

**Annual report of the Board of Directors attached to the financial statements  
for the Fiscal Year Ended 31/12/2022  
Prepared in accordance with Article 40 of the Listing Rules**

<b>Company name</b>	<b>Sixth of October for Development &amp; Investment – SODIC</b>
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**Main information:**

<b>Company objects</b>	Purchase land plots, equip them with facilities, and prepare them for development. Zone, sell and lease land plots. Carry out construction works. Working in the field of landscaping, and agriculture of gardens, roads, and squares, as well as providing security, maintenance, and cleaning services. Manage sports facilities and clubs. Own and manage restaurants.		
<b>Company term</b>	50 years starting 25/05/1996 and ending 24/05/2046	<b>Date of listing on the EGX</b>	10/03/1998
<b>Law to which the Company is subject</b>	Law No. 159 of 1981 and its Executive Regulations	<b>Share nominal value</b>	EGP 4
<b>Last authorized capital</b>	EGP 2 800 000 000	<b>Last issued capital</b>	EGP 1 424 789 472
<b>Last paid-up capital</b>	EGP 1 424 789 472	<b>Registration with Commercial Registry (number and date)</b>	625 (Date: 1996)

*Emrah Cankal*

**AHMED HEGAZY**

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**Investor Relations:**

<b>Contact persons</b>	Ahmed Hegazy Mohamed Youssef Eman Galal Ibrahim Omer Yasser Yehia Mohamed Nashaat		
<b>Head office address</b>	Kilo 38, Cairo Alexandria Desert Road, Polygon Building 1, Beverly Hills, Sheikh Zayed City, Giza		
<b>Telephone numbers</b>	38270300	<b>Fax numbers</b>	38270301
<b>Website</b>	<a href="http://www.sodic.com">www.sodic.com</a> , <a href="http://ir.sodic.com">ir.sodic.com</a>		
<b>Email</b>	<a href="mailto:ahegazi@sodic.com">ahegazi@sodic.com</a> <a href="mailto:egalal@sodic.com">egalal@sodic.com</a> <a href="mailto:onashaat@Sodic.com">onashaat@Sodic.com</a>		

**Auditor:**

<b>Auditor's name</b>	KPMG Hazem Hassan Public Accountants & Consultants – Ehab Mohamed Fouad Mohamed Aboul-Magd		
<b>Date of appointment:</b>	31/3/2022		
<b>Number of registration with the Authority</b>	378	<b>Date of registration with the Authority</b>	29/08/2016

**Shareholders' structure and Board members' shareholding:**

Holders of 5% or more of shares	No. of shares as of 31-12-2022	%
Aldar Ventures International Holdings RSC Limited	213 240 140	59.87%
Gamma Forge Limited	91 388 632	25.66%
<b>Total</b>	<b>304,628,772</b>	<b>%85.53</b>

**Details of the company's treasury shares: None**

*Eman Galal*

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**Board of Directors: Latest formation of the Board:**

\* The new Board was elected by the General Assembly meeting convened on 16/1/2022.

Name	Position	Representation	Capacity
Talal Shaffique Abdullallah Al Dhiyebi	Chairman	Aldar Ventures International Holdings RSC Limited	Non-Executive
Osama Abdulmonem Mahmoud Saleh	Deputy Chairman	Self	Independent
Magued Ahmed Sami Mohamed Sherif	Managing Director	Self	Executive
Jonathan Michael Emery	Board Member	Aldar Ventures International Holdings RSC Limited	Non-Executive
David Manson Dudley	Board Member	Aldar Ventures International Holdings RSC Limited	Non-Executive
Sana Khater	Board Member	Aldar Ventures International Holdings RSC Limited	Non-Executive
Fahad Abdulla Mohamed Abdulla Al Mahmoud	Board Member	Aldar Ventures International Holdings RSC Limited	Non-Executive
Omar Mohamed Hassan Mehanna	Board Member	Gamma Forge Limited	Non-Executive
Amer Saleh Al Ameri	Board Member	Gamma Forge Limited	Non-Executive
Dalia Hazem Gamil Khorshid	Board Member	Self	Independent

**Board meetings:** 10 Board meetings were held during the year 2022.

**Audit Committee: Latest formation of the Audit Committee:**

Name	Capacity
Osama Abdulmonem Mahmoud Saleh	Head of Committee
Dalia Hazem Gamil Khorshid	Committee Member
Sana Khater	Committee Member

*Emrah Cantal*

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### Audit Committee's responsibilities and duties:

1. To examine and review the Company's internal control procedures, and to verify the Company's implementation of these procedures.
2. To study the adopted accounting policies, and any changes that would occur from the implementation of the new accounting standards.
3. To examine and review the internal audit mechanisms, tools, procedures, plans and findings, study the internal audit reports and monitor the implementation of the recommendations presented in these reports.
4. To examine and review the periodic managerial reports, submitted to the various managerial levels; noting the methodology, and manner of presentation.
5. To examine the procedures that were followed in the preparation and review of the following:
  - Periodic and annual financial statements.
  - The Public offering and private placement of financial instruments.
  - Estimated budgets, including estimated income and cash flow statements.
6. To examine the preliminary financial statements prior to the presentation to the Board, in preparation for their audit.
7. To nominate the appointment of an auditor(s), determine the auditor's fee, and the matters relating to the auditor's resignation and removal, in accordance applicable law.
8. To render an on the permission to assign the auditor to provide services for the Company other than auditing services, as well as on the estimated fees for those services, without prejudice to the auditor's independence requirements.
9. To review the auditor's report on the financial statements, discuss with the auditor the observations and qualifications stated in the report, follow up on the actions taken in response to these observations and qualifications, and settle any discrepancies between the Company's management and the auditor.
10. To ensure the implementation of the control methods necessary to preserve the Company's assets, conduct periodical assessment of the administrative procedures to ensure adherence to the rules, and prepare reports to the Board.

### AUDIT Committee's activities during the year:

Number of Committee meetings held	5 meetings
Were the Committee's reports submitted to the Board of Directors?	Yes
Did the Committee's reports include material issues that must be remedied?	No
Did the Board remedy the material issues?	Not Applicable

*Eman Coubal MB*

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**Employees' information:**

Average number of employees during the year	728
Average salary of employee during the year	EGP 417 744

**Employee and Manager ESOP (Employee Stock Option Plan):**

- On January 20, 2016 the extra ordinary general assembly have approved the new Employees Stock Option Plan for executive board members and directors through granting shares with special conditions as per stated in the plan that part of the Company's shares should be assigned to the employee stock option plan equal to 1% of the company's issued capital annually on five tranches for a year of six years and three months as per annex (1). These shares should be available through the special reserve- additional paid in capital, or through reserves, or part of it, or through retained earnings, or part of it which is to be used in the capital increase, this capital increase is based on the approval of the Board of Directors as per the proxy granted by the company's extra ordinary general assembly dated January 20, 2016. The grant of the employee stock option plan is done based on a decision from the supervisory committee by the treasurer.
- The ESOP was concluded on March 31<sup>st</sup>, 2022.

Total number of shares available under the ESOP plan	17 287 796
Total number of shares granted during the year under the ESOP plan	The ESOP was concluded
Number of beneficiaries of the ESOP plan	50
Total number of shares granted under the ESOP plan since inception	17 005 960
Total remained of unallocated shares from ESOP share	281 836
The allocated and unexercised shares related to tranche 3 of ESOP shares	3 596 589
Total of both unallocated, and allocated and unexercised ESOP shares of tranche 3	3 878 425
Name and capacity of those who have received 5% or more of the shares available (or 1% of the Company's capital) under the ESOP plan	- Managing Director - Chief Financial Officer - Chief Procurement and Business Development officer

Eman Gohel

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### Violations and procedures relating to the Capital Market Law and the Listing Rules:

During the fiscal year ending on 12/31/2022, no fines or financial obligation were imposed on the company by the Financial Supervisory Authority or the Egyptian Stock Exchange.

### Conflict of interest:

There are no conflicts of interest cases reported between the company and its insiders that require disclosure to the Company's Board of Directors.

### Community Development and Environment Preservation Activities during the Year 2022

The Company follows a clear policy on its social and environmental responsibility, and on its continuous commitment to participating in the economic and societal development, which is also stemming from the Company's responsibility toward the community and the environment.

SODIC is committed to performing an effective role in achieving real and tangible human development that benefits the Egyptian citizen in poorer communities, while affording real opportunities, since it is a leading real estate developer in the Egyptian market.

SODIC adopts a group of societal development initiatives that contribute to improving the living conditions of over 9,000 beneficiaries annually. This comes out of SODIC's belief in a set of essential principles, such as turning attention to youth by supporting educational initiatives, development of informal settlements, creating job opportunities, empowerment of women, and protection of children's rights, in light of the general-meeting resolutions concerning donations.

### Donations:

Entity Name	Amount in EGP
Arab Learning Initiative (Alfanar)	130 000
The Egyptian Foundation for Breast Cancer	304 600
People of the Qur'an Charity Association	308 000
Diabetic eye care	110 000
St Regis Hospital	15 000
Archdiocese of Maghagha and Adwa	20 000
Egyptian Ministry of Awqaf	15 000
<b>Total</b>	<b>902 600</b>

*Eman Adel HB*

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**Proposals regarding addition to the reserve:** the reserves been allocated as per law, and the company`s statutes.

**Shares and bonds issued during the year: None**

**Company and subsidiaries' main activities:**

- Real estate investment
- Facility management
- Clubs management

**Group performance during the fiscal year ending 31/12/2022:**

1. The total net value of executed customer contracts (net contracted sales) during the period from 01/01/2022 to 31/12/2022 is EGP 20 Billion.
2. The net cash collection from contracted sales during the period from 01/01/2022 to 31/12/2022 is EGP 7 Billion

Project Name	Number of the Delivered Units	Values of the Units Million EGP
Westown Residence and Courtyard	6	40 977 530
Eastown Residence	72	336 203 230
Villette	11	94 063 083
Caesar	20	303 178 321
Strip II	8	119 162 157
Forty West	4	64 081 806
Polygon	11	110 831 009
Polygon X	17	114 651 547
Strip and Portal (rent)	2	
October Plaza	127	519 801 990
One 16	7	33 552 771
Portal	10	73 883 010
Six west	23	147 067 629
Sky Condos	390	1 928 174 862
EDNC	89	1 461 012 068
Westown Project Medical Center	4	14 881 601
Sodic East	439	1 755 564 579
Allegria	3	62 110 728
Allegria Residence	36	278 050 322

*Eman Abdel*

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**Key indicators deduced from the Company's consolidated financial statements for the fiscal year ending 31/12/2022:**

• **Statement of profit or loss Indicators:**

Item	Fiscal Year	
	2022 (EGP'000)	2021 (EGP'000)
Total revenues from operations	7 810 879	6 922 705
Gross Profit *	2 191 786	2 338 618
Net Profit	525 156	865 108
Net Profit attributable to equity holders	520 058	860 310

\* Gross profit came in at EGP 2.19 billion, implying a gross profit margin of 28%, impacted by EGP 542 million of provisions for the potential future impact of the recent currency devaluation, that has impacted development costs across the industry, on the company's future revenue backlog.

This provision brings forward the potential impact of the inflationary headwinds on units that will be delivered in the coming two to three years and comes as part of SODIC's prudent management approach and in line with the company's commitment to transparency to its shareholders and delivery to its customers. We will continue working towards mitigating this impact over the remaining period to completion of the homes, while delivering on the quality and experience that SODIC prides itself on.

Excluding the effect of these provisions, Gross profits would register a 17% growth over 2021 levels to EGP 2.73 billion, which would reflect a gross profit margin of 35%, expanding 120 bps YoY.

*Eman C. H.*

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• Statement of financial position Indicators:

Item	Fiscal Year	
	2022 (EGP'000)	2021 (EGP'000)
Long-Term Assets	4 870 883	5 881 544
Trade & Notes Receivables	4 046 076	2 512 421
Work in Process	15 170 647	14 184 447
Financial Investments at amortized Cost	1 211 833	331 418
Cash and cash equivalents	1 689 974	1 583 054
Total Equity/ Property rights	7 311 127	6 797 845
Advances from Customers	8 700 396	7 007 598
Total Bank Loans & Credit Facilities	3 163 620	2 551 321

Key indicators deduced from the Company's Separate financial statements for the fiscal year ending 31/12/2022:

• Statement of profit or loss Indicators:

Item	Fiscal Year	
	2022 (EGP'000)	2021 (EGP'000)
Total revenues from operations	3 306 869	1 469 337
Gross Profit	516 177	479 936
Net Profit	(477 689)	363) 365)

*Eman Gohar*

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• Statement of financial position Indicators:

Item	Fiscal Year	
	2022 (EGP'000)	2021 (EGP'000)
Long-Term Assets	3 979 973	4 643 585
Trade & Notes Receivables	1 612 609	937 354
Work in Process	7 615 714	7 606 498
Financial Investments at amortized Cost	568 470	144 179
Cash and cash equivalents	395 278	605 838
Total Equity	2 583 324	3 061 014
Advances from Customers	3 619 901	3 412 195
Total Bank Loans & Credit Facilities	1 475 632	1 447 022

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Managing Director

Magued Ahmed Samy Mohamed Sherif

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Date: 08/02/2023