

**REDINGTON EGYPT L.L.C
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31
DECEMBER 2023
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT**

REDINGTON EGYPT L.L.C
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
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Translated from Arabic

Independent Auditor Report

TO THE QUOTAHOLDERS OF Redington Egypt Company “L.L.C”

Report on the Financial Statements

We have audited the accompanying financial statements of **Redington Egypt Company “L.L.C”** which comprise the statement of financial position as of 31 December 2023, and the statements of income (profit or loss), other comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Translated from Arabic


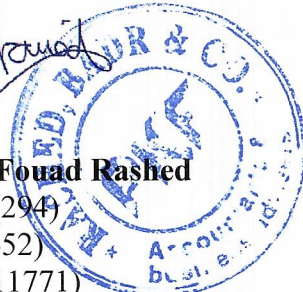
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of as **Redington Egypt Company "L.L.C"** as of 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts, which include all that is required by law and by the statutes of the Company, the financial statements are in agreement thereto. The financial data contained in the management report prepared in accordance with the requirements of Law No. 159 of 1981 and its executive regulations are consistent with what is contained in the company's books, to the extent that such data is recorded in the books.

Auditor

Hany Foad Rashed
EFSA(294)
CBE(452)
RAA(11771)
PKF Rashed, Badr & CO.

Cairo on: 15 May 2024

STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER

	Notes	2023 EGP	2022 EGP
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	-	-
Investments in subsidiaries	(6)	1 980 000	1 980 000
Total non-current assets		1 980 000	1 980 000
Current assets			
Inventories	(7)	-	42
Trade receivables	(8)	-	-
Prepayments and other debit balances	(9)	10 522 669	11 568 000
Due from related parties	(10,1)	-	67 080 126
Cash and Cash Equivalent	(11)	6 087 740	6 082 086
Total current assets		16 610 409	84 730 254
Total assets		18 590 409	86 710 254
EQUITY AND LIABILITIES			
Equity			
Paid up capital	(12)	850 000	850 000
Legal reserve		425 000	425 000
Retained earnings		17 389 511	17 110 655
profit or (loss) for the year		(3 180 326)	278 856
Total equity		15 484 185	18 664 511
Liabilities			
Current liabilities			
Accrued expenses and other credit balances	(13)	1 923 665	1 676 114
Due to related parties	(10,2)	1 182 559	66 369 629
Provisions	(14)	-	-
Total current liabilities		3 106 224	68 045 743
Total liabilities		3 106 224	68 045 743
Total equity & liabilities		18 590 409	86 710 254

- Auditor's report attached.

- The accompanying notes from (1) to (24) are an integral part of these financial statements.

The financial statements were approved by the company's management on 28 April 2024 and signed on their behalf by:

Udham Singh
General Manager

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER

	Notes	2023 EGP	2022 EGP
Revenue	(15)	4 223 772	4 190 546
Cost of sales	(16)	(3 892 457)	(3 290 829)
Gross profit		331 315	899 717
Administrative expenses	(17)	(6 628 843)	(7 215 664)
Expected Credit Losses of Trade Receivable		-	(665 243)
Operating (loss)		(6 297 528)	(6 981 190)
Other Revenue	(18)	-	5 926 280
Foreign exchange gain (Loss)		3 115 202	1 385 050
Profit the exclusion of fixed assets		2 000	-
(loss) / Profit for the year before tax		(3 180 326)	330 140
Income tax		-	(51 284)
Deferred income tax		-	-
Net (loss) / Profit for the year after tax		(3 180 326)	278 856
(loss) / Profit per quota	(19)	(374)	33

- The accompanying notes from (1) to (24) are an integral part of these financial statements.

Udham Singh
General Manager

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

	<u>2023</u> <u>EGP</u>	<u>2022</u> <u>EGP</u>
Net (loss) / Profit for the year after tax	(3 180 326)	278 856
Other comprehensive income	-	-
Total other comprehensive income for the year	<u>(3 180 326)</u>	<u>278 856</u>

-The accompanying notes from (1) to (24) are an integral part of these financial statements.

Udham Singh
General Manager

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

	Paid-up capital EGP	Legal Reserve EGP	Retained Earning EGP	Profit for the year EGP	Total EGP
Balances as of 1 January 2022	850 000	425 000	16 595 511	515 144	18 385 655
Closing 2021 earnings in retained earnings	-	-	515 144	(515 144)	-
Profit for the year	-	-	-	278 856	278 856
Balances as of 31 December 2022	850 000	425 000	17 110 655	278 856	18 664 511
Balances as of 1 January 2023	850 000	425 000	17 110 655	278 856	18 664 511
Closing 2022 earnings in retained earnings	-	-	278 856	(278 856)	-
(Loss) for the year	-	-	-	(3 180 326)	(3 180 326)
Balances as of 31 December 2023	850 000	425 000	17 389 511	(3 180 326)	15 484 185

- The accompanying notes from (1) to (24) are an integral part of these financial statements.

Udham Singh
General Manager

STATEMENT OF Other CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

	Notes	2023 EGP	2022 EGP
Cash flow from operating activities			
Profit or (Loss) for the year before income tax		(3 180 326)	330 140
Adjustments		-	-
Cash flows: Operating cash flow before changes in working capital		(3 180 326)	330 140
Changes in working capital			
(Increase) / decrease in inventories	(7)	42	-
(Increase) / decrease in trade Receivable	(8)	-	412 370
(Increase) / decrease in prepayments and other debit balances	(9)	1 045 331	(1 340 791)
Increase / (decrease) in due from related parties	(10.1)	67 080 126	65 504 566
Increase/(decrease) in accrued expenses and other credit balances	(13)	247 551	1 351 306
Increase / (decrease) in due to related parties	(10.2)	(65 187 070)	(60 772 209)
Increase / (decrease) Utilized from Provisions during the period	(14)	-	(3 771 263)
Total changes in working capital		3 185 980	1 383 979
Income tax paid		-	(329 977)
Cash flow from operating activities		5 654	1 384 142
Cash flows from investing activities		-	-
Net cash flows resulting from investing activities		-	-
Cash flows from financing activities		-	-
Net cash flows resulting from financing activities		-	-
Net changes in cash & cash equivalents during the year		5 655	1 384 142
Cash & cash equivalents at the beginning of the year	(11)	6 082 086	4 697 944
Cash & cash equivalents at the end of the year	(11)	6 087 741	6 082 086

- The accompanying notes from (1) to (24) are an integral part of these financial statements.

Udham Singh
General Manager

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**1. INTRODUCTION ABOUT THE COMPANY:****1.1 Incorporation**

Redington Egypt (a limited liability company) was established under the provisions of Law No. 159 of 1981 and its executive regulations and articles of association on February 8, 2000. The company was registered under Commercial Registry No. 4681 on February 9, 2000. The company started its activities on February 9, 2000.

The company's main headquarters, Al-Imdad wa Al-Tamween Building, Al-Nasr Road - Nasr City - Cairo.

The duration of the company is 25 years starting from the date of its acquisition of legal personality, subject to extension or shortening after taking the necessary procedures in accordance with the provisions of the company's articles of association and Companies Law No. 159 of 1981 AD.

1.2 Activities

The main activities of the company are to carry out sales and maintenance of computers and their accessories and spare parts, train workers in various agencies and companies on computers, and provide all services related to computer development programs and equipment necessary for service centers, taking into account the provisions of laws, decisions and regulations. In force, provided that the necessary licenses are obtained to practice these activities.

2. CHANGES IN ACCOUNTING POLICIES

On March 18, 2019, the Minister of Investment and International Cooperation issued decree number (69) of the year 2019, which includes new accounting standards and the amendment of some provisions of the existing Egyptian accounting standards which were issued by the Minister of Investment decree number (110) of the year 2015. These amendments introduced three new standards, provided that the mandatory date for application of these standards is for annual periods beginning on or after January 1, 2020, "early application is permitted". On April 12, 2020 the Egyptian Financial Regulatory Authority issued a decision regarding postponing the application of these amendments to the financial statements and limiting them to the annual financial statements by the end of 2020.

On September 17, 2020, the Prime Minister Decree number (1871) for the year 2020 was issued, to postpone the mandatory application date so that for annual periods beginning on or after January 1, 2021, for the following new standards:

- Egyptian Accounting Standard number (47) "Financial Instruments",
- Egyptian Accounting Standard number (48) "Revenue from Contracts with Customers",
- Egyptian Accounting Standard number (49) "Leases".

On May 9, 2021, the Egyptian Financial Regulatory Authority issued a circular allowing the postponement of showing the accounting impact of applying the new Egyptian Accounting Standard number (47) "Financial Instruments" on the interim financial statements, until no later than the date of preparing the annual financial statements on December 31, 2021, provided that the aggregate accounting impact for the whole year should be included, starting from January 1, 2021 until December 31, 2021, with companies obligating to adequately disclose this.

2.1 Egyptian Accounting Standard No. (47) "Financial Instruments":

As of January 1, 2021, the company has applied the Egyptian Accounting Standard number (47) "Financial Instruments", where this standard defines the rules for recognition and measurement of financial assets and liabilities and some contracts for the purchase or sale of non-financial assets and liabilities and their measurement. This standard is a replacement for the Egyptian Accounting Standard number (26) "Financial Instruments: Recognition and Measurement", which was applied until December 31, 2020. The new standard brings together all three aspects of accounting for financial instruments: classification, measurement, impairment, and hedge accounting. With the exception of hedge accounting, application of the standard is required to be applied retrospectively according to Egyptian Accounting Standard number (5) "Accounting policies, change in accounting estimate and errors" but the restatement of comparative information is not mandatory. For hedge accounting the requirements are applied prospectively, with some limited exceptions. The company has applied the new standard on the required effective date for "annual periods beginning on or after 1 January 2021" without restating prior year figures.

2.1.1 Classification and measurement

Under Egyptian Accounting Standard number (47), debt instruments are subsequently measured at fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification is based on two criteria: the company's business model for managing the assets, and whether the "contractual cash flows" represent "solely payments of principal and interest" on the principal amount outstanding. The classification and measurement requirements of EAS (47) "Financial Instruments" did not have a material impact on the company's financial statements.

2.1.2 Impairment of financial assets

EAS (47) "Financial Instruments" requires the company to record expected credit losses on all debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The adoption of EAS (47) fundamentally changed the company's accounting for impairment losses financial assets by replacing EAS (26) incurred loss model with a forward-looking expected credit loss (ECL) model. EAS (47) requires the company to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss in addition to contract assets. The company has implemented the simplified approach and recorded the expected losses for lifetime on all trade receivables. The requirements for impairment of the value of financial assets presented in the Egyptian

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Accounting Standard number (47) "Financial Instruments" had no impact on the company's financial statements. The accounting policy for the impairment of the value of financial assets has been disclosed in note (4.25) Impairment of financial assets.

2.1.3 Hedge accounting

Under EAS (26), all gains and losses arising from cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under EAS (47), gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of non-financial assets. This change only applies prospectively from the date of initial application of EAS (47) and has no impact on the presentation of comparative figures. In addition to the adjustments described above, on adoption of EAS (47), other items of the primary financial statements, such as deferred taxes will be adjusted as necessary. The hedge accounting requirements contained in Egyptian Accounting Standard number (47) "Financial Instruments" had no impact on the company's financial statements since the company does not have any hedging relationships.

2.2 Egyptian Accounting Standard number (48) "Revenue from contracts with customers"

As of January 1, 2021, the company has applied the Egyptian Accounting Standard number (48) "Revenue from contracts with customers", where EAS (48) establishes a five-step model to account for revenue arising from contracts with customers. Under EAS (48), revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard also specifies methods of accounting for the incremental costs of obtaining a contract with a customer and the direct costs related to fulfilling those contracts, where the incremental costs of obtaining a contract with a customer are recognized as an asset if the entity expects to recover those costs, as well as recognizing the costs of fulfilling a contract as an asset on the availability of specific conditions. The standard also requires that the contract have commercial substance in order for revenue to be recognized. The new revenue standard replaces all previous revenue recognition requirements under the Egyptian Accounting Standards number (8) "Construction Contracts" for the year 2015 and the Egyptian Accounting Standard number (11) "Revenue" for the year 2015. It requires either a full retrospective application or a modified retrospective application for annual periods beginning on or after January 1, 2021. The impact of the requirements of Egyptian Accounting Standard number (48) "Revenue from contracts with customers" on the company's financial statements is disclosed in note (15). The accounting policy for revenue recognition was disclosed in note (3.15) Revenue from contracts with customers.

2.3 Egyptian Accounting Standard number (49) "Leases"

As of January 1, 2021, the company has applied the Egyptian Accounting Standard number (49) "Leases", where this standard defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, instead of the requirements of the current Egyptian Accounting Standards which accounts for lease agreements as executory contracts with a straight-line charge to the statement of profit or loss. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Egyptian Accounting Standard number (49) applies to financial periods beginning on or after January 2021 "with the exception of lease contracts subject to the Financial Leasing Law number (95) of 1995 and Law number (176) of 2018, where it must be applied from the beginning of the annual reporting period in which Law number (95) for the year 1995 has been cancelled. The impact of applying the requirements of Egyptian Accounting Standard number (49) "Leases" on the company's financial statements have been disclosed in notes (7) and (13). The accounting policy for leases was disclosed in note (3.6) leases - the company as a lessee.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 Basis of preparation:****3.1.1 Compliance with accounting standards**

The Company's financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian Laws and Regulations.

These are the first financial statements in which the amendments to the Egyptian accounting standards mentioned in note (3) Changes in accounting policies are applied.

3.1.2 Going concern assumption.

The financial statements have been prepared under the going concern assumption and the historical cost basis "please refer to note (2) fundamental accounting concept", except when otherwise indicated.

3.1.3 Presentation and functional currency

The financial statements have been presented in Egyptian Pounds. Which is the company's functional currency. All values are rounded to the nearest Egyptian Pound.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3.1.4 Financial year

The financial year of the company commences on 1 January and ends on 31 December. The financial statements provide comparative information in respect of the previous period.

3.1.5 Approval of the separate financial statements for issuance

The financial statements have been approved for issuance by the Company's Management on 28 April 2024.

3.2 Current versus non-current classification

The company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is current when it is:

- a) Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realized within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- a) It is expected to be settled in the normal operating cycle,
- b) It is held primarily for the purpose of trading,
- c) It is due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3 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
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company.

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, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account 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.

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 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 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3.4 Foreign currency Translation

Transactions in foreign currencies "other than the entity's functional currency" are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing closing rates. Exchange differences arising on the settlement and translation of monetary items are included in profit or loss for the period except when deferred to other comprehensive income for available-for-sale assets and the effective part of qualifying cash flow hedges. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the company determines the transaction date for each payment or receipt of advance consideration.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3.5 Property, plant and equipment

3.5.1 Initial recognition and subsequent measurement:

Property, plant and equipment are stated at historical cost net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the average expected life between major overhauls. All other replacement spares and other costs relating to maintenance of assets are charged to the statement of profit or loss on consumption or as incurred respectively.

3.5.2 Depreciation:

Depreciation is computed using the straight-line method according to the estimated useful life of the asset as follows:

	<u>The estimated useful life "years"</u>
Furniture and fixtures	8-10 years
Computers and software	3 years
Leasehold Improvements	5 years
Office equipment	8 years

No depreciation is charged on land.

Depreciation commences as from the date when the asset is ready to enter service.

The useful lives and methods of depreciation of assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.5.3 Project under construction:

Project under construction is stated at cost incurred until the asset is ready for its intended use, thereafter, this cost is capitalised on the related assets. This includes the cost of contractors, materials, services and capital advances.

3.5.4 Derecognition:

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

3.5.5 Free assets received from others:

When the company receives free products from its vendors. The company assesses whether each transferred item meets the definition of an asset, and if so, recognises the transferred asset as an asset. At initial recognition, its cost is measured at fair value, and a corresponding amount is recognized as a reduction in costs as the company has no future performance obligations.

3.5.6 Impairment losses on property, plant and equipment:

Impairment tests are performed on property, plant and equipment where evidence of an impairment loss arises. Assets to be tested for impairment losses are grouped within cash-generating units (CGUs) that correspond to homogeneous groups of assets that generate identifiable cash inflows from their use.

In accordance with EAS 31, the criteria adopted to assess indications that an impairment loss has arisen are either external (e.g. a material change in market conditions) or internal (e.g. a material reduction in revenue), without distinction.

3.6 Short-term leases and low-value assets

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise computer equipment and small items of office furniture.

3.7 Impairment of tangible and intangible assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the Cash Generating Unit "CGU" to which the asset belongs.

An asset's recoverable amount is the higher of an asset's "or Cash Generating Unit's (CGU's)" fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's "or CGU's" recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually as of 31 December either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions (note 4).
- Property, plant and equipment (note 5).

3.8 Inventories

Trade goods and supplies inventories, including food and beverages, are recognized at their cost of acquisition. At each reporting date, they are stated and valued at the lower of cost using the moving average method or net realizable value.

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

The amount of any writes down of inventories to net realizable value and all losses of inventories shall be recognized in cost of sales in the statement of income in the period the write down or loss occurs. The amount of any reversal of any writes down of inventories, arising from an increase in net realizable value, shall be recognized as reduction of cost of sales in the statement of profit or loss in the period in which the reversal occurs.

3.9 Investments in subsidiaries

An investment in equity instruments is classified as an investment in subsidiaries when the investee is controlled by the company. A subsidiary is controlled when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3.10 Trade receivables and the asset / liability arising from contracts with customers.**3.10.1 Trade receivables**

Trade receivables are recognized if the amount of the unconditional consideration is due from the customer only when time is required before the payment of such consideration is due.

3.10.2 Contract assets.

A contract asset is initially recognized for revenue earned from the provision of services because the receipt of consideration is conditional on the successful completion of the services. When the services are completed and accepted by the customer, the amount recognized as contract assets is reclassified to trade receivables. Contract assets are subject to impairment value assessment.

3.10.3 Contract liabilities.

A contract liability is recognized if payment is received, or payment is due (whichever is earlier) from the customer before the company supplies the goods or provides the related services. Contract liabilities are recognized as revenue when the company performs its obligations under the contract (ie transfers control of the related goods or services to the customer).

3.10.4 Impairment of financial assets

For trade receivables and contract assets, the company applies the simplified approach for calculating expected credit losses. Therefore, the company does not track the changes in credit risk, but instead the company recognizes a loss allowance based on lifetime for expected credit losses at each reporting date. The company has prepared a provisioning matrix that depends on its historical experience in credit loss, while adjusting it according to the forward-looking factors related to customers and the economic environment.

The Company considers trade receivables balances to be defaulted on when contractual payments are 90 days past due. However, in some cases, the company may also consider account receivables balances to be in default when internal or external information indicates that it is unlikely that the company will receive the full contractual amounts outstanding before any credit enhancements maintained by the company are taken into account. The customer balance is written off when there is no reasonable expectation of importing contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**3.11 Cash and Cash Equivalent**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash on hand, bank balances, and short-term deposits, and treasury bills with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

3.12 Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3.13 Provisions**3.13.1 General**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.13.2 Contingencies

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

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

3.14 Legal Reserve

According to the Companies Law and the Company's articles of association, 5% of the annual net income is to be transferred to the legal reserve until this reserve reaches 50% of the issued capital.

3.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.16 Revenues from contracts with customers

Egyptian accounting standards number (48) Revenue from Contracts with Customers provides a single, principles-based, five-step model to be applied to all sales contracts. It is based on the transfer of control of goods and services to customers and requires the identification and assessment of the satisfaction of delivery of each performance obligation in contracts in order to recognise revenue.

Where separate performance obligations are identified in a single contract, total revenue is allocated on the basis of relative stand-alone selling prices to each performance obligation, or management's best estimate of relative value where stand-alone selling prices do not exist.

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added taxes and other sales-related taxes, and provisions for returns and cancellations.

Revenue for each category type of revenue is typically fixed at the date of the order and is not variable.

Payments received in advance of the satisfaction of a performance obligation are held as deferred income until the point at which the performance obligation is satisfied. Payment in advance received recorded as deferred income balances at the year-end reporting date will be recognised as revenue within 12 months. Therefore, the aggregate amount of the transaction price in respect of performance obligations that are unsatisfied at the year-end reporting date is the deferred income balance which will be satisfied within one year.

The Company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

Revenue type	Performance obligations	Revenue recognition accounting policy	Timing of customer payments
Training revenue	Over time because the customer receives and consumes the benefits during the service period	Revenue from providing the training service is recognized when the services are provided to the customer on the basis that reflects the nature, timing and value of the benefits provided.	Revenue associated with services provided to customers is usually collected by wire transfers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3.17 Expenses

All expenses including cost of sales, general and administrative expenses, selling and distribution expenses and other expenses are recognized and charged to the statement of profit or loss in the financial year in which these expenses were incurred.

3.18 Employees' Pension Benefits

The Company participating in the social insurance program carried by the Egyptian government for the employees benefit in accordance with the social insurance law number (79) of 1975 and its amendments along with the social insurance and pension law number (148) for year 2019 issued during year 2019 and effective from 1 January 2020. Employees and the employer pay a contribution according to this law of a fixed percentage out of the employee salary.

The Company's obligation regarding this program is limited to its contribution which is recognised in profit or loss according to the accrual basis.

Investments in subsidiaries are accounted for using the cost method in the separate financial statements. The cost method requires that the investment be recognized at cost less than any impairment in value. Investment income is recognized in the separate statement of profit or loss to the extent of the company's share in the dividends declared by the investee company.

3.19 Income Tax

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

3.19.1 Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.19.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.20 Value-added tax

Expenses and assets are recognized net of the amount of value-added tax, except:

- When the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value-added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable,
- When receivables and payables are stated with the amount of value-added tax included

The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.21 Finance costs.

Finance costs will normally include:

Costs that are borrowing costs for the purposes of Egyptian Accounting Standard (14) Borrowing Costs:

- a. interest expense calculated using the effective interest rate method as described in Egyptian Accounting Standard (26) Financial Instruments – recognition and measurement,
- b. Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS****Use of estimates and judgements**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Economic useful lives of property, plant, equipment, and intangible assets

The Company's management determines the estimated useful lives of its property, plant, and equipment and intangibles for calculating depreciation/amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Company periodically reviews estimated useful lives and the depreciation/amortisation method to ensure that the method and period of depreciation/amortisation are consistent with the expected pattern of economic benefits from these assets.

4.2 Impairment of financial assets (Provision for expected credit losses of trade receivables and contract assets)

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in certain sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

4.3 Impairment of tangible and intangible assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The value in use calculation is based on a Discounted Cash Flows model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4.4 Contingent liabilities

Financial statements of the company are exposed to various contingent liabilities in the normal course of business. Management evaluates the status of these exposures on a regular basis to assess the probability of the Company incurring related liabilities. However, provisions are only made in the financial statements where, based on the managements' evaluation, a present obligation has been established.

Translation of financial statements
Originally issued in Arabic

	Program		Total	
	EGP	9 152	EGP	2 576 963
	136	-	-	-
	-	-	-	-
	-	-	-	-
	136	9 152	2 576 963	
	-	-	-	-
	-	-	-	-
	136	9 152	2 576 963	
	136	(9 152)	(2 576 963)	
	-	-	-	-
	-	-	-	-
	136	(9 152)	(2 576 963)	
	-	-	-	-
	-	-	-	-
	136	(9 152)	(2 576 963)	

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