-	(55,398,390)	-	-	-	(1,147,075)	-	61,156,221	(4,610,756)	-
Translation differences	-	-	(4,091,000)	(188,026)	(4,055,789)	(2,987,435)	-	(552,696)	-	(18,621,234)
31 December 2023	-	(154,982,490)	(290,606,328)	(284,542,706)	(438,626,112)	(82,590,276)	(223,898,426)	(183,002,503)	(130,237,340)	(1,788,486,181)
Net book value as of 31 December 2023	146,488,483	504,405,075	170,154,296	146,593,982	442,266,651	1,856,044	76,195,381	90,660,082	386,477,757	1,965,097,751
Impairment of Raya Algeria Company's assets	-	-	(21,829)	-	(98,470)	-	(20,322)	-	-	(140,621)
31 December 2023	146,488,483	504,405,075	170,132,467	146,593,982	442,168,181	1,856,044	76,175,059	90,660,082	386,477,757	1,964,957,130

- 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:

	31 December 2023
Cost of revenues	(144,959,538)
General and administrative expenses	(44,781,867)
Selling and marketing expenses	(138,934,723)
	<u>(328,676,128)</u>

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

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5 INVESTMENT PROPERTY

	Land EGP	Buildings EGP	Leasehold improvements EGP	Total EGP
1 January 2023	112,895,877	673,571,668	32,062,534	818,530,079
Transferred from project under constrictions	-	-	-	-
31 March 2024	<u>112,895,877</u>	<u>673,571,668</u>	<u>32,062,534</u>	<u>818,530,079</u>
<b>Accumulated depreciation</b>				
1 January 2024	-	(189,914,548)	(19,904,517)	(209,819,065)
Depreciation of the period	-	(6,934,288)	(940,016)	(7,874,304)
31 March 2024	-	<u>(196,848,836)</u>	<u>(20,844,533)</u>	<u>(217,693,369)</u>
<b>Net book value 31 March 2024</b>	<u>112,895,877</u>	<u>476,722,832</u>	<u>11,218,001</u>	<u>600,836,710</u>
Net book value 31 December 2023	112,895,877	483,657,120	12,158,017	608,711,014

6 PROJECTS UNDER CONSTRUCTION

	31 March 2024 EGP	31 December 2023 EGP
Projects under construction –Fixed assets (6-1)	195,038,418	180,005,646
Projects under construction –Investment properties (6-2)	<u>65,170,866</u>	<u>59,581,368</u>
	<u>260,209,284</u>	<u>239,587,014</u>

6-1 PROJECTS UNDER CONSTRUCTION FIXED ASSETS

	31 March 2024 EGP	31 December 2023 EGP
Beginning balance of the period / year	180,005,646	170,822,102
Additions during the period / year	30,979,546	124,661,118
Transferred to fixed assets during period / year	(167,154)	(115,477,574)
Foreign Exchange Valuation Differences	<u>(15,779,620)</u>	-
Ending balance for the period / year	<u>195,038,418</u>	<u>180,005,646</u>

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

	31 March 2024 EGP	31 December 2023 EGP
Raya Restaurants Company (A)	22,268,484	22,123,835
Raya Electronics Company	2,014,454	2,181,608
Aman for Electronic Payments	8,718,450	16,337,119
Raya Electric Haier	347,560	347,560
Raya for Data Centres Company	29,149,354	25,875,358
Raya Foods	1,773,495	164,534
Aman Micro Finance	129,111,546	112,975,632
Raya Call Centre Services Company	565,600	-
Raya Integration	1,089,475	-
	<u>195,038,418</u>	<u>180,005,646</u>

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

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31 MARCH 2024

**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 balance of projects under construction for Aman Micro Finance Company is the construction of an administrative building for the company.

**6-2 PROJECTS UNDER CONSTRUCTION INVESTMENT PROPERTIES**

	31 March 2024	31 December 2023
		EGP
Beginning balance of the period / year	59,581,368	19,603,725
Additions during the period / year	5,589,498	46,600,451
Transferred to investment property during the period / year	-	(6,622,808)
Ending balance for the period / year	<u>65,170,866</u>	<u>59,581,368</u>

	31 March 2024	31 December 2023
	EGP	EGP
Raya For Finance Lease	65,170,866	59,581,368
	<u>65,170,866</u>	<u>59,581,368</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 at 6<sup>th</sup> October city.

**7 INTANGIBLE ASSETS**

	31 March 2024	31 December 2023
	EGP	EGP
<b>Cost</b>		
Beginning balance of the period / year	111,249,361	90,034,019
Additions during the period / year	17,872,766	21,263,065
Disposals	-	(47,723)
Ending balance for the period / year	<u>129,122,127</u>	<u>111,249,361</u>
<b>Accumulated amortization</b>		
Beginning balance of the period / year	(80,507,331)	(70,372,200)
Amortization for the period / year	(3,518,256)	(10,146,030)
Amortization of disposals	-	10,899
Ending balance for the period / year	<u>(84,025,587)</u>	<u>(80,507,331)</u>
<b>Net book value</b>	<u>45,096,540</u>	<u>30,742,030</u>

- The year amortization is charged to general and administrative expenses by EGP 205,895 and marketing expense 2,043,978 the cost of the revenues by EGP 1,268,379.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**8 RIGHT OF USE ASSETS**

	31 March 2024 EGP	31 December 2023 EGP
<b>Cost</b>		
Beginning balance of the period / year	1,413,294,255	1,256,619,609
Additions during the period / year	121,394,448	253,597,326
Adjustments during the period / year (disposals)	-	(135,354,687)
Currency Differences	-	40,928,672
Translation differences	-	(2,496,665)
Ending balance for the period / year	<u>1,534,688,703</u>	<u>1,413,294,255</u>
<b>Accumulated depreciation</b>		
Beginning balance of the period / year	(593,909,105)	(447,010,526)
Amortization of the period / year	(56,173,811)	(199,538,806)
Adjustments during the period / year (disposals)	-	57,577,153
Currency Differences	-	(4,936,926)
Ending balance for the period / year	<u>(650,082,916)</u>	<u>(593,909,105)</u>
<b>Net book value</b>	<u>884,605,787</u>	<u>819,385,150</u>

**9 GOODWILL**

	31 March 2024 EGP	31 December 2023 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
Raya 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**	97,558,433	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***	<u>(76,087,561)</u>	<u>(76,087,561)</u>
	<u>393,917,204</u>	<u>297,251,819</u>

**The increase in a goodwill is:**

\* At the end of 2023, a share of Ostool for Land Transport Company shares was purchased by 27.69%, so that Raya Holding Company for Financial Investments became 90% of the total shares of Ostool for Land Transport Company, and the shares were transferred during the first quarter of 2024, and this resulted in goodwill by EGP 96,665,385 Egyptian pounds.

\*\* At the end of 2023, a goodwill impairment test was conducted to ensure the fair value of Gulf Customer Experience (B.S.C) and the value of the investment was reduced by EGP 28,016,294.

**\*\*\*Goodwill Impairment Test**

The company tests the impairment of goodwill annually at 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	31 March 2024 EGP	31 December 2023 EGP
Allied Arab Company for Insurance	20%	2,229,066	1,727,067
Makarony Polskie	%29.48	219,919,534	166,170,158
		<u>222,148,600</u>	<u>167,897,225</u>

The company accounting for investment using the equity method:

	Cost	Retained Earnings	Increase in capital	Dividends	Profit for the period	Balance
	EGP	EGP	EGP	EGP	EGP	EGP
Allied Arab Company for Insurance	642,000	1,085,067	-	-	501,999	2,229,066
*Makarony Polskie	37,607,595	97,879,780	41,355,746	(10,672,963)	53,749,376	219,919,534
	<u>38,249,595</u>	<u>98,964,847</u>	<u>41,355,746</u>	<u>(10,672,963)</u>	<u>54,251,376</u>	<u>222,148,600</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 thousands):

Company Name	Share %	Long term assets	Current assets	Current liabilities	Long term liabilities	Paid up capital and equity	Revenues	Expenses
Allied Arab Company for Insurance	20%	211	16,302	(6,351)	-	(10,162)	12,697	(10,187)
Makarony Polskie	%29.48	1,056,316	770,519	(552,834)	(274,110)	(999,891)	2,015,860	(1,833,535)

11 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPERHENSIVE INCOME

	31 March 2024 EGP	31 December 2023 EGP
Unquoted shares or inactive shares at stock market*	14,314,250	14,314,250
Quoted shares at stock market**	10,915,575	11,290,537
	<u>25,229,825</u>	<u>25,604,787</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:

	31 March 2024 EGP	31 December 2023 EGP
Fair value of investment	11,290,537	8,665,800
Deduct: Revaluation of investment reserved during the period / year	(374,962)	2,624,737
Fair value of investment	<u>10,915,575</u>	<u>11,290,537</u>

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12 INVENTORY

	31 March 2024	31 December 2023
	EGP	EGP
Mobile phones, accessories, spare parts and television	2,079,922,934	1,645,965,270
Supplies, switches spare parts and networks	439,366,456	489,580,611
Raw materials, work in progress and finished goods	328,099,520	211,864,409
Raya Algeria - Mobile phones, and accessories spare parts	53,875,658	53,875,658
Canned foods	218,723,987	172,607,655
Food and restaurants accessories	9,640,560	9,762,493
Frozen Foods	699,437,988	385,721,324
Electronic payment machines	21,500,630	30,118,133
Raw Coal	180,827,298	29,352,746
Others	3,065,289	2,990,303
	<u>4,034,460,320</u>	<u>3,031,838,602</u>
Write-down of inventory	(123,865,122)	(119,438,226)
Write-down of Raya Algeria Company's inventory	(53,875,658)	(53,875,658)
	<u>3,856,719,540</u>	<u>2,858,524,718</u>

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

	31 March 2024	31 December 2023
	EGP	EGP
Beginning balance of the period / year	119,438,226	63,104,245
Charged during the period / year	11,623,146	69,179,690
Reversal of Inventory write-down during the period / year	(7,196,250)	(12,845,709)
Ending balance for the period / year	<u>123,865,122</u>	<u>119,438,226</u>

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

13 ACCOUNTS AND NOTES RECEIVABLE

	31 March 2024	31 December 2023
	EGP	EGP
Accounts receivable	4,947,753,718	2,670,393,709
Instalments receivables	7,520,342,405	6,492,509,180
Notes receivable	390,004,015	806,140,713
	<u>12,858,100,138</u>	<u>9,969,043,602</u>
Impairment in value of accounts receivable	(546,071,531)	(508,137,468)
	<u>12,312,028,607</u>	<u>9,460,906,134</u>

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

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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:

	31 March 2023	31 December 2023
	EGP	EGP
Beginning balance of the Period / year	508,137,468	382,458,834
Charged during the period / year	216,885,647	352,293,596
Reversal of impairment during the period / year	(103,477,088)	(15,690,511)
Used during the period / year	(75,474,496)	(174,157,169)
Transferred to credit risk reserve	-	(36,767,282)
<b>Ending balance for the period / year</b>	<b>546,071,531</b>	<b>508,137,468</b>

At 31 March 2024 and 31 December 2023, 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
31 March 2024	4,947,753,718	2,253,528,460	1,967,986,761	295,170,509	146,218,780	284,849,208
31 December 2023	2,670,393,709	1,432,659,512	802,373,609	124,561,772	62,346,311	248,452,505

14 PREPAYMENTS AND OTHER DEBIT BALANCES

	31 March 2024	31 December 2023
	EGP	EGP
Prepaid expenses	176,705,020	215,554,600
Customs Authority	43,432,553	43,514,342
Accrued revenues	2,111,180,240	1,261,685,908
Deposits with others	234,442,858	140,340,258
Suppliers down payments	3,123,677,392	2,401,206,097
Value added tax	696,850,867	677,326,370
Letters of guarantee margin	456,377,322	315,357,254
Employees receivables	1,941,712	3,322,689
Governmental authorities' receivables	213,407,652	181,813,065
Amounts held by banks and securitization companies	359,916,749	377,124,603
Debit Balances-(Suppliers)	263,437,944	455,685,619
Other debit balances	344,571,946	307,802,203
	<b>8,025,942,255</b>	<b>6,380,733,008</b>
<b>Deduct: Expected credit losses</b>	<b>(18,899,924)</b>	<b>(36,191,322)</b>
	<b>8,007,042,331</b>	<b>6,344,541,686</b>

15 SHARE BASED COMPENSATION

	31 March 2024	31 December 2023
	EGP	EGP
Share based compensation	2,993,892	2,993,892
	<b>2,993,892</b>	<b>2,993,892</b>

15- SHARE BASED COMPENSATION (COUNTUNUED)



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On June 26, 2022, the Extraordinary Assembly unanimously approved the adoption of share based compensation and the allocation of 107,199,760 shares, representing 5% of the company's shares, for the benefit of share based compensation 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 share based compensation and/or through treasury shares to finance the company's share based compensation.

During the fourth quarter of 2023, share based compensation by amount of EGP 4,094,061 were granted.

**16 CASH ON HAND AND AT BANKS**

	31 March 2024	31 December 2023
	EGP	EGP
<b>Cash on hand</b>	<b>37,808,283</b>	<b>71,025,038</b>
<b>Banks – current and investing accounts</b>		
Local currency	1,365,839,275	2,088,225,723
Foreign currency	553,138,515	461,557,659
<b>Banks – Time deposits</b>		
Local currency	188,649,199	118,624,199
Foreign currency	359,732,792	228,207,120
<b>Checks under collection</b>	<b>96,545,665</b>	<b>226,759,778</b>
	<b><u>2,601,713,729</u></b>	<b><u>3,194,399,517</u></b>

\* The balance of time deposits held with banks represented in the following as at 31 March 2024:

- The amount of EGP 45,328,792 (equivalent to USD 957,313) and EGP 16,819,000 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 2023 was EGP 29,533,120 (equivalent to USD 957,313) and EGP 16,819,000.
- The amount of EGP 148,679,000 (equivalent to USD 3,140,000) deposit for in favor of the company Raya Contact Centers.
- The amount of EGP 165,725,000 (equivalent to USD 3,500,000) deposit for in favor of the company Raya Contact Centers.
- The amount of EGP 60,200,000 is deposited in favor of Aman for Electronic Payment Company.
- The amount of EGP 225,000 is deposited in favor of Raya for foods and drinks
- The amount of EGP 110,000,000 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**

	31 March 2024	31 December 2023
	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

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**18 LONG TERM LOANS AND FINANCE LEASE ARRANGEMENTS**

	31 March 2024	31 December 2023
	EGP	EGP
Long term loans – current portion	1,264,166,148	1,353,071,690
Long term loans	1,257,382,843	1,352,911,485
	<u>2,521,548,991</u>	<u>2,705,983,175</u>

Loans balances are represented in the following:

	31 March 2024	31 December 2023
	EGP	EGP
(1) Loans-Raya Holding Company for Financial Investments	874,972,657	945,270,271
(2) Loans-Raya Lease Company	85,326,488	73,303,464
(3) Loans-Raya Restaurants Company	1,791,265	2,462,990
(4) Loans- Raya Foods Company	141,388,412	127,563,651
(5) Loans- Raya for Electronics Previously SAMA	79,352,249	71,177,395
(6) Loans- Raya Distribution	41,649,996	62,243,307
(7) Loans- Raya contact centre	89,530,451	68,053,857
(8) Loans- Aman financial services	1,207,537,473	1,355,908,240
	<u>2,521,548,991</u>	<u>2,705,983,175</u>

**(1) Raya Holding Company for Financial Investments**

	31 March 2024	31 December 2023
	EGP	EGP
Finance lease contract (loan)	874,972,657	945,270,271
	<u>874,972,657</u>	<u>945,270,271</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.

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

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**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 100,000,000 Egyptian pounds, and the loan is paid in 60 monthly instalments starting from November 3, 2018 until October 3, 2023, and the loan balance on March 31, 2024 amounted to 2,395,702 Egyptian pounds.

**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 September 2024. The balance of the loan as of 31 March 2024 amounted to EGP 18,513,386.

**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 31 March 2024 amounted to EGP 12,984,963.

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 31 March 2024 amounted to EGP 14,052,158.

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 on March 31, 2024 amounted to 275,771USD, equivalent to EGP 13,057,778.

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 on March 31, 2024 amounted to EGP 11,812,093.

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 on March 31, 2024 amounted to USD 358,545, equivalent to EGP 16,977,095.

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**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 January 10, 2025. The loan balance on 31 March 2024 amounted to EGP 30,209,485.

**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 on March 31, 2024 amounted to EGP 13,391,24.

**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 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 on March 31, 2024 amounted to EGP 8,020,599.

**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 on March 31, 2024 amounted to 39,202,245.

**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 on March 31, 2024 amounted to EGP 22,283,646.

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**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 on March 31, 2024 amounted to EGP 61,439,412.

**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 on March 31, 2024 amounted to EGP 66,068,934.

**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 on March 31, 2024 amounted to EGP 98,627,326.

**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 on March 31, 2024 amounted to EGP 81,468,565.

**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 on March 31, 2024 amounted to EGP 116,211,869.

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**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 on March 31, 2024 amounted to EGP 120,554,574.

**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 first administrative floor in the northern administrative building, with an area of 2,250 m in Galleria 40 building, owned by Raya Lease 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 on March 31, 2024 amounted to EGP 127,701,582.

**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.

**(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 on March 31, 2024 amounted to 1,802,039 USD, equivalent to EGP 85,326,488.

**(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 at 31 March 2024 amounted to EGP 1,791,265.

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**(4) Raya Foods**

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 on March 31, 2024 amounted to 53,808,341 Egyptian pounds, equivalent to 1,136,396 US dollars.

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 9,663,578.00 Egyptian pounds, 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 60,723,845 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 various credit facilities worth 50,500,000 only fifty million five hundred thousand EGP for nothing but divided into two sections - in addition to the interests and expenses granted in the form of medium-term financing to be used in the import of machinery and new equipment for the production line and construction work for the new line and to ensure the payment of this loan and its interests it was agreed that the company will arrange a mortgage on the movables subject to the contract, which are some machines and production lines and the equipment that will be classified within fixed assets item.

The first section with a maximum amount of 1,500,000 US dollars (only one million five hundred thousand US dollars only) not exceeding the equivalent in Egyptian pounds amount of 25,500,000 Egyptian pounds (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 period and the use of twelve months, starting from the date of signing the contract and ending on the maturity date of the last instalment of the loan payment, and the loan is paid in 20 quarterly instalments and the interest is paid monthly on March 31, 2024, the amount of 34,583,862 Egyptian pounds, equivalent to 838,646 dollars for the US.

**(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. March 31, 2024, an amount of EGP 15,631,374.

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 on March 31, 2024 amounted to EGP 52,866,805

**(6) Raya Distribution**

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 March 31, 2024 the amount of EGP 8,245,734.

The company signed a short-term loan with one of the financing companies on 8-September-2023 in the amount of 52,500,027 EGP, and the loan is repaid after five months on February 29, 2024 and the interest is calculated monthly, and the loan balance on March 31, 2024 amounted to 33,404,262 EGP.

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**(7) 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 on March 31, 2024 amounted to 89,530,451 EGP equivalent to 1,890,823USD

**(8) 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 200,000,000 Egyptian pounds for a period of six years, and the loan balance as of March 31, 2024 amounted to 182,430,057 Egyptian pounds.

2- Aman Financial Services Company signed a loan contract with a bank with a total amount of 100,000,000 Egyptian pounds for a period of six years, and the loan will be paid in 24 monthly instalments as of October 2023, and the loan balance on March 31, 2024 amounted to 24,889,900 Egyptian pounds.

3- Aman for Financial Services signed a loan contract with a bank with a total amount of 400,000,000 Egyptian pounds for a period of six years, and the loan will be paid in 24 monthly instalments as of November 2023, and the loan balance on March 31, 2024 amounted to 397,163,289 Egyptian pounds.

4- Aman Financial Services Company signed a loan contract with a bank with a total amount of EGP 100,000,000 for a period of two years, and the loan will be paid in 24 monthly instalments as of May 2020, and the loan balance on March 31, 2024 amounted to EGP 51,933,861.

5- Aman for Financial Services signed a loan contract with a bank with a total amount of 200,000,000 Egyptian pounds for a period of five years, and the loan will be paid in 60 monthly instalments as of January 2023, and the loan balance on March 31, 2024 amounted to 6,605,622 Egyptian pounds.

6- 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 on March 31, 2024 amounted to EGP 5,787,685.

7- Aman Financial Services 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 March 31, 2024 amounted to EGP 3,446,517.

8- Aman for Financial Services 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 on March 31, 2024 amounted to EGP 1,584,128.

9- 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 on March 31, 2024 amounted to EGP 25,931,375.

10- Aman Financial Services Company signed a loan contract with a bank with a total amount of 125,000,000 Egyptian pounds for a period of two years, and the loan will be paid in 18 monthly instalments as of May 2022, and the loan balance on March 31, 2024 amounted to 79,893,161 Egyptian pounds.



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

11- Aman for Financial Services has signed a loan contract with a bank with a total amount of 300,000,000 Egyptian pounds for a period of two years, and the loan will be paid in 24 monthly instalments as of August 2022, and the loan balance on March 31, 2024 amounted to 297,665,418 Egyptian pounds.

12- Aman Financial Services Company signed a loan contract with a bank with a total amount of 50,000,000 Egyptian pounds for a period of two years, and the loan will be paid in 24 monthly instalments as of November 2022, and the loan balance on March 31, 2024 amounted to 14,053,728 Egyptian pounds.

13- Aman Financial Services Company has signed a loan contract with a bank with a total amount of 50,000,000 Egyptian pounds for a period of two years, and the loan will be paid in 60 monthly instalments as of November 2022, and the loan balance on March 31, 2024 amounted to 36,678,365 Egyptian pounds.

14- Aman Financial Services Company signed a loan contract with a bank with a total amount of 200,000,000 Egyptian pounds for a period of two years, and the loan will be paid in 24 monthly instalments as of November 2022, and the loan balance on March 31, 2024 amounted to 43,451,620 Egyptian pounds.

15- 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 paid in 24 monthly instalments as of November 2022, and the loan balance as of March 31, 2024 amounted to EGP 36,022,746.

The average interest rate on credit facilities obtained during the year ended in 31 December 2023 is 1.71% above the price of the Corridor.

**19 PROVISIONS**

	31 March 2024 EGP	31 December 2023 EGP
Beginning balance for the period / year	169,931,660	141,406,483
Charged during the period / year*	9,912,262	80,217,072
Used during the period / year	(10,095,822)	(27,023,646)
Provisions no longer required during the period / year	-	(24,668,249)
	<u>169,748,100</u>	<u>169,931,660</u>

\* The component of the provisions was charged to the cost of the activity in the amount of 3,568,011 Egyptian pounds and the remaining amount was charged at the amount of 6,344,251 Egyptian pounds in the statement of profits and losses.

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

	31 March 2024 EGP	31 December 2023 EGP
Claims provision	36,642,963	40,680,723
Warranty provision	517,267	517,267
Other provision	85,946,533	82,092,333
Provision for acquisition of a subsidiaries	46,641,337	46,641,337
	<u>169,748,100</u>	<u>169,931,660</u>

**20 ACCOUNTS AND NOTES PAYABLE**

	31 March 2024 EGP	31 December 2023 EGP
Accounts payable	5,936,433,625	3,897,235,860
Notes payable	952,907,364	908,471,189
	<u>6,889,340,989</u>	<u>4,805,707,049</u>

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**21 ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	31 March 2024	31 December 2023
	EGP	EGP
Accrued expenses	1,326,657,156	1,106,197,433
Unearned revenues and subscriptions	1,998,172,913	2,093,842,679
Customers down payments	3,123,924,570	1,756,648,849
Creditors – Consumer Finance	142,357,266	272,767,581
Other credit balances	466,003,648	454,596,718
	<u>7,057,115,553</u>	<u>5,684,053,260</u>

**22 BANK OVERDRAFT**

	31 March 2024	31 December 2023
	EGP	EGP
Raya Distribution Company	1,750,867,238	1,695,786,731
Raya Integration Company	1,241,223,971	1,007,472,675
Raya Holding Company for Financial Investments	59,733,731	44,452,215
Raya Advanced Manufacturing Company	158,886,814	130,111,137
Raya Electronics Company	1,015,404,697	1,028,024,975
Best Service Company	27,869	27,869
Raya for Data Centres Company	12,307,171	10,497,134
Raya Foods Company	965,822,148	649,880,990
Raya Contact Centres Company – Poland	371,819	1,600,262
Raya Algeria Company	361,923	361,923
Aman for Financial Service	436,071,950	444,013,519
Aman for Micro Finance	3,063,455,510	3,799,053,708
Ostool For Land Transportation	74,325,080	53,874,229
Egypt international communication company	208,222,333	243,420,656
Raya Call Centre Services Company	5,156	-
Aman Company for Electronic Payments Technology	-	-
Raya Restaurants Company	-	-
Raya Electric Company	149,536	-
Raya Food & Beverage Company	6,275,598	19,568,908
	<u>8,993,512,544</u>	<u>9,128,146,931</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 28.50 % to 29.75 % and for foreign currency between 8% to 11%.

**23 DIVIDENDS PAYABLE**

	31 March 2024	31 December 2023
	EGP	EGP
Dividends Payable – Employees	46,510,390	36,267,727
	<u>46,510,390</u>	<u>36,267,727</u>

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

	31 March 2024	31 March 2023
	EGP	EGP
Devices and goods distribution revenue	5,173,291,279	3,413,491,908
Transportation service revenue	485,513,968	274,122,744
Supplies, and Installations revenue	2,436,399,636	1,325,761,141
Call Centre service revenue	617,879,449	327,938,466
Investment property revenue	48,778,918	47,845,486
Restaurant revenue	34,751,495	30,854,256
Non-bank financial services revenue	583,146,844	407,782,935
Manufacture, and export revenue	457,320,632	281,950,618
Canned foods revenue	355,769,452	293,741,163
Vehicles manufacturing revenue	167,747,419	96,810,482
Electrical appliances manufacturing revenue	53,003,129	46,381,428
	<u>10,413,602,221</u>	<u>6,546,680,627</u>

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

	31 March 2024	31 March 2023
	EGP	EGP
Revenues in Local currency	7,668,367,419	4,878,858,121
Revenues in Foreign Currency	2,745,234,802	1,667,822,506
	<u>10,413,602,221</u>	<u>6,546,680,627</u>

**25 COST OF REVENUES**

	31 March 2024	31 March 2023
	EGP	EGP
Cost of materials used in the production	592,325,098	410,800,075
Devices and goods distribution cost	4,988,539,550	3,094,638,125
Supplies and Installations Cost	1,700,167,943	993,974,468
Transportation service cost	386,752,271	188,878,113
Salaries and wages	492,723,243	400,599,480
Fixed assets depreciation, Intangible assets and investment property	68,509,753	66,938,160
Finance cost	13,120,500	13,451,918
Other Direct Cost	9,373,666	8,490,764
	<u>8,251,512,024</u>	<u>5,177,771,103</u>

**26 INCOME TAX**

	31 March 2024	31 March 2023
	EGP	EGP
Current income tax	(185,971,561)	(73,348,083)
Deferred income tax	(8,301,833)	(4,736,714)
	<u>(194,273,394)</u>	<u>(78,084,797)</u>

**27 RELATED PARTY TRANSACTIONS**

Related parties represent in 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 boards of directors, and compensation contracts had been approved at general assembly meeting.

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**28 TREASURY SHARES**

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 March 31, 2022 amounting to 35,659,233 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 31 December 2023 amounted to EGP 7,868,548 for 3346306 shares.

Procedures are being taken to execute those shares in accordance with the law, and Form 48 has been prepared to proceed with the procedures for calling for the extraordinary general assembly of the company to approve the execution of shares and reduce the capital, and the extraordinary general assembly was held on May 12, 2024 and approval of the execution of treasury shares with 3346306 shares by reducing the capital by 1,673,153 EGP.

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

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29 SEGEMENT REPORTING

Period Ended	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	Securitization Sector	Other activities	Eliminations of intersements	Consolidated
31 March 2024	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Revenues	4,737,712	2,393,570	625,383	48,779	78,043	485,514	34,751	1,273,852	457,321	355,769	167,747	53,003	-	-	(297,843)	10,413,502
Cost	(4,219,415)	(1,984,350)	(293,910)	(21,812)	(41,947)	(417,077)	(17,473)	(783,000)	(406,312)	(186,972)	(130,069)	(47,038)	-	-	297,843	(8,251,512)
Depreciation and amortization	(21,628)	(4,430)	(46,992)	(8,813)	(284)	(693)	(5,569)	(39,867)	(2,531)	(7,178)	(733)	(2,383)	-	(3,978)	-	(144,979)
Net profit for the period	135,079	194,184	109,688	8,009	(15,277)	11,482	(5,110)	11,828	6,514	35,288	9,528	(4,165)	395	(120,066)	(46,424)	330,955
Total Assets	7,243,744	8,380,219	2,210,925	1,164,168	328,545	2,234,822	160,086	10,383,097	299,382	3,716,488	600,714	534,568	4,193	4,398,453	(9,364,127)	32,275,315
Total Liabilities	(6,414,094)	(7,547,914)	(1,230,365)	(539,421)	(456,721)	(2,074,219)	(167,163)	(8,264,452)	(185,366)	(1,535,405)	(273,854)	(269,497)	(296)	(3,487,956)	3,696,588	(28,760,136)
Year Ended 31 December 2023	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	Securitization Sector	Other activities	Eliminations of intersements	Consolidated
Revenues	13,918,310	6,570,609	1,946,152	189,379	311,362	1,185,584	147,138	4,555,572	1,341,793	1,089,635	793,269	161,303	2,500	-	(917,058)	31,295,345
Cost	(12,529,469)	(5,626,615)	(1,109,857)	(85,672)	(183,985)	(982,742)	(75,651)	(2,680,543)	(1,183,342)	(588,717)	(639,697)	(147,791)	-	-	917,058	(24,917,024)
Depreciation and amortization	(101,058)	(13,043)	(168,833)	(36,129)	(992)	(36,871)	(14,700)	(134,694)	(13,309)	(22,080)	(3,466)	(9,872)	-	(14,982)	-	(570,051)
Net profit for the year	239,541	353,862	159,521	47,009	(10,637)	56,934	(35,871)	211,033	16,979	62,849	55,364	(12,575)	534	(75,835)	(627,353)	441,357
Total Assets	6,472,321	6,681,249	2,090,112	1,008,208	297,919	1,360,298	165,052	9,293,139	246,022	2,638,938	373,779	387,531	8,482	4,836,791	(8,711,008)	27,148,954
Total Liabilities	(5,713,937)	(6,282,987)	(2,300,688)	(391,470)	(408,552)	(1,208,435)	(167,019)	(7,223,404)	(137,587)	(1,031,928)	(177,696)	(118,150)	(1,560)	(3,342,525)	4,280,585	(24,223,553)

Translation of consolidated financial statements  
Originally issued in Arabic

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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 year ended 31 December 2024 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:

	31 March 2024	31 December 2023
	Net	Net
	EGP	EGP
USD	751,681,810	586,881,829
EURO	20,021,637	9,312,797
GBP	54,738,826	43,800,275
AED	72,004,169	28,141,569
SAR	4,720,253	19,631,625

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	31 March 2024	Change Ratio	31 December 2023
		The effect in profit before Tax		The effect in profit before Tax
		EGP		EGP
USD	%10+	75,168,181	%10+	58,688,183
USD	%10-	(75,168,181)	%10-	(58,688,183)
EUR	%10+	2,002,164	%10+	931,280
EUR	%10-	(2,002,164)	%10-	(931,280)
GBP	%10+	5,473,883	%10+	4,380,028
GBP	%10-	(5,473,883)	%10-	(4,380,028)
AED	%10+	7,200,417	%10+	2,814,157
AED	%10-	(7,200,417)	%10-	(2,814,157)
SAR	%10+	472,025	%10+	1,963,163
SAR	%10-	(472,025)	%10-	(1,963,163)

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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 31 March 2024 are EGP 13,965,429,485 (31 December 2022 EGP 12,788,285,680) and value of related interest charged during the period ended 31 March 2024 was EGP 372,911,766 (31 December 2023 EGP 1,137,512,475), 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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**32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED):**

	31 March 2024		31 December 2023	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial asset	+1%	5,483,820	+1%	3,468,313
	- 1%	(5,483,820)	- 1%	3,468,313)
Financial liability	+1%	139,654,295	+1%	127,882,857
	- 1%	(139,654,295)	- 1%	(127,882,857)

**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
31 March 2024	EGP	EGP	EGP	EGP
Loans	273,633,070	990,533,077	1,257,382,843	2,521,548,991
Short term loans	-	545,360,019	-	545,360,019
Bank overdraft	1,978,572,760	7,014,939,784	1,142,996,529	10,136,509,073
Accrued expenses and other credit balances	4,759,429,382	2,344,196,561	-	7,103,625,944
Right of use long term loans	20,890,288	42,413,615	1,189,044,600	1,252,348,503
Other long-term liabilities	-	-	110,744,039	110,744,039
Accounts and notes payable	4,234,500,271	2,654,840,718	-	6,889,340,989
Long term notes payable	-	-	13,279,743	13,279,743
<b>Total undiscounted financial liabilities</b>	<b>11,267,025,772</b>	<b>13,592,283,775</b>	<b>3,713,447,753</b>	<b>28,572,757,300</b>

Financial liabilities	Less than 3 Months	From 3 to12 Months	From 1 to 5 years	Total
31 December 2023	EGP	EGP	EGP	EGP
Loans	204,880,701	741,654,183	1,759,448,291	2,705,983,175
Short term loans	-	614,404,698	-	614,404,698
Bank overdraft	1,700,632,285	6,174,176,245	1,253,338,401	9,128,146,931
Accrued expenses and other credit balances	3,813,547,326	1,906,773,661	-	5,720,320,987
Right of use long term loans	16,368,857	32,737,714	884,655,787	933,762,358
Other long-term liabilities	-	-	121,982,598	121,982,598
Accounts and notes payable	2,953,804,701	1,851,902,348	-	4,805,707,049
Long term notes payable	-	-	20,393,217	20,393,217
<b>Total undiscounted financial liabilities</b>	<b>8,689,233,870</b>	<b>11,321,648,849</b>	<b>4,039,818,294</b>	<b>24,050,701,013</b>

**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 year.



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**32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTAINED):**

**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 favor of third parties on March 31, 2024 amounted to 5,385,992,267 Egyptian pounds (December 31, 2023 amounted to 5,112,055,307 Egyptian pounds) and the uncovered part as of March 31, 2024 amounted to 4,929,614,946 Egyptian pounds (December 31, 2023 amounted to 4,796,698,054 Egyptian pounds) and the covered part of 456,377,322 Egyptian pounds was included under prepaid expenses and other debit balances (31 December 2023 amount 315,357,254 Egyptian pounds) Note (14).

**34 SIGNIFICANT MATTERS**

A- On March 3, 2024 in accordance with prime minister resolution No. 636 of 2024, amendments were issued to the following Egyptian accounting standards:

- (1) Egyptian Accounting Standard No. (13) Effects of changes in foreign currency exchange rates.
- (2) Egyptian Accounting Standard No. (17) Standalone Financial Statements.
- (3) Egyptian Accounting Standard No. (24) Real Estate Investment.

The company is studying the impact of applying these amendments to the financial for the year 2024.

B- On March 6, 2024, the Central Bank of Egypt issued a decision to allow the exchange rate of the Egyptian pound to be determined according to market mechanisms, and the Central Bank decided to raise interest rates by 600 basis points, equivalent to 6%, to reach levels of 27.25%.

C- Foreign currency translation differences

On 23 May 2024, the Prime Minister's Decree No. 1711 of 2024 was issued amending some provisions of the Egyptian Accounting Standards - Annex (E) of the Egyptian Accounting Standard No. (13) amended 2024 "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 Appendix.

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

An entity that, before 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 of these obligations at the end of March 6, 2024 or at the end of the day of the closing date. 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 6 March 2024 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:

	31 March 2024	31 March 2023
	EGP	EGP
Foreign Exchange Valuation Differences (Statement of Comprehensive Income)	<b>212,355,876</b>	(89,124,425)
Deferred Income tax	<b>(47,780,072)</b>	20,052,996
	<b><u>164,575,804</u></b>	<b><u>(69,071,429)</u></b>