Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)

Consolidated Interim Financial Statements

For the Financial Period Ended March 31, 2023

And Limited Review Report

KPMG Hazem Hassan Public Accountants & Consultants

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Limited review report on consolidated interim financial statements

To: The Board of Directors of Sixth of October for Development and Investment

Company "SODIC"

#### Introduction

We have performed a limited review for the accompanying consolidated interim statement of financial position of Sixth of October for Development and Investment Company "SODIC" (S.A.E) as at March 31, 2023, and the related consolidated interim statements of profit or loss, comprehensive income, changes in equity, and cash flows for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

#### Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements (no. 2410), "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited 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 on these consolidated interim financial statements.

#### Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2023, and of its consolidated interim financial performance and its consolidated interim cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

**Public Accountants & Consultants** 

## Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)

#### Consolidated interim statement of financial position as at

| EGP                                                      | Note   | 31 March 2023  | 31 December 2022 |
|----------------------------------------------------------|--------|----------------|------------------|
|                                                          | No.    |                |                  |
| Non-current assets                                       |        |                |                  |
| Property, plant, equipment                               | (25)   | 727 028 081    | 739 191 488      |
| Projects under construction                              | (26)   | 143 771 367    | 144 678 430      |
| Investment properties under development                  | (27)   | 838 790 791    | 838 790 791      |
| Investments in associates                                | (28)   | 405.000.000    | <u> </u>         |
| Investment properties                                    | (29)   | 405 933 032    | 412 309 560      |
| Right of use - assets                                    | (30-1) | 33 652 720     | 37 914 294       |
| Trade and notes receivable                               | (20-2) | 2 352 318 579  | 2 308 758 677    |
| Debtors and other debit balances Deffered tax assets     | (21-2) | 2 912 656      | 2 912 656        |
|                                                          | (15)   | 361 430 215    | 386 326 614      |
| Total non-current assets                                 |        | 4 865 837 441  | 4 870 882 510    |
| Current assets                                           |        |                |                  |
| Inventory                                                | (17)   | 24 723 084     | 23 270 294       |
| Completed units ready for sale                           | (18)   | 1 088 087 696  | 1 191 439 907    |
| Works in process                                         | (19)   | 15 564 202 328 | 15 170 646 943   |
| Trade and notes receivable                               | (20-1) | 1 735 553 897  | 1 737 317 135    |
| Debtors and other debit balances                         | (21-1) | 5 085 160 370  | 4 489 345 574    |
| Loans to joint ventures                                  | (22)   | *              | *                |
| Financial investments at amortized cost "treasury bills" | (23)   | 1 441 981 684  | 1 211 832 617    |
| Cash and cash equivalents                                | (24)   | 1 881 487 936  | 1 689 973 628    |
| Total current assets                                     |        | 26 821 196 995 | 25 513 826 098   |
| Total assets                                             |        | 31 687 034 436 | 30 384 708 608   |
| Equity                                                   |        |                |                  |
| Issued & paid in capital                                 | (31-1) | 1 424 789 472  | 1 424 789 472    |
| Legal reserve                                            | (31-2) | 224 840 771    | 224 840 771      |
| Special reserve - share premium                          | (31-3) | 1 483 154 057  | 1 483 154 057    |
| Retained earnings                                        |        | 4 302 320 078  | 4 115 008 326    |
| Profit from sale of treasury shares                      | (32)   | 1 725 456      | 1 725 456        |
| Equity attributable to equity holders of the Company     | (0.0)  | 7 436 829 834  | 7 249 518 082    |
| Non-controlling interests                                | (33)   | 65 319 178     | 61 608 729       |
| Total equity                                             |        | 7 502 149 012  | 7 311 126 811    |
| Non-current liabilities                                  |        |                |                  |
| Loans                                                    | (34)   | 2 646 047 481  | 2 667 864 053    |
| Creditors and notes payable                              | (35)   | 599 596 506    | 705 999 840      |
| New Urban Communities Authority                          | (36)   | 4 255 677 216  | 4 102 748 823    |
| Land acquisition creditors                               | (37)   | 1 287 686 689  | 1 244 282 131    |
| Lease contracts liabilities                              | (30-2) | 27 294 151     | 28 284 851       |
| Total non-current liabilities                            |        | 8 816 302 043  | 8 749 179 698    |
| Current liabilities                                      |        |                |                  |
| Loans                                                    | (34)   | 509 690 594    | 495 755 556      |
| Advances - from customers                                | (38)   | 9 577 929 025  | 8 700 395 827    |
| Contractors, suppliers and notes payable                 | (39)   | 398 578 087    | 456 745 290      |
| Income tax liabilies                                     |        | 386 490 911    | 362 203 618      |
| New Urban Communities Authority                          | (36)   | 187 437 807    | 263 159 777      |
| Land acquisition creditors                               | (37)   | 38 894 821     | 34 853 101       |
| Creditors and other credit balances                      | (40)   | 3 280 605 528  | 2 877 666 883    |
| Lease contracts liabilities                              | (30-2) | 8 307 923      | 10 209 528       |
| Provisions                                               | (41)   | 980 648 685    | 1 123 412 519    |
| Total current liabilities                                |        | 15 368 583 381 | 14 324 402 099   |
| Total liabilities                                        |        | 24 184 885 424 | 23 073 581 797   |
| Total equity and liabilities                             |        | 31 687 034 436 | 30 384 708 608   |
|                                                          |        |                |                  |

<sup>\*</sup> The accompanying notes from (1) to (52) form an integral part of these consolidated interim financial statements and to be read therewith,

Financial Director

Group Financial Controller Acting Chief Financial Officer General Manager

Mohamed Samir

Ahmed Heguzy Ahmed Hegazi

Mahmoud Badran

Ayman Amer

<sup>&</sup>quot;Limited review report attached"

# Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)

# Consolidated interim statement of profit or loss for the financial period ended on March 31

| EGP                                                 | Note<br><u>No</u> | 2023           | 2022           |
|-----------------------------------------------------|-------------------|----------------|----------------|
| Revenues                                            |                   |                |                |
| Real estate sales                                   | (6)               | 1 350 413 541  | 1 066 201 728  |
| Revenues of services of managing cities and resorts |                   | 108 902 215    | 97 899 870     |
| Revenues of investment property                     |                   | 14 524 417     | 13 578 574     |
| Revenues from clubs and golf course                 |                   | 22 227 373     | 19 033 726     |
| Total operation revenues                            |                   | 1 496 067 546  | 1 196 713 898  |
| Cost of sales                                       |                   |                | <del>-</del>   |
| Cost of real estate sold                            | (7)               | ( 789 582 528) | ( 586 506 286) |
| Costs of services of managing cities and resorts    |                   | (84 861 367)   | ( 72 186 246)  |
| Costs of investment property                        |                   | (7 878 971)    | ( 6 833 734)   |
| Cost of clubs and golf course                       |                   | ( 50 902 246)  | ( 39 221 015)  |
| Total operation costs                               |                   | ( 933 225 112) | (704 747 281)  |
| Gross profit                                        |                   | 562 842 434    | 491 966 617    |
| Other operating revenues                            | (8)               | 50 999 991     | 23 810 495     |
| Selling and marketing expenses                      | (9)               | ( 140 414 845) | ( 108 076 374) |
| General and administrative expenses                 | (10)              | ( 281 713 816) | ( 139 404 029) |
| Other operating expenses                            | (11)              | ( 21 590 253)  | ( 29 393)      |
| (Charges) of expected credit losses                 | (12)              | ( 5 247 886)   | ( 1 426 597)   |
| Operating profit                                    |                   | 164 875 625    | 266 840 719    |
| Finance income                                      | (13)              | 182 812 960    | 77 253 615     |
| Finance cost                                        | (14)              | ( 106 131 727) | ( 43 419 098)  |
| Net finance income                                  |                   | 76 681 233     | 33 834 517     |
| Net profit before tax                               |                   | 241 556 858    | 300 675 236    |
| Income tax                                          | (15)              | ( 50 534 657)  | ( 72 471 932)  |
| Profit for the period                               |                   | 191 022 201    | 228 203 304    |
| Attributable to:                                    |                   |                |                |
| Equity holders of the Company                       |                   | 187 311 752    | 226 232 617    |
| Non-controlling interests                           | (33)              | 3 710 449      | 1 970 687      |
| Profit for the period                               |                   | 191 022 201    | 228 203 304    |
| Earnings per share (EGP / Share)                    | (16)              | 0.53           | 0.64           |

<sup>\*</sup> The accompanying notes from (1) to (52) form an integral part of these consolidated interim financial statements and to be read therewith.

# Sixth of October for Development and Investment Company "SODIC" (An Egyptian Joint Stock Company)

# Consolidated interim statement of comprehensive income for the financial period ended on March 31

| EGP                                                         | Note<br>No | 2023        | 2022        |
|-------------------------------------------------------------|------------|-------------|-------------|
| Profit of the period                                        |            | 191 022 201 | 228 203 304 |
| Total other comprehensive income items for the period after |            | -           | -           |
| income tax                                                  |            |             | ,,          |
| Total comprehensive income of the period                    |            | 191 022 201 | 228 203 304 |
| Total comprehensive income is attributable to:              |            |             |             |
| Equity holders of the company                               |            | 187 311 752 | 226 232 617 |
| Non-controlling interests                                   | (33)       | 3 710 449   | 1 970 687   |
| Total comprehensive income for the period                   |            | 191 022 201 | 228 203 304 |

<sup>\*</sup> The accompanying notes from (1) to (52) form an integral part of these consolidated interim financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"

(An Egyptian Joint Stock Company)
Consolidated interim statement of changes in equity for the financial period ended on March 31, 2023

| EGP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Issued and paid in<br>capital | Legal reserve | Special reserve-<br>share premium | Retained earnings Pr | Profit from selling<br>of treasury shares | Total         | Non-Controlling<br>interests | Total equity  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------|-----------------------------------|----------------------|-------------------------------------------|---------------|------------------------------|---------------|
| Balance as at January 1, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1 424 789 472                 | 224 840 771   | 1 483 154 057                     | 3 599 475 037        | 1 725 456                                 | 6 733 984 793 | 63 860 164                   | 6 797 844 957 |
| Total comprehensive income<br>Net profit for the period<br>Other comprehensive income items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                               | 1 1           |                                   | 226 232 617          |                                           | 226 232 617   | 1 970 687                    | 228 203 304   |
| Total comprehensive income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | •                             |               | •                                 | 226 232 617          | 1                                         | 226 232 617   | 1 970 687                    | 228 203 304   |
| Transactions with owners of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                               |               |                                   |                      |                                           |               |                              |               |
| Total transactions with owners of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | '                             |               | •                                 | •                    | •                                         | •             | •                            | •             |
| Balance as at March 31, 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 1 424 789 472                 | 224 840 771   | 1 483 154 057                     | 3 825 707 654        | 1 725 456                                 | 6 960 217 410 | 65 830 851                   | 7 026 048 261 |
| Balance as at January 1, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1 424 789 472                 | 224 840 771   | 1 483 154 057                     | 4 115 008 326        | 1 725 456                                 | 7 249 518 082 | 61 608 729                   | 7 311 126 811 |
| Total volupturements income Office and profit for the profit for t |                               | ī             | •                                 | 187 311 752          |                                           | 187 311 752   | 3 710 449                    | 191 022 201   |
| Outst comprehensive income Total comprehensive income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | ·                             |               |                                   | 187 311 752          | .   ,                                     | 187 311 752   | 3 710 449                    | 191 022 201   |
| Transactions with owners of the Company Total transactions with company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                               |               | ,                                 |                      | 1                                         |               |                              |               |
| Balance as at March 31, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 1 424 789 472                 | 224 840 771   | 1 483 154 057                     | 4 302 320 078        | 1 725 456                                 | 7 436 829 834 | 65 319 178                   | 7 502 149 012 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                               |               |                                   |                      |                                           |               |                              |               |

<sup>\*</sup> The accompanying notes from (1) to (52) form an integral part of these consolidated interim financial statements and to be read therewith.

# Sixth of October for Development nd Investment Company "SODIC" (An Egyptian Joint Stock Company) Consolidated interim statement of cash flows for the financial period ended on March 31

| EGP                                                                                              | Note<br><u>No</u>  | 2023            | 2022                 |
|--------------------------------------------------------------------------------------------------|--------------------|-----------------|----------------------|
| Cash flows from operating activities                                                             |                    |                 |                      |
| Gain for the period before tax                                                                   |                    | 241 556 858     | 300 675 236          |
| Adjustments for:                                                                                 |                    |                 |                      |
| Depreciation of fixed assets, investment properties and right in use assets                      | (25) • (29) • (30) | 33 500 820      | 33 009 164           |
| amortization                                                                                     |                    |                 |                      |
| Loss / (gain) on sale of property, plant and equipment                                           | (8)                | 29 043          | ( 199 235)           |
| Interest on lease contract liabilities Return on investments at amortized cost                   | (14)               | 880 665         | 1 262 312            |
| Return on investments at amortized cost  Reversal of impairment of property, plant and equipment | (0)                | (50 257 583)    | (15 467 877)         |
|                                                                                                  | (8)                | ( 455 645)      | ( 455 647)           |
| Changes in: Inventory                                                                            |                    | (1 452 790)     | 40.301               |
| Finished units available for sale                                                                |                    | 103 352 211     | 49 281<br>18 836 263 |
| Works in process                                                                                 |                    | ( 196 091 790)  | (221 117 885)        |
| Trade and notes receivables                                                                      |                    | (41 796 664)    | ( 239 494)           |
| Debtors and other debit balances                                                                 |                    | (595 814 799)   | (45 783 220)         |
| Provisions formed                                                                                | (41)               | 167 504 969     | 106 501 450          |
| Provisions no longer required                                                                    | (41)               | ( 93 823 433)   | -                    |
| Provisions used                                                                                  | (41)               | (216 445 369)   | ( 94 905 429)        |
| Advances from customers                                                                          | (12)               | 877 533 198     | 330 154 422          |
| Contractors, suppliers and notes payable                                                         |                    | (164 570 537)   | (83 604 044)         |
| Creditors and other credit balances & NUCA                                                       |                    | 320 025 116     | (48 664 426)         |
| Paid income tax                                                                                  |                    | (1 350 962)     | (10 001 120)         |
| Net cash generated from operating activities                                                     |                    | 382 323 308     | 280 050 871          |
| Cash flows from investing activities                                                             |                    |                 |                      |
| Payments for purchase of property, plant and equipment and projects                              |                    | ( 9 252 094)    | (10 795 338)         |
| under construction                                                                               |                    | ( ) 202 ( ) 1)  | (10775550)           |
| Payments for investments properties under development                                            |                    | -               | (168 533 346)        |
| Payments for investments at amortized cost                                                       |                    | (1 292 951 208) | (811 882 170)        |
| Proceeds from investments at amortized cost                                                      |                    | 1 124 964 184   | 447 973 466          |
| Proceeds from sale of property, plant and equipment                                              |                    | 10 463          | 237 610              |
| Net cash (used in) investing activities                                                          | _                  | ( 177 228 655)  | ( 542 999 778)       |
|                                                                                                  | _                  |                 |                      |
| Cash flows from financing activities                                                             |                    |                 |                      |
| Repayment of credit facilities                                                                   |                    | -               | ( 2 458 049)         |
| Proceeds from loans                                                                              |                    | 222 298 988     | 1 099 021 749        |
| Repayment of loans                                                                               |                    | ( 231 982 346)  | (1 120 771 749)      |
| Payment of lease contracts liabilities                                                           | _                  | ( 3 896 987)    | (4535 961)           |
| Net cash (used in) from financing activities                                                     |                    | ( 13 580 345)   | ( 28 744 010)        |
| Net increase in cash and cash equivalents                                                        |                    | 191 514 308     | ( 291 692 917)       |
| Cash and cash equivalents at January 1                                                           |                    | 1 675 508 145   | 1 574 658 818        |
| Effect of movement in expected credit loss on cash and cash equivalents                          | (12)               | 118 966         | ( 48 518)            |
| Cash and cash equivalents at March 31                                                            | (24)               | 1 867 141 419   | 1 282 917 383        |
| <del>-</del>                                                                                     | ` ' =              |                 |                      |

<sup>\*</sup> The accompanying notes from (1) to (52) form an integral part of these consolidated interim financial statements and to be read therewith.

#### Sixth of October for Development and Investment Company "SODIC"

#### (An Egyptian Joint Stock Company)

#### Notes to the consolidated interim financial statements

#### for the financial period ended March 31, 2023

#### 1. Background and activities

- 1-1 Sixth of October for Development and Investment Company "SODIC"— An Egyptian Joint Stock Company was incorporated in accordance with the provisions of Law No. 159 of 1981 and its Executive Regulations and considering the provisions of Law No. 95 of 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy and International Cooperation No. 322 of 1996 issued on May 12, 1996. The Company was registered in Giza Governorate Commercial Registry under No. 625 on May 25, 1996.
- 1-2 The purpose of the Company is represented in the following:
  - Land acquisition and the subsequent sale/lease to clients after connecting the relevant infrastructure.
  - Operating in the field of construction, integrated construction, and supplementary works.
  - Planning, dividing, and preparing lands for building and construction according to modern building techniques.
  - Building, selling, and leasing all various types of real estate.
  - Developing and reclaiming land in new urban communities.
  - Operating in the field of tourism development and tourism related establishments including, building, managing, selling or utilizing hotels, motels and tourist villages in accordance with applicable Egyptian laws and regulations.
  - Building, managing, selling and leasing -residential, service, commercial, industrial and tourism projects.
  - Operating in the field of coordinating and planting gardens, roads and squares and also providing security, steward ship, maintenance and cleaning services.
  - Operating in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants.
  - In addition, the Company may have interest or participate in any manner with companies or others that share similar activities or which may assist it to achieve its purposes in Egypt or abroad.
    - Also the Company is entitled to merge into or acquire the aforementioned companies or make them subsidiaries in accordance with the provisions of law and its executive regulations.
- 1-3 The Company's duration is 50 years starting from the date of registration in the Commercial Registry.
- 1-4 The Company is listed on the Egyptian Exchange.
- 1-5 The interim consolidated financial statements of Sixth of October for Development & Investment Company "SODIC" (the Parent Company) for the financial period ended March 31, 2023, comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in the profit or loss of associates and joint ventures.

The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. Talal Al Dhiyebi is the Chairman for the Parent Company and Mr. Ayman Amer, is the General Manager of the Parent Company.

#### 2. Basis of preparation of consolidated interim financial statements

#### Compliance with accounting standards and laws

- The consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The consolidated interim financial statements were approved by the Board of Directors on May 2, 2023.
- Details of the Group's accounting policies are included in Note (51).

#### 3. Basis of measurement

The consolidated interim financial statements have been prepared on historical cost basis except for the following:

- Financial assets and liabilities recognized at fair values through profits and losses.
- Financial assets and liabilities recognized at fair values through other comprehensive income.

#### 4. Functional and presentation currency

- The consolidated interim financial statements are presented in Egyptian Pounds, which is the Group's functional currency.

#### 5. Use of judgment and estimates

- In preparing the consolidated interim financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.

Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

- The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting

estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

#### A- Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

#### - Revenue recognition

Revenue is recognized as detailed in the accounting policies applied.

#### - Equity-accounted investees (associates Companies):

Determining whether the Group has significant influence over an investee.

#### - Review of contract

The management reviews its judgmental assumptions and estimates, including what used in determining the extent to which the Group enjoys absolute or joint control or influential influence over the investee companies whenever a material event or an effective amendment occurs to the terms contained in its contractual agreements.

#### Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for sale. The Group develops criteria in order to exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in EAS 49, and EAS 10, and in particular, the intended usage of property as determined by management.

#### - Property lease classification - Group as lessor

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

#### - Recognition of current and deferred tax assets and liabilities and their measurement

Income taxes, whether current or deferred, are determined by each subsidiary of the Group in accordance with the tax law requirements of each country in which the subsidiary of the Group operates.

The Group's profit is subject to income tax, which requires using of significant estimates to determine the total income tax liability. As determining the final tax liability for some transactions could be difficult during the year, the Group record current tax liability according to its' best estimate about the taxable treatment of that transactions and the possibility of incurring of additional tax charges that may result from the tax inspection. And when a difference arising between the final tax liability and what is being recorded, such difference is recorded as income tax expense and current tax liability in the current year and to be considered as change in accounting estimates.

For recognition of deferred tax assets, management uses assumptions about the availability of sufficient taxable profits allowing use of recognized tax assets in the future. Management also uses assumptions related to determination of the applicable tax rate at the financial statements date at which deferred tax assets and liabilities are expected to be settled in the future.

This process requires the use of multiple and complex estimates in estimating and determining the taxable pool and temporary deductible taxable differences resulting from the difference between the accounting basis and the tax basis for some assets and liabilities. In addition to estimating the extent to use deferred tax assets arising from carry forward tax losses, in the light of making estimates of future taxable profits and future plans for each of the activities of the subsidiaries of the Group.

#### Incremental Borrowing Rates (IBRs) applied in right of use calculation

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

#### **B-** Assumptions and estimation uncertainties

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. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Provisions and contingent liabilities

Management assess events and circumstances that might led to a commitment on the Group's side from performing its normal economic activities, management uses in this primary estimates and assumptions to judge the extend on which the provision's recognition conditions have been met at the financial statement date, and analyze information to assume whether past events lead to current liability against the Group and estimate the future cash outflows and timing to settle this obligation, in addition, selecting the method which enable the management to measure the value of the commitment reliably.

#### - Calculation of loss allowance

The Group assesses the impairment of its financial assets based on the expected credit loss ("ECL") model. Under the ECL model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting year to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to the lifetime ECL for its financial instruments. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

#### - Estimation of net realizable value for inventory, and work in progress

Inventory, and properties classified under work in progress are stated at the lower of cost or net realizable value ("NRV"). NRV is assessed with reference to sales prices, costs of completion and advances received, development plans and market conditions existing at the end of the reporting period. For certain properties, NRV is determined by the Group having taken suitable external advice and in the light of recent market transactions, where available.

NRV for completed units available for sale is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for property in the same market serving the same real estate segment.

NRV in respect of work in progress is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

#### Impairment of property, plant and equipment and projects under construction

Properties classified under property, plant and equipment and projects under construction are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is carried out to determine the recoverable amount which takes into account the fair value of the property under consideration. The fair value of Club Houses properties and fixed assets classified under property, plant and equipment is determined by an independent expert.

The recoverable amount is determined using fair value model.

The fair values are compared to the carrying amounts to assess any probable impairment.

#### Useful lives of property, plant and equipment and intangible assets

Management reviews the residual values and estimates useful lives of property, plant and equipment and intangible assets at the end of each annual reporting year. Management determined that the current year's expectations do not differ from previous estimates based on its review.

#### C- Measurement of fair values

Certain number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Accreditation is measured in the fair value of assets and liabilities mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs of the quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Financial instruments
- Club S.

#### 6. Real estate sales

The Group's operations are considered to fall into one broad class of business, sale of real estate units and hence, segmental analysis of assets and liabilities is not considered meaningful. The Group's revenues can be analyzed as follows:

|                                                              | For the period<br>ended<br>31/03/2023<br><u>EGP</u> | For the period<br>ended<br>31/03/2022<br><u>EGP</u> |
|--------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Revenues from the sale of Sodic projects in West Cairo       | 865 836 977                                         | 295 174 637                                         |
| Revenues from the sale of Sodic projects in East Cairo       | 529 163 103                                         | 721 687 842                                         |
| Revenues from the sale of Sodic projects in North Coast      | 15 634 972                                          | 32 907 335                                          |
|                                                              | 1 410 635 052                                       | 1 049 769 814                                       |
| Sales return                                                 | (9 999 141)                                         |                                                     |
|                                                              | 1 400 635 911                                       | 1 049 769 814                                       |
| Interest income realized from installments during the period | 106 283 327                                         | 55 369 951                                          |
| Discount for early payment                                   | (156 505 697)                                       | (38 938 037)                                        |
|                                                              | 1 350 413 541                                       | 1 066 201 728                                       |

- Includes an amount of EGP 253 674 722 representing the financial component on installments collected from customers of delivered units prior to delivery in compliance with the Egyptian accounting standard No. 48.

#### 7. Cost of real estate sold

|                                                   | For the period<br>ended<br>31/03/2023<br><u>EGP</u> | For the period<br>ended<br>31/03/2022<br><u>EG</u> P |
|---------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|
| Cost of sales of Sodic projects in West Cairo (*) | 417 607 825                                         | 141 221 705                                          |
| Cost of sales of Sodic projects in East Cairo     | 363 700 806                                         | 422 700 733                                          |
| Cost of sales of Sodic projects in North Coast    | 5 838 850                                           | 22 583 848                                           |
|                                                   | 787 147 481                                         | 586 506 286                                          |
| Cost of sales returns                             | (3 960 045)                                         | •                                                    |
|                                                   | 783 187 436                                         | 586 506 286                                          |
| Onerous contracts – provision (**)                | (90 323 433)                                        | -                                                    |
| Write-down to NRV in WIP (**)                     | 96 718 525                                          | -                                                    |
|                                                   | 789 582 528                                         | 586 506 286                                          |

- Includes an amount of EGP 253 674 722 representing the financial component on installments collected from customers of delivered units prior to delivery in compliance with the Egyptian accounting standard No. 48.
- (\*) Includes an amount of EGP 33 388 365 representing the adjustment to the cost of land for SODIC West El Sheikh Zayed plot as shown in detail in note (19).
- (\*\*) The Egyptian market witnessed a significant increase in inflation rates during the last quarter of 2022 and the first quarter in 2023, due to the increase in interest rate at banks and the significant raise of the foreign currency exchange rates against the Egyptian Pound. Accordingly, the Group's management decided to re-measure the net realizable value of the work in progress, and as a result, the Group written down to NRV amounting to EGP 96.7 million and reversed onerous contracts losses amounting to EGP 90.3 million.

#### 8. Other operating revenues

|                                                         | For the period<br>ended<br>31/03/2023<br><u>EGP</u> | For the period<br>ended<br>31/03/2022<br><u>EGP</u> |
|---------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Cancellations and delay penalties                       | 43 435 725                                          | 19 392 948                                          |
| Reversal of impairment of property, plant and equipment | 455 647                                             | 455 647                                             |
| Provisions no longer required                           | 3 500 000                                           | -                                                   |
| Go Smart revenue                                        | 1 437 825                                           | 2 188 929                                           |
| Gain on sale of Property, Plant, and Equipment          | -                                                   | 199 235                                             |
| Other income                                            | 2 170 794                                           | 1 573 736                                           |
|                                                         | 50 999 991                                          | 23 810 495                                          |

#### 9. Selling and marketing expenses

|                                                                   | For the period<br>ended<br>31/03/2023<br><u>EGP</u> | For the period<br>ended<br>31/03/2022<br><u>EGP</u> |
|-------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Salaries and wages                                                | 17 818 906                                          | 16 575 513                                          |
| Sales commissions                                                 | 76 187 298                                          | 40 870 742                                          |
| Advertising expenses                                              | 31 379 510                                          | 32 961 369                                          |
| Exhibitions, conferences, and events                              | 1 391 320                                           | 4 672 881                                           |
| Rent                                                              | 943 588                                             | 867 161                                             |
| Maintenance, security, cleaning, and agriculture                  | 755 565                                             | 868 788                                             |
| Travel, transportation, and cars                                  | 354 842                                             | 334 299                                             |
| Professional and consultants' fees                                | 3 882 769                                           | 1 676 802                                           |
| Tips and gifts                                                    | 9 650                                               | 447 115                                             |
| Fixed assets depreciation and amortization of right of use assets | 4 140 898                                           | 4 754 736                                           |
| Employees vacations                                               | -                                                   | 235 240                                             |
| Fees, stamps and licenses                                         | 425 550                                             | 1 820 589                                           |
| Printing and photocopying                                         | 375 736                                             | 691 563                                             |
| Communication, electricity, telephone, and water                  | 779 425                                             | 646 903                                             |
| Other                                                             | 1 969 788                                           | 652 673                                             |
|                                                                   | 140 414 845                                         | 108 076 374                                         |

#### 10. General and administrative expenses

|                                                            | For the period<br>ended<br>31/03/2023 | For the period<br>ended<br>31/03/2022 |
|------------------------------------------------------------|---------------------------------------|---------------------------------------|
|                                                            | <u>EGP</u>                            | EGP                                   |
| Salaries, wages, and bonuses                               | 119 325 925                           | 45 622 059                            |
| Board of Directors' remunerations and allowances           | 3 500 000                             | 3 260 162                             |
| Medical care, training, meals & uniforms                   | 11 790 741                            | 8 483 140                             |
| Specific employee's benefits                               | 1 694 096                             | 2 926 593                             |
| Maintenance, security, cleaning, and agriculture           | 54 242 332                            | 30 224 217                            |
| Professional and consultancy fees                          | 42 908 395                            | 18 811 543                            |
| Exhibitions, and conferences                               | 747 263                               | 1 891 033                             |
| Gifts and tips                                             | 428 547                               | 1 203 664                             |
| Fixed assets depreciation and amortization of right of use | 5 308 886                             | 5 826 938                             |
| Reception and hospitality                                  | 533 519                               | 634 655                               |
| Programs and computer supplies                             | 19 096 898                            | 3 604 335                             |
| Stationery and printing supplies                           | 526 916                               | 589 580                               |
| Communication, electricity, telephone, and water           | 1 544 217                             | 2 954 197                             |
| Subscriptions and governmental dues                        | 2 206 118                             | 1 428 637                             |
| Rent                                                       | 1 153 483                             | 1 610 265                             |
| Travel and transportation                                  | 1 373 057                             | 1 469 350                             |
| Bank charges                                               | 2 707 234                             | 1 143 872                             |
| Employees vacations                                        | 2 117 951                             | 1 284 743                             |
| Insurance installments                                     | 1 279 031                             | 445 658                               |
| Tafakul contribution                                       | 3 805 402                             | 2 884 488                             |
| Other                                                      | 5 423 805                             | 3 104 900                             |
|                                                            | 281 713 816                           | 139 404 029                           |

#### 11. Other operating expenses

| 11. Other operating expenses                                   |                       |                                                     |                                                     |
|----------------------------------------------------------------|-----------------------|-----------------------------------------------------|-----------------------------------------------------|
|                                                                |                       | For the period<br>ended<br>31/03/2023<br><u>EGP</u> | For the period<br>ended<br>31/03/2022<br><u>EGP</u> |
| Provision for claims                                           |                       | 21 561 210                                          | 29 393                                              |
| Loss on disposal of fixed assets                               |                       | 29 043                                              | -                                                   |
|                                                                |                       | 21 590 253                                          | 29 393                                              |
| 12. Charges of expected credit losses                          |                       |                                                     |                                                     |
|                                                                | Balance in 31/12/2022 | Movement<br>during the<br>period                    | Balance in 31/03/2023                               |
|                                                                | <b>EGP</b>            | EGP                                                 | <u>EGP</u>                                          |
| Loans to joints ventures                                       | 208 204 153           | -                                                   | 208 204 153                                         |
| Cash at banks                                                  | 1 443 825             | 118 966                                             | 1 562 791                                           |
| Financial investments at amortized cost                        | 3 130 930             | (353 062)                                           | 2 777 868                                           |
| Trade and notes receivable                                     | 29 300 217            | 4 985 843                                           | 34 286 060                                          |
| Debtors and other debit balances                               | 109 040 587           | 496 139                                             | 109 536 726                                         |
|                                                                | 351 119 712           | 5 247 886                                           | 356 367 598                                         |
| 3. Finance income                                              |                       |                                                     |                                                     |
|                                                                |                       | For the period<br>ended<br>31/03/2023               | For the period<br>ended<br>31/03/2022               |
|                                                                |                       | <b>EGP</b>                                          | <b>EGP</b>                                          |
| Interest income                                                |                       | 44 085 792                                          | 13 403 027                                          |
| Return on investment at amortized cost                         |                       | 49 904 521                                          | 15 467 877                                          |
| Foreign exchange gains from balances de foreign currencies (*) | nominated in          | 88 800 886                                          | 48 382 711                                          |
| Securitization profits                                         |                       | 21 761                                              | -                                                   |
|                                                                |                       | 182 812 960                                         | 77 253 615                                          |

<sup>(\*)</sup> As the Group has a surplus of foreign currencies at the date of the financial position, the Group realized gain from foreign exchange from balances dominated in foreign currencies because of the increase in the exchange rate of the USD against the EGP during the period from EGP 24.68 /USD to EGP 30.75 /USD at the date of the financial position.

#### 14. Finance cost

| •                           | For the period<br>ended<br>31/03/2023<br><u>EGP</u> | For the period<br>ended<br>31/03/2022<br><u>EGP</u> |
|-----------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Interest expense            | 105 251 062                                         | 42 156 786                                          |
| Interest on lease contracts | <u>880 665</u>                                      | 1 262 312                                           |
|                             | 106 131 727                                         | 43 419 098                                          |

#### 15. Income tax

| A- Items recognized in the profit or loss | For the period<br>ended<br>31/03/2023 | For the period<br>ended<br>31/03/2022 |
|-------------------------------------------|---------------------------------------|---------------------------------------|
| Current income tax expense                | <u>EGP</u><br>25 638 258              | EGP<br>64 786 127                     |
| Deferred income tax (benefit)             | 24 896 399                            | 7 685 805                             |
|                                           | 50 534 657                            | 72 471 932                            |

## B- Deferred tax assets and liabilities movement

| <b>March 31, 2023</b>         |                                                     |                           | Balance as at 31/03/2023             |                                            | /2023                                                     |
|-------------------------------|-----------------------------------------------------|---------------------------|--------------------------------------|--------------------------------------------|-----------------------------------------------------------|
|                               | Balance as<br>at 1/1/2023<br>asset /<br>(liability) | Charged to profit or loss | Deferred<br>tax resulted<br>in asset | Deferred tax<br>resulted in<br>(liability) | Net deferred<br>tax resulted<br>in (Liability)<br>/ Asset |
|                               | <u>EGP</u>                                          | <u>EGP</u>                | <u>EGP</u>                           | <u>EGP</u>                                 | <u>EGP</u>                                                |
| Property, plant and equipment | (4 429 907)                                         | 493 826                   | -                                    | (3 936 081)                                | (3 936 081)                                               |
| Foreign exchange differences  | (27 897 382)                                        | (10 643 943)              | -                                    | (38 541 325)                               | (38 541 325)                                              |
| Provisions                    | 351 136 622                                         | 3 763 426                 | 354 900 048                          | -                                          | 354 900 048                                               |
| EAS application differences   | (1 130 444)                                         | (868)                     | •                                    | (1 131 312)                                | (1 131 312)                                               |
| Carry forward losses          | 68 647 725                                          | (18 508 840)              | 50 138 885                           |                                            | 50 138 885                                                |
|                               | 386 326 614                                         | (24 896 399)              | 405 038 933                          | (43 608 718)                               | 361 430 215                                               |

| <b>December 31, 2022</b>      |                                                     |                           | Bala                                 | nce as at 31/12/                           | 2022                                                      |
|-------------------------------|-----------------------------------------------------|---------------------------|--------------------------------------|--------------------------------------------|-----------------------------------------------------------|
|                               | Balance as<br>at 1/1/2022<br>asset /<br>(liability) | Charged to profit or loss | Deferred tax<br>resulted in<br>asset | Deferred tax<br>resulted in<br>(liability) | Net deferred<br>tax resulted<br>in (Liability)<br>/ Asset |
|                               | <u>EGP</u>                                          | <u>EGP</u>                | <u>EGP</u>                           | <u>EGP</u>                                 | <b>EGP</b>                                                |
| Property, plant and equipment | (1 087 443)                                         | (3 342 464)               | -                                    | (4 429 907)                                | (4 429 907)                                               |
| Foreign exchange differences  | (5 915 344)                                         | (21 982 038)              | -                                    | (27 897 382)                               | (27 897 382)                                              |
| Provisions                    | 119 326 468                                         | 231 810 154               | 351 136 622                          | •                                          | 351 136 622                                               |
| EAS application differences   | (1 050 162)                                         | (80 282)                  | -                                    | (1 130 444)                                | (1 130 444)                                               |
| Carry forward losses          | 91 353 300                                          | (22 705 575)              | 68 647 725                           | -                                          | 68 647 725                                                |
|                               | 202 626 819                                         | 183 699 795               | 419 784 347                          | (33 457 733)                               | 386 326 614                                               |

C- Liability for temporary differences related to investments in subsidiaries, associates and joint ventures were not recognized because the group controls the timing of the reversal of the related temporary differences and is satisfied that they will not reverse in the foreseeable future.

#### D- Reconciliation of effective income tax rate

| D- Reconciliation of effective income tax rate                      |                                              |                                              |
|---------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
|                                                                     | For the period<br>ended<br>31/03/2023<br>EGP | For the period<br>ended<br>31/03/2022<br>EGP |
| Due St. hafara in coma tarr                                         |                                              |                                              |
| Profit before income tax                                            | 241 556 858                                  | 300 675 236                                  |
| Tax rate                                                            | 22.50%                                       | <u>22.50%</u>                                |
| Income tax using the domestic corporation tax rate                  | 54 350 293                                   | 67 651 928                                   |
| Special tax pool (financial investment at amortized cost)           | 6 733 559                                    | (386 697)                                    |
| Non- deductible expenses / (income)                                 | (10 055 369)                                 | (872 926)                                    |
| Current-period losses for which no deferred tax asset is recognized | •                                            | 6 133 995                                    |
| Differences in amortization and interest on lease obligations       | (493 826)                                    | (682 788)                                    |
| Other tax adjustments                                               | -                                            | 628 420                                      |
| Tax as per consolidated income statement                            | 50 534 657                                   | 72 471 932                                   |
| Effective tax rate                                                  | 20.92%                                       | 24.10%                                       |
| E- Unrecognized deferred tax assets                                 |                                              |                                              |
| •                                                                   | 31/03/2023                                   | 31/12/2022                                   |
|                                                                     | <b>EGP</b>                                   | <b>EGP</b>                                   |
| Temporary deductible differences                                    | 151 426 000                                  | 134 848 355                                  |
| Tax losses carried forward                                          | 14 589 635                                   | 17 900 528                                   |
|                                                                     | 166 015 635                                  | 152 748 883                                  |

Deferred tax assets have not been recognized in respect of the above-mentioned items because of uncertainty associated with the taxable profit to cover these tax assets.

#### 16. Earnings per share

#### A- Consolidated earnings per share

Earnings per share as at March 31, 2023, is calculated based on the group's share in earnings for the period using the weighted average number of outstanding shares during the period as follows:

| •                                                                                | For the period<br>ended<br>31/03/2023<br><u>EGP</u> | For the period<br>ended<br>31/03/2022<br><u>EGP</u> |
|----------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Net profit for the period (parent company share)                                 | 187 311 752                                         | 226 232 617                                         |
| Employees share of profit                                                        | -                                                   | -                                                   |
| Employees and board of directors share in subsidiaries and Associates' companies | -                                                   | -                                                   |
|                                                                                  | 187 311 752                                         | 226 232 617                                         |
| Weighted average number of shares outstanding during the period                  | 356 197 368                                         | 356 197 368                                         |
| Earnings per share (EGP / share)                                                 | 0.53                                                | 0.64                                                |

#### B- Separate earnings / (loss) per share

Earnings / (loss) per share as at March 31, 2023, is calculated based on the Parent Company's share in earnings / (loss) for the period according to the separate financial statements using the weighted average number of outstanding shares during the period as follows:

|     | average number of outstanding shares during the period a        | For the period<br>ended<br>31/03/2023 | For the period<br>ended<br>31/03/2022 |
|-----|-----------------------------------------------------------------|---------------------------------------|---------------------------------------|
|     |                                                                 | EGP                                   | <u>EGP</u>                            |
|     | Net gain / (loss) for the period Employees share of profit      | 215 883 360                           | (19 041 072)                          |
|     | Employees share of profit                                       | 215 883 360                           | (10.041.050)                          |
|     |                                                                 |                                       | (19 041 072)                          |
|     | Weighted average number of shares outstanding during the period | 356 197 369                           | 356 197 368                           |
|     | Gain / (loss) per share (EGP / share)                           | 0.61                                  | (0.05)                                |
| 17. | Inventory                                                       |                                       |                                       |
|     |                                                                 | 31/03/2023                            | 31/12/2022                            |
|     |                                                                 | <b>EGP</b>                            | <u>EGP</u>                            |
|     | Maintenance, operation, and communication supplies              | 24 723 084                            | 23 270 294                            |
|     |                                                                 | 24 723 084                            | 23 270 294                            |
| 18. | Completed units ready for sale                                  |                                       |                                       |
|     |                                                                 | 31/03/2023                            | 31/12/2022                            |
|     |                                                                 | <b>EGP</b>                            | <b>EGP</b>                            |
|     | Cost of completed units                                         | 1 088 087 696                         | 1 191 439 907                         |
|     |                                                                 | 1 088 087 696                         | 1 191 439 907                         |

#### 19. Work in process

This item represents the total costs related to works currently being undertaken. Details of these works are as follows:

|                                   | 15 564 202 328 | 15 170 646 943 |
|-----------------------------------|----------------|----------------|
| North Coast projects costs (19-2) | 1 903 197 696  | 1 869 819 146  |
| East Cairo projects costs         | 4 613 880 582  | 4 707 280 157  |
| West Cairo projects costs (19-1)  | 9 047 124 050  | 8 593 547 640  |
|                                   | <b>EGP</b>     | <u>EGP</u>     |
|                                   | 31/03/2023     | 31/12/2022     |

- Includes an amount of EGP 806 944 687 representing the value of capitalized interest on installments collected from customers.
- The Egyptian market witnessed a significant increase in inflation rates during the last quarter of 2022, and first quarter of 2023 due to the increase in interest rate at banks and the significant raise of the foreign currency exchange rates against the Egyptian Pound. Accordingly, the Group's management decided to re-measure the net realizable value of the work in progress, and as a result, the Group written down to NRV amounting to EGP 96.7 million.

#### (19-1) West Cairo projects costs

A- Al Yosr for Projects and Agricultural Development ("Al Yosr"), SODIC's fully owned subsidiary. Al Yosr has received a letter from the New Urban Communities Authority ("NUCA") with respect to the 300-acre plot (circa 1.26 million square meters) of land owned by Al Yosr and located in the Sheikh Zayed City extension area as determined by the presidential decree number 77. The letter informs Al Yosr of NUCA's Board of Directors decision regarding the payment required to be made by land owners in order for NUCA to deliver infrastructure to the plot and change the land usage from agricultural to residential, increasing the allowable built up area within the limits of Republican Resolutions (77-230 of 2017). In consideration for the above Al Yosr will make an in-kind payment of 50% of the land.

On July 11, 2019, an agreement was concluded between Al Yosr and the New Urban Communities Authority (NUCA) to relinquish 50% of the above-mentioned plot in return for delivering infrastructure to the plot and change the land usage from agricultural to residential, On August 17, 2019 the project Master plan was submitted to the New Urban Communities Authority and was approved. The first phase of the project was launched on 29 September 2019 under the name of The Estates.

B- The balance includes the net present value of the plot of land previously ceded to the New Urban Communities Authority referred to above in paragraph (A) with an amount of EGP 1.24 billion in addition the company paid the value of administrative expenses and the Board of Trustees amounting to EGP 18.54 million .On September 1, 2021, the New Urban Communities Authority approved the request submitted by the one of SODIC subsidiaries to purchase the plot of land that were previously assigned to The Authority with an area of 123.38 acres, equivalent to 518,329.62 square meters see Note (35).

On 6 April 2022, the New Urban Communities Authority sent a letter to amend the area of the plot of land from 123,387 acres to 115.34, equivalent to 484.559,15 square meters, along with the adjustment of the installments and interest values according to the new area. The value of the land has been adjusted according to the contract annex in May 2022, The total land area allocated to the Company became 265.34 acres.

#### C- Company's Land settlement in El Sheikh Zayed

The balance includes approximately EGP 167 million representing the present value at inception of the share of the work under construction from the settlement amount of the Company's land in Sheikh Zayed as a component of the cost of the units whose revenues will be recognized in the statement of income or losses for future years, this amount represents the remainder of the present value of a total settlement amount of EGP 800 million with the Illicit Gains Authority ("IGA").

D- On March 21, 2019 a co-development agreement was signed between SODIC and the Urban Communities Authority "NUCA" to establish an integrated urban project with an area of 464.81 acres (previously 500 acres) under deficit or increase, According to the contract, NUCA share in return of the land includes an advance payment, annual cash installments in addition to a percentage of the project expected revenues with a total minimum value of EGP 11.356 billion .The co-development contract annex was signed on June 27, 2022.

The balance includes an amount of EGP 4 971 165 499 representing the net present value of the project's minimum land payments for the 464.81 acres (previously 500 acres) in Sheikh Zayed extension in addition to the capitalized interests in accordance with the co-development agreement between the Company and the Urban Communities Authority

#### (19-2) North Cost projects costs

- (19-2-1) On March 8, 2018, one of the subsidiaries signed two co-development contracts for a residential and tourism project for two land plots of approximately 308 acres on the North Coast with the owners as follows:
  - Contract signed with Owners Union Shahin for the land plot of approximately 111 acres (the first plot).
  - Contract signed with the Alammar Company for Urban Expansion for the land plot of approximately 197 acres (the second plot).

Accordingly, SODIC at its own expense and under its responsibility will implement, finance, market and sell the units of the two projects and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract and will accordingly share the revenue according to the defined percentages in the contract for each component of the project.

According to the first plot's contract the Company paid an amount of EGP 30 Million which represents down payment which will be settled during a three-year period in equal installments against Owners Union – Shahin share in the project revenues in accordance to the co-development contract.

On August 4, 2018, according to the co-development contract Sixth of October for Development and Investment Company "SODIC" notified the Owners Union – Shahin that Tabrouk Development Company, a 99% owned subsidiary of SODIC, will replace it in the above mentioned co-development contract dated March 8, 2018, and all rights and obligations will be transferred to Tabrouk Development Company from August 4, 2018.

The Group also paid EGP 25.9 million on behalf of Owners Union – Shahin to settle land installment for year 2018, and collected from Owners Union – Shahin EGP 3.3 million, thus the net amount paid up until December 31, 2020 amounted to EGP 52.6 million.

- According to the Presidential Decree No. 361 of 2020, Malaaz project land subordination has transferred to the New Urban Communities Authority, which in turn amended the Master plan of the entire North Coast. Accordingly, the project land which was being prepared for Malaaz project were affected by the new plans and the legal procedures for transferring the subordination of the project to the New Urban Communities Authority are in process (Note 11).
- On August 25, 2021, a new co-development contract was concluded between the Tabrouk Development Company and the Owners Union Shahin, amending the previous contract to include the area of land belonging to Owners Union Shahin after increasing it to 1 182 004 sq accounding to the new Masrter plan for the North Coast and as per the contract signed between the Owners Union Shahin and the New Urban Communities Authority on September 12, 2021.

Under the new co-development contract, Tabrouk Company at its expense, is responsible to develop all the components of the project, including the internal infrastructure and facilities, except for the licensing and construction of 200 hotel rooms, including internal facilities and infrastructure, with the commitment of Tabrok Company, to deliver the facilities to The boundaries of the hotel plot.

The land cost as per the new co-development contract is as follows:

- a. A fixed payments with a total amount of EGP 2 659 509 000 to be paid over 24 equal semi-annual installments of EGP 110 812 875 each.
- b. A variable cost represnting the Owners Union Shahin's percentage of the project's revenues as per the terms of the contract.

The balance due on the Owners Union – Shahin that was included in the work in progress as the variable consideration for the land of the Malaaz project amounted to EGP 52.8 million has been reclassified as debtors and other debit balances (long/short-term) as this amount will be recovered from the the Owners Union – Shahin's percentage in the revenues The project mentioned in item (b) above, over 8 consecutive quarterly installments of EGP 6 596 223 each, starting from the third quarter of 2021 until full payment.

The present value of the fixed payments of EGP 1 341 330 904 referred to in (a) above has been recorded as work-in-progress, as for the variable consideration mintioned in (b) above will be recorded as work-in-progress upon payment.

(19-2-2) The balance include an amount of EGP 43 million that represents the value paid to the Governorate of Marsa Matrouh as an advance to acquire the back plot of caesar project with an area of 85 acres, The Governorate of Marsa Matrouh refused to issue a contract as a result the Group filed a lawsuit.

The jurisdiction over the land was changed according to presidential Decree No. 361 of 2020 to the New Urban Communities Authority and the company is currently in negotiations with the Authority to acquire this parcel of land.

On June 26, 2022, the company signed the minutes of the meeting with the inventory and negotiation committee, which decided to raise the matter in obtaining the back plot of land with an area of 126.02 acres to the main real estate committee to consider approval of dealing with the Group, provided that the Group's commits to the conditions listed in the committee's decision, which includes paying 5% of the specified value of EGP 370.5 million within a month of its date, until the approval of the Real Estate Committee. The decision of the Main Real Estate Committee was issued on September 4, 2022 to assign the back plot area of 129.2 acres to the Group, and to claim the remaining unpaid value of the advance payment which is determined as 10% of the total updated value of the back plotland at EGP 374.23 million.

#### 20. Trade and notes receivable

#### 20-1 Trade and notes receivable current

|                                                      | 31/03/2023    | 31/12/2022    |
|------------------------------------------------------|---------------|---------------|
|                                                      | <b>EGP</b>    | <u>EGP</u>    |
| Trade receivable                                     | 224 157 188   | 232 833 893   |
| Notes receivable – units *                           | 1 591 692 783 | 1 577 774 583 |
| Trade receivable - others                            | 24 248 928    | 21 288 697    |
|                                                      | 1 840 098 899 | 1 831 897 173 |
| Unamortized interest – notes receivable              | (84 240 491)  | (78 540 616)  |
|                                                      | 1 755 858 408 | 1 753 356 557 |
| Expected credit losses on trade and notes receivable | (20 304 511)  | (16 039 422)  |
|                                                      | 1 735 553 897 | 1 737 317 135 |

<sup>\*</sup> The balance of notes receivable represents the value of notes receivable received from real estate delivered units customers that are due within 12 months from the date of the financial position.

#### 20-2 Trade and notes receivable non-current

This item represents the present value of long-term trade and notes receivable, and debtors' balances as follows: -

| 31/03/2023    | 31/12/2022                                                                         |
|---------------|------------------------------------------------------------------------------------|
| <u>EGP</u>    | <b>EGP</b>                                                                         |
| 7 197 088     | 7 689 600                                                                          |
| 3 221 594 315 | 3 088 509 271                                                                      |
| 3 228 791 403 | 3 096 198 871                                                                      |
| (862 491 275) | (774 179 399)                                                                      |
| 2 366 300 128 | 2 322 019 472                                                                      |
| (13 981 549)  | (13 260 795)                                                                       |
| 2 352 318 579 | 2 308 758 677                                                                      |
|               | EGP 7 197 088 3 221 594 315 3 228 791 403 (862 491 275) 2 366 300 128 (13 981 549) |

- \* The balance of notes receivable represents the value of notes receivable received from real estate delivered units customers that are due after 12 months from the date of the financial position.
- Trade and notes receivable not included in the financial statements amounting to EGP 26.7 billion have been disclosed in note No. (49).

The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note No. (44).

#### 21. Debtors and other debit balances

#### 21-1 Debtors and other debit balances - current

|                                                                       | 31/03/2023    | 31/12/2022    |
|-----------------------------------------------------------------------|---------------|---------------|
|                                                                       | <u>EGP</u>    | <u>EGP</u>    |
| Contractors and suppliers – advance payments                          | 1 269 605 795 | 1 059 623 928 |
| Due from related parties – Joint Venture                              | 35 191 620    | 35 191 620    |
| Accrued Revenues                                                      | 214 686 858   | 82 592 556    |
| Due from related parties                                              | 5 493 202     | 12 794 339    |
| Prepaid expenses and sales commissions                                | 942 008 407   | 877 703 317   |
| Deposits with others                                                  | 22 104 703    | 22 033 590    |
| Tax Authority                                                         | 52 729 772    | 42 401 850    |
| Due from the bonus and incentives plan to employees and managers fund | 5 473 472     | 5 473 472     |
| Heliopolis Development and Housing Company (21-1-1)                   | 260 802 472   | 260 802 472   |
| Bank accounts - Joint arrangements (21-1-2)                           | 153 533 441   | 109 527 453   |
| Bank current accounts & deposits - Maintenance (21-1-3)               | 1 928 722 942 | 1 804 417 932 |
| Project maintenance receivables                                       | 215 544 250   | 203 074 886   |
| Owners Union - Shahin (Note 19-2)                                     | 9 808 824     | 16 868 982    |
| Defaulting service (21-1-4)                                           | 37 735 698    | 36 609 466    |
| Other debit balances                                                  | 41 217 632    | 29 232 290    |
|                                                                       | 5 194 659 088 | 4 598 348 153 |
| Expected credit losses on debtors and other debit balances            | (109 498 718) | (109 002 579) |
|                                                                       | 5 085 160 370 | 4 489 345 574 |

(21-1-1) This item represents the amount paid as a down payment to Heliopolis Housing and Development Company, this amount will be settled with Heliopolis Housing and Development Company's revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned by Heliopolis Housing and Development Company with an area of 655 acres in New Heliopolis City. Heliopolis Housing and Development Company will earn a share of the revenue, with minimum guarantee amounting to EGP 5.01 billion. The two parties have agreed that the Company at its own expense and under its responsibility will implement, finance, market and sell the units of the project and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract and will accordingly share the revenue (according to the defined percentages in the contract for each component of the project).

The board of directors, in its session held on August 11, 2020, has agreed to amend the terms and conditions of the co-development contract with Heliopolis Housing and Development Company, including the amendment of the minimum guarantee according to the co-development contract by increasing the minimum guarantee, rescheduling the annual payments taking into consideration reducing the scheduled payments required of the company during the next five years while maintaining the same present value and the overall time period of the reimbursements, On December 21, 2020, an appendix has been signed to amend some of the terms and conditions of the co-development contract.

(21-1-2) This balance represents the company's share of the collected amounts from customers in the joint accounts held by the banks for SODIC East project. These balances are restricted unless agreed upon by both the developer and the owner in accordance with the contract terms of the joint bank accounts between the company as a developer, the bank, and the owner.

- (21-1-3) The balance represents maintenance deposits collected from customers, which have been invested in time deposits and interest-bearing current accounts for the purpose of financing the regular maintenance expenses related to the delivered units and cannot be used for any other purpose.
- (21-1-4) The balance represents the value held under the defaulting service account for each of the following:
  - A The facility granted by Ahli United Bank to discount checks for units delivered in the East Town project, where 5% of each discount transaction is held on account for the service of default, with the bank's full right to recourse
  - B- Securities securitization portfolio at 7% of issued bonds, As SODIC for Securitization S.A.E., SODIC's wholly owned subsidiary announced on July 27, 2021 that it has successfully concluded its first securitization transaction by issuing an EGP 343 million securitization bond backed by a receivables portfolio of some EGP 384 million representing future instalments for 753 delivered units in SODIC's East Cairo project Eastown Residences and North Coast project Caesar. The bond comprises two tranches with tenors of 13 and 36 months which were assigned investment-grade credit ratings of AA+ and A respectively from Middle East Ratings and Investor Services (MERIS).

    The details and coupon rates of the tranches are as follows:
  - Tranche A with an amount of EGP 235 million, a tenor of 13 months, a credit rating of AA+, and a fixed coupon rate of 9.55%.
  - Tranche B with an amount of EGP 108 million, a tenor of 36 months, a credit rating of A, and a fixed coupon rate of 9.9%.
    Accordingly, the group has securitized a value of EGP 384 million representing future instalments for 753 delivered units in SODIC's East Cairo project Eastown Residences and North Coast project Caesar from the portfolio of delivered units in accordance with the securitization portfolio transfer contract dated June 20, 2021, and the transfer procedures have been completed and the securitization implemented According to the approval of the Financial Supervisory Authority dated July 27, 2021. As a result of the securitization process, the Group financial assets of EGP 2 950 664 representing the net present value of future gains, as well as financial assets of EGP 24 million representing the retained value of 7% of the issued bonds to be held on account for the service of default, collected Immediately upon issuing a letter of guarantee in favor of the bond holders and the custodian

#### 21-2 Debtors and other debit balances - noncurrent

| 31/03/2023<br>EGP | 31/12/2022<br><u>EGP</u>           |
|-------------------|------------------------------------|
| 2 950 664         | 2 950 664                          |
| 2 950 664         | 2 950 664                          |
| (38 008)          | (38 008)                           |
| 2 912 656         | 2 912 656                          |
|                   | 2 950 664<br>2 950 664<br>(38 008) |

The Group's exposure to credit risk related to debtors and other debit balances is disclosed in note No. (44).

### 22. Loans to joint ventures

|                                                                                                                                                                                                                                                                                                                                                                                      | 31/03/2023    | 31/12/2022    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                                                                                                                                                                                                                                                                                                      | <b>EGP</b>    | <b>EGP</b>    |
| This item represents the loan granted to the Joint Venture project in the Syrian Arab Republic by the Group on August 16, 2010 for a total amount of USD 19.5 Million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before December 31, 2011. The loan was renewed with an interest rate of 12.5% per annum. | 135 485 961   | 135 485 961   |
| This item represents the utilized amount of the bridge loan granted to the Joint Venture project in the Syrian Arab Republic on October 28, 2010 for a total amount of USD 8 445 674. The loan carries an interest rate of 8.5% per annum.                                                                                                                                           | 72 718 192    | 72 718 192    |
|                                                                                                                                                                                                                                                                                                                                                                                      | 208 204 153   | 208 204 153   |
| Expected credit loss on loans to joint ventures                                                                                                                                                                                                                                                                                                                                      | (208 204 153) | (208 204 153) |
| _                                                                                                                                                                                                                                                                                                                                                                                    | <b>-</b>      |               |
| 23. Financial Investments at amortized cost                                                                                                                                                                                                                                                                                                                                          |               |               |
|                                                                                                                                                                                                                                                                                                                                                                                      | 31/03/2023    | 31/12/2022    |
|                                                                                                                                                                                                                                                                                                                                                                                      | <u>EGP</u>    | <u>EGP</u>    |
| Treasury bills at par value                                                                                                                                                                                                                                                                                                                                                          | 1 476 075 000 | 1 252 825 000 |
| Unearned return on treasury bills                                                                                                                                                                                                                                                                                                                                                    | (31 315 448)  | (37 861 453)  |
|                                                                                                                                                                                                                                                                                                                                                                                      | 1 444 759 552 | 1 214 963 547 |
| Expected credit loss                                                                                                                                                                                                                                                                                                                                                                 | (2 777 868)   | (3 130 930)   |
| <u>-</u>                                                                                                                                                                                                                                                                                                                                                                             | 1 441 981 684 | 1 211 832 617 |

The Group's exposure to market & interest risk related to the trading investments is disclosed in note No. (44).

#### 24. Cash and cash equivalents

| 31/03/2023    | 31/12/2022                                                                   |
|---------------|------------------------------------------------------------------------------|
| <b>EGP</b>    | <b>EGP</b>                                                                   |
| 1 007 540 217 | 1 093 012 091                                                                |
| 839 166 188   | 574 742 487                                                                  |
| 26 567 985    | 18 381 339                                                                   |
| 9 776 337     | 5 281 536                                                                    |
| 1 883 050 727 | 1 691 417 453                                                                |
| (1 562 791)   | (1 443 825)                                                                  |
| 1 881 487 936 | 1 689 973 628                                                                |
|               | EGP 1 007 540 217 839 166 188 26 567 985 9 776 337 1 883 050 727 (1 562 791) |

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents items are represented as follows:

|                                               | 31/03/2023    | 31/12/2022    |
|-----------------------------------------------|---------------|---------------|
|                                               | <u>EGP</u>    | <b>EGP</b>    |
| Cash and cash equivalents before ECL          | 1 883 050 727 | 1 691 417 453 |
| Restricted Deposits *                         | (15 909 308)  | (15 909 308)  |
| Cash and cash equivalents in the consolidated | 1 867 141 419 | 1 675 508 145 |
| statement of cash flows                       |               |               |

<sup>\*</sup> Deposits include an amount of EGP 15.9 Million restricted as a guarantee for the credit facility granted to the Parent Company and one of its subsidiaries from commercial banks.

The Group's exposure to interest rate risk and currency risk for cash on hands and at banks which is disclosed in note No. (44).

Sixth of October for Development and Investment Company "SODIC"
Notes to the consolidated interim financial statements for the period ended March 31, 2023.

| 25 - Property, plant, equipment                                                                                                        | Golf Course | Lands                                  | Buildings and<br>Constructions            | Vehicles                               | Furniture and<br>fixtures              | Office equipment<br>and communications | Computer software                   | Generators,<br>machinery and<br>equipment | Solar power stations                 | Leasehold<br>improvements              | Total                                     |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------|-------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|-------------------------------------|-------------------------------------------|--------------------------------------|----------------------------------------|-------------------------------------------|
| Cost                                                                                                                                   | EGP         | EGP                                    | aga<br>aga                                | EGP                                    | EGP                                    | EGP                                    | EGP                                 | EGP                                       | EGP                                  | <u>RGP</u>                             | EGP                                       |
| Cost at Januaray 1, 2022 Additions during the year Disposals during the year                                                           | 93 628 961  | 50 183 086                             | 645 033 668<br>2 351 991                  | 61 093 017<br>14 235 334<br>( 402 952) | 83 418 696<br>5 941 754<br>( 66 614)   | 50 687 462<br>8 985 306<br>( 137 202)  | 21 519 454 4 101 601                | 79 621 199<br>8 725 703<br>6 751 370)     | 11 218 810                           | 97 602 793 4 390 562                   | 1194 007 146 48 732 251                   |
| Cost at December 31, 2022                                                                                                              | 93 628 961  | 50 183 086                             | 647 385 659                               | 74 925 399                             | 89 293 836                             | 59 535 566                             | 25 621 055                          | 87 585 573                                | 11 218 810                           | 93 640 401                             | 1 233 018 346                             |
| Cost at Januaray 1, 2023 Additions during the period Disposals during the period                                                       | 93 628 961  | 50 183 086                             | 647 385 659<br>4 105 678                  | 74 925 399<br>1 552 859<br>( 5 545)    | 89 293 836<br>803 510                  | 59 535 566<br>1 170 618<br>78 737)     | 25 621 055<br>686 817               | 87 585 573<br>1 309 870<br>7 8 1 68)      | 11 218 810                           | 93 640 401<br>529 804                  | 1 233 018 346 10 159 156                  |
| Cost at March 31, 2023                                                                                                                 | 93 628 961  | 50 183 086                             | 651 491 337                               | 76 472 713                             | 90 079 685                             | 60 677 447                             | 26 307 872                          | 88 637 275                                | 11 218 810                           | 94 021 220                             | 1 242 718 406                             |
| Accumulated deprectiation and imparment losses Accumulated depreciation and impairment losses at January 1, 2022                       | 93 628 961  |                                        | 83 897 586                                | 33 873 708                             | 41 010 647                             | 34 494 650                             | 18 448 303                          | 39 845 811                                | 858 227                              | 69 382 848                             | 415 440 741                               |
| Depreciation during the year<br>Accumulated depreciation of disposals during the year<br>Reversal of impairment losses during the year | 1 822 590   |                                        | 33 075 693                                | 9 337 077 ( 402 950)                   | 13 950 993 ( 56 187)                   | 6 858 028<br>( 121 980)                | 2 389 947                           | 12 081 285 ( 670 451)                     | 448 752                              | 9 833 844<br>(8 337 934)               | 89 798 209<br>(9 589 502)<br>(1 822 590)  |
| Accumulated depreciation and impairment losses at December 31, 2022                                                                    | 93 628 961  | ,                                      | 116 973 279                               | 42 807 835                             | 54 905 453                             | 41 230 698                             | 20 838 250                          | 51 256 645                                | 1 306 979                            | 70 878 758                             | 493 826 858                               |
| Accumulated depreciation and impairment losses at January 1, 2023                                                                      | 93 628 961  | 1                                      | 116 973 279                               | 42 807 835                             | 54 905 453                             | 41 230 698                             | 20 838 250                          | 51 256 645                                | 1 306 979                            | 70 878 758                             | 493 826 858                               |
| Depreciation during the period Accumulated depreciation of disposats during the period Reversal of impairment losses during the period | 455 645     | ) • ).                                 | 8 468 522                                 | 2 684 095<br>( 5 545)                  | 2 999 075 ( 17 294)                    | 1 953 770 ( 18 183)                    | 650 584                             | 3 212 078<br>( 238 044)                   | 112 188                              | 2 202 746 ( 140 525)                   | 22 738 703<br>( 419 591)<br>( 455 645)    |
| Accumulated depreciation and impairment losses at March 31, 2023                                                                       | 93 628 961  |                                        | 125 441 801                               | 45 486 385                             | 57 887 234                             | 43 166 285                             | 21 488 834                          | 54 230 679                                | 1 419 167                            | 72 940 979                             | 515 690 325                               |
| Carrying amount At January 1, 2022 Carrying amount At December 31, 2022 Carrying amount At March 31, 2023                              |             | 50 183 086<br>50 183 086<br>50 183 086 | 561 136 082<br>530 412 380<br>526 049 536 | 27 219 309<br>32 117 564<br>30 986 328 | 42 408 049<br>34 388 383<br>32 192 451 | 16 192 812<br>18 304 868<br>17 511 162 | 3 071 151<br>4 782 805<br>4 819 038 | 39 775 388<br>36 328 928<br>34 406 596    | 10 360 583<br>9 911 831<br>9 799 643 | 28 219 945<br>22 761 643<br>21 080 241 | 778 566 405<br>739 191 488<br>727 028 081 |

<sup>-</sup> Fixed assets included fully depreciated assets amounted to EGP 161 473 754 at March 31, 2023.

#### Projects under construction 26.

| •                                                         | 31/03/2023                 | 31/12/2022                 |
|-----------------------------------------------------------|----------------------------|----------------------------|
|                                                           | $\underline{\mathbf{EGP}}$ | $\underline{\mathbf{EGP}}$ |
| Hotels buildings under constructions                      | 104 398 714                | 104 398 714                |
| Administrative buildings and caravans under construction  | 38 984 442                 | 40 251 661                 |
| Advance payments -fixtures and purchasing of fixed assets | 388 211                    | 28 055                     |
|                                                           | 143 771 367                | 144 678 430                |
| Investment properties under development                   |                            |                            |
|                                                           | 31/03/2023                 | 31/12/2022                 |

## 27.

| 51/05/2025  | 31/12/2022                                       |
|-------------|--------------------------------------------------|
| <b>EGP</b>  | <b>EGP</b>                                       |
| 106 245 091 | 106 245 091                                      |
| 732 545 700 | 732 545 700                                      |
| 838 790 791 | 838 790 791                                      |
|             | EGP<br>106 245 091<br>732 545 700<br>838 790 791 |

#### 28. Investments in associates

The Group has the following investments in associates:

|                                           | Legal<br>Form  |            | ership<br>entage | Carryin    | g amount   |
|-------------------------------------------|----------------|------------|------------------|------------|------------|
|                                           |                | 31/03/2023 | 31/12/2022       | 31/12/2023 | 31/12/2022 |
|                                           |                | <u>%</u>   | <u>%</u>         | <u>EGP</u> | <b>EGP</b> |
| Royal Gardens for Investment Property Co. | SAE            | 20         | 20               | -          | -          |
| Palmyra SODIC Real Estate Development (A) | Syrian<br>Ltd. | 50         | 50               | -          | -          |

Summary of financial information of associates and joint ventures: -

| December 31, 2020 Royal Gardens for Real Estate Investments Co.          | Assets <u>EGP</u> <u>In</u> thousands | Liabilities <u>EGP</u> <u>In thousands</u> (159 464) | Equity EGP In thousands | Foreign translation <u>EGP</u> <u>In</u> thousands | Revenues EGP In thousands (1 048) | Expenses EGP In thousands |
|--------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------|-------------------------|----------------------------------------------------|-----------------------------------|---------------------------|
| December 31, 2019 Royal Gardens for Real Estate Investments Co.          | 153 061                               | (151 172)                                            | (1 889)                 |                                                    | (7 584)                           | 12 217                    |
| <u>December 31, 2021</u><br>Palmyra SODIC Real<br>Estate Development (*) | 22 502                                | (1 101 089)                                          | 1 078 587               | 552 778                                            | -                                 | 6 797                     |
| December 31, 2019 Palmyra SODIC Real Estate Development (*)              | 130 216                               | (1 113 822)                                          | 983 606                 | 55 683                                             | -                                 | 4 257                     |

(\*) On June 15, 2010, SODIC Syria was established - a limited liability company - to acquire a 50% stake in Palmyra - SODIC Real Estate Development Co., Ltd. - a limited liability company - registered and operating in the Syrian Arab Republic. The direct investment cost amounts to EGP 243 Million. Due to the current political circumstances in the Syrian Arab Republic and the confiscation of assets and documents related to Palmyra - SODIC Real Estate Development Co by the state government, the management of SODIC addressed the Embassy of the Syrian Arab Republic in Egypt and commissioned a law firm to handle the issue and protect the interest of SODIC's shareholders.

This situation coupled with the unstable political environment witnessed in Syria led SODIC's Board of Directors to take the view that the invested amounts in Syria are non recoverable. As such SODIC

Directors to take the view that the invested amounts in Syria are non-recoverable. As such, SODIC recognized a loss arising from the inability to recover its investments. The recognized impairment loss of the investment and the foreign accumulated translation differences amounted to EGP 481 051 416 as at December 31, 2013.

#### 29. Investment properties

Investment properties includes commercial, administrative and residential units leased out to others. The movement of the investment properties and its depreciation is as follows: -

#### Description

|                                              | EGP         |
|----------------------------------------------|-------------|
| Cost                                         |             |
| At January 1, 2022                           | 403 428 144 |
| Additions during the year                    | 68 723 221  |
| Transferred to finished units ready for sale | (2 201 745) |
| At December 31, 2022                         | 469 949 620 |
| At January 1, 2023                           | 469 949 620 |
| Additions during the period                  |             |
| At March 31, 2023                            | 469 949 620 |
| Less                                         |             |
| Accumulated depreciation                     |             |
| At January 1, 2022                           | 35 383 683  |
| Depreciation for the year                    | 22 558 771  |
| Transferred to finished units ready for sale | (302 394)   |
| At December 31, 2022                         | 57 640 060  |
| At January 1, 2023                           | 57 640 060  |
| Depreciation for the period                  | 6 376 528   |
| At March 31, 2023                            | 64 016 588  |
| Net carrying amount as at January 1, 2022    | 368 044 461 |
| Net carrying amount as at December 31, 2022  | 412 309 560 |
| Net carrying amount as at March 31, 2023     | 405 933 032 |
|                                              |             |

The fair value of investment properties amounted to EGP 1 421 million as at March 31, 2023.

#### 30. Right of use assets and liabilities

#### 30-1 Right of use - assets

This item represents the right of use resulting from lease contracts of sales offices, employees housing, software and photocopier as follows:

| Cost                                      | <u>EGP</u> |
|-------------------------------------------|------------|
| At January 1, 2023                        | 91 151 164 |
| Additions during the period               | 124 016    |
| At March 31, 2023                         | 91 275 180 |
| Less                                      |            |
| Accumulated amortization                  |            |
| At January 1, 2023                        | 53 236 870 |
| Amortization for the period               | 4 385 590  |
| At March 31, 2023                         | 57 622 460 |
| Net carrying amount as at January 1, 2023 | 37 914 294 |
| Net carrying amount as at March 31, 2023  | 33 652 720 |

#### 30-2 Lease contract liabilities

Present value of the total liabilities resulted from lease contracts are as follows:

| Lease contract liabilities Unamortized interests         | 31/03/2023<br><u>EGP</u><br>44 977 379<br>(9 375 305) | 31/12/2022<br><u>EGP</u><br>48 743 744<br>(10 249 365) |
|----------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|
| Net present value of lease contract liabilities          | 35 602 074                                            | 38 494 379                                             |
| Short-term lease liabilities Long-term lease liabilities | 8 307 923<br>27 294 151<br>35 602 074                 | 10 209 528<br>28 284 851<br><b>38 494 379</b>          |

#### 31. Share capital and reserves

#### 31-1 Share capital

- The authorized capital of the Company is EGP 2.8 Billion and the Company's issued and paid in capital is EGP 1 355 638 292 distributed over 338 909 573 shares with a par value of EGP 4 per share, the commercial register was notified on December 7, 2014.
- The Board of Directors have decided in the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.
- The board of directors have decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 672 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the board of directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan, The commercial register was modified on January 8, 2019.
- The board of directors have decided on the meeting dated September 7, 2020 to increase the issued capital from EGP 1 396 715 488 to become EGP 1 424 789 472 by an amount of EGP 28 073 984 divided on 7 018 496 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the fourth and fifth sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the board of directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan, an invitation was made to held a general assembly meeting on November 1, 2020 to consider amending article 6 and 7 of the company statutes, The commercial register was modified on December 23, 2020.

- The current capital structure for the holding company:

| Shareholder                      | Number of shares | Share value                | Ownership<br>percentage |
|----------------------------------|------------------|----------------------------|-------------------------|
|                                  |                  | $\mathbf{\underline{EGP}}$ | <u>%</u>                |
| ALDAR VENTURES INTERNATIONAL     | 213 240 140      | 852 960 560                | 59.87                   |
| GAMMA FORGE LIMITED              | 91 388 632       | 365 554 528                | 25.66                   |
| EKUITY Holding for Investments   | 17 252 027       | 69 008 108                 | 4.84                    |
| Olayan Saudi Investment Company. | 9 289 580        | 37 158 320                 | 2.61                    |
| Other shareholders               | 25 026 989       | 100 107 956                | 7.02                    |
|                                  | 356 197 368      | 1 424 789 472              | 100                     |

#### 31-2 Legal Reserve

The balance as at March 31, 2023 is represented as follows: -

|                                                                                                                                                                                                                | <b>EGP</b>  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Legal reserve of 5% of the Company's net profits till year 2017                                                                                                                                                | 41 447 167  |
| Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003). | 4 627 374   |
| Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006.                                                               | 123 409 151 |
| Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital.                                                          | 5 000 000   |
| Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during 2010.                                                           | 39 446 365  |
| Increase in legal reserve by 5% of 2019 net profit.                                                                                                                                                            | 9 756 580   |
| Increase in legal reserve by 5% of 2020 net profit.                                                                                                                                                            | 1 154 136   |
| The amount used to increase the issued share capital during 2011.                                                                                                                                              | (2)         |
|                                                                                                                                                                                                                | 224 840 771 |

#### 31-3 Special reserve - share premium

The balance as at March 31, 2023 is represented as follows: -

| <u>Description</u> Total value of the capital increase share premiums collected for the years 2006 and                                                                                                                                                                          | <b>EGP</b><br>1 455 017 340 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 2010                                                                                                                                                                                                                                                                            | 1 455 017 540               |
| Share premium of the employees' incentive and bonus plan issued during 2007.                                                                                                                                                                                                    | 90 000 000                  |
| The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 at EGP 30 per share (after split).                                                                                                                         | 21 375 000                  |
| The value of 537 500 shares converted to treasury shares during 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan during the capital increase in 2008 and were converted as a result of the termination of the program. | 2 150 000                   |
| The value received from the selling of offering rights for 737 500 shares during 2014, which were transferred from shares held for "incentive and bonus plan" as a result of the termination of the program.                                                                    | 16 306 910                  |
| The value of accrued dividends for 737 500 shares which were transferred from the shares set aside for the incentive and bonus plan during 2015 as a result of the                                                                                                              | 1 180 000                   |
| termination of the program.  The value received from the sale of 3 083 938 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2017 at an average of                                                                                     | 28 588 105                  |
| EGP 9.27 per share.<br>Share premium for issuing 3 083 938 shares which were transferred from the shares                                                                                                                                                                        | 16 630 524                  |
| set aside for the Employees Stock Option Plan during 2017 as a result of execution. The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2019 by average EGP                                | 30 343 148                  |
| 9.27 per share. Share premium for issuing 3 273 263 shares which were transferred from the shares                                                                                                                                                                               | 18 508 880                  |
| set aside for the Employees Stock Option Plan during 2019 as a result of execution The value received from the sale of 7 052 169 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2021 by average EGP 9.27 per share.                 | 65 373 607                  |
| Share premium for issuing 7 052 169 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2021 as a result of execution                                                                                                            | 34 927 494                  |
| Amounts transferred to the legal reserve                                                                                                                                                                                                                                        | (167 855 516)               |
| Capital increase – related expense                                                                                                                                                                                                                                              | (55 240 255)                |
| Amount used for share capital increase during 2008                                                                                                                                                                                                                              | (5 000 000)                 |
| Amount used for share capital increase during 2017                                                                                                                                                                                                                              | (13 556 380)                |
| Amount used for share capital increase during 2019                                                                                                                                                                                                                              | (27 520 816)                |
| Amount used for share capital increase during 2020                                                                                                                                                                                                                              | (28 073 984)                |
|                                                                                                                                                                                                                                                                                 | 1 483 154 057               |
| ·                                                                                                                                                                                                                                                                               |                             |

#### 32. Profit from sale of treasury shares

- On August 14, 2011, the Board of Directors of the Parent Company approved the purchase of one Million treasury shares at EGP 18 per share (the par value is EGP 4 per share) with a total amount of EGP 18 018 000 from the Parent Company's shares offered on the Egyptian stock exchange. On August 13, 2012 the Parent Company's Board of Directors agreed to sell these shares for a total value of EGP 21 710 867 resulting in a profit from the sale of treasury shares with an amount of EGP 3 692 867.
- On February 1, 2015, the Parent Company's Extraordinary General Assembly agreed on the termination of the current incentive and bonus plan for employees and executive directors of the company by the end of its duration as of March 31, 2015 and converting the remaining shares amounting to 737 500 shares on which its rights have not been exercised yet, into treasury shares in accordance with the related regulations. The conversion of the shares into treasury shares was executed on July 14, 2015, these shares carrying a book value of EGP 10 150 000 have been sold during the financial year ended December 31, 2016 with a selling value amounted to EGP 8 182 589 realizing a loss in the amount of EGP 1 967 411. Accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

#### 33. Non-controlling interest

Non-controlling interest balance as at March 31, 2023, represents the interest shares in subsidiary's equity as follows:

| 1 ,                                                                    |            | Non-controlling interest       |                                          |                                   |                                |
|------------------------------------------------------------------------|------------|--------------------------------|------------------------------------------|-----------------------------------|--------------------------------|
|                                                                        | Percentage | Balance<br>as of<br>31/12/2022 | Excluding profit / (loss) for the period | Profit / (loss)<br>for the period | Balance<br>as of<br>31/03/2023 |
|                                                                        | <u>%</u>   | <b>EGP</b>                     | <u>EGP</u>                               | <b>EGP</b>                        | <b>EGP</b>                     |
| Sixth of October for Development and Real Estate Projects Co. "SOREAL" | 0.01       | 418 453                        | 418 453                                  | 3 300                             | 421 753                        |
| Beverly Hills for Management of Cities and Resorts Co                  | 55.54      | 30 087 283                     | 30 087 283                               | 2 440 276                         | 32 527 559                     |
| SODIC Garden City for Development and Investment Co.                   | 50         | 31 080 144                     | 31 080 144                               | 1 266 591                         | 32 346 735                     |
| Al Yosr for Projects and Real Estate<br>Development Co                 | 0.001      | 17 466                         | 22 495                                   | (76)                              | 22 419                         |
| SODIC for Development and Real Estate Investment Co.                   | 0.001      | 20                             | 20                                       | -                                 | 20                             |
| Edara for Services of Cities and Resorts Co.                           | 0.003      | 5 359                          | 330                                      | 358                               | 688                            |
| Fourteen for Real Estate Investment Co.                                | 0.004      | 2                              | 2                                        | -                                 | 2                              |
| La Maison for Real Estate Investment Co.                               | 0.004      | 2                              | 2                                        | -                                 | 2                              |
|                                                                        | _          | 61 608 729                     | 61 608 729                               | 3 710 449                         | 65 319 178                     |

#### 34. Loans

| 31/03/2023    | 31/12/2022    |
|---------------|---------------|
| <u>EGP</u>    | <u>EGP</u>    |
| 1 288 721 749 | 1 288 721 748 |

On October 13, 2021, Sixth of October for Development and Investment Company "SODIC" singed a medium-term syndicated loan contract with the Arab African International Bank "facility and guarantee agent" and Banque Misr (in its capacity as the account bank) with a total amount of EGP 1 570 million according to the previous syndicated loan contract signed on April 4, 2017 on two tranches:

- First tranche amount to finance the total debt outstanding due to group of banks represented by Arab African International Bank.
- Second tranche to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt.

#### Guarantees:

- The company pledges to deposit all proceeds from the sale of the project.
- The company is obligated to conclude a mortgage and assignment of a right of the first degree on the account of the project in favor of the bank.
- The company is obligated to conclude a mortgage procuration that allows to inquire about the possibility of registering the land and buildings constructed on the financed project in the name of the borrower and completing a first-class mortgage on the leased assets and buildings only.

The company is obligated to conclude an insurance policy on the construction work of the project in favor of the bank, with a coverage rate of 120%.

On August 30, 2017, Sixth of October for Development and Investment Company "SODIC" singed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP 270 Million to finance the development cost of October Plaza Project which will be established on area of 31 acres in northern expansions at sixth of October city, and on 16 July 2019 the total amount of the facility has been increased up to maximum EGP 500 Million.

#### Guarantees:

- The Company committed to deposit all revenues from the sale of the project.
- The Company shall sign a mortgage and a first-degree right of transfer on the project in favor of the bank.
- The Company shall get insurance cover 110% the project's constructions in favor of the bank.

#### Grace period:

Three years and six months applied on the principal of the loan only from the date of first drawdown.

#### Repayment:

Commences on March 2021, and repayable in (13) quarterly unequal installments.

After 1 318 721 749 1 489 721 748

30 000 000

201 000 000

| Before On December 26, 2019, one of the subsidiaries singed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP one Billion to finance Technical investment cost of EDNC Project.  Guarantees:  The Company committed to deposit all revenues from the project.  The Company shall sign a mortgage on leased units including its share in the cost of the project land within 12 months after the project completion The Company shall get insurance cover 110% the project's constructions in favor of the bank                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 31/03/2023<br><u>EGP</u><br>1 318 721 749<br>550 000 000 | 31/12/2022<br><u>EGP</u><br>1 489 721 748<br>550 000 000 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| On September 20, 2020, a Company's subsidiary signed a medium-term facility agreement with the Arab African International Bank in its capacity as the first lender, principal arranger, bank account, facilitating agent and guarantee agent for the purpose of obtaining a loan of 2.57 billion Egyptian pounds on two tranches, tranche (A) at an amount of 620 million Egyptian pounds To refinance the outstanding debt of the Arab African International Bank, and tranche (B), at an amount of 1.95 billion Egyptian pounds, to finance the cost of completing and developing the project through a financing model for real estate development Guarantees:  Mortgaging project accounts in favor of the escrow agent  Issuing a power of attorney in favor of the guaranteed agent authorizing the guarantee agent to pledge the unsold and recovered project units immediately after the start of the project.  Issuing a power of attorney in favor of the guaranteed agent authorizing the guarantee agent to sell the unsold and recovered units of the project immediately after starting the implementation of the project and starting customers reservations  Availability period:  Tranche (A) from the date of signing the agreement and ended on (November 30, 2020) or completing the process of refinancing the existing debt to the Arab African International Bank, whichever is sooner  Tranche (B) starts from the date of the end of the availability period for Tranche A and ends on December 31, 2022  Grace period:  Starting from the date of the first withdrawal and ending on March 31, 2023, this period applies to the principal amount of the loan.  Repayment:  Starts immediately after the end of the availability period and is paid over 18 quarterly installments ending in year 2027  On June 13, 2022, one of the subsidiaries signed a facility contract to discount the checks of some delivered units in Eastown project issued | 274 513 964                                              | 250 623 193                                              |
| discount the checks of some delivered units in Eastown project issued<br>from unit owners in favor of the company, the facility amount is not to<br>exceed six hundred million Egyptian pounds of the net present value after<br>calculating the discount rate and restricting 5% of each discount process<br>be held on account for the service of default, with the bank's full right to<br>recourse                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                          |                                                          |
| After                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 3 015 498 181                                            | 3 195 181 526                                            |

31/12/2022

31/03/2023

# <u>Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)</u> <u>Notes to the consolidated interim financial statements for the financial period ended March 31, 2023</u>

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | EGP                          | EGP           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------|
| Before                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 3 015 498 181                | 3 195 181 526 |
| On January 22, 2023, a Company's subsidiary signed a medium-term facility agreement with the Arab African International Bank for the purpose of obtaining a loan of 2.75 billion Egyptian pounds, to finance the cost of completing and developing the project including the land cost.  Guarantees:  Mortgaging project accounts in favor of the escrow agent  - Issuing a power of attorney in favor of the guaranteed agent authorizing the guarantee agent to pledge the unsold and recovered project units immediately after the start of the project.  - Issuing a power of attorney in favor of the guaranteed agent authorizing the guarantee agent to sell the unsold and recovered units of the project immediately after starting the implementation of the project and starting customers reservations  Availability period:  - From the date of signing the agreement and ends on 31 December 2026.  Grace period: | 3 015 498 181<br>170 000 000 | 3 195 181 526 |
| Starting from the date of the first withdrawal and ending on                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                              |               |
| 31 December 2026, this period applies to the principal amount of the loan.  Repayment:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                              |               |
| Starts immediately after the end of the availability period and is paid over                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                              |               |
| 16 quarterly installments ending in year 2030.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                              |               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 3 185 498 181                | 3 195 181 526 |
| Unamortized transaction cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | (29 760 106)                 | (31 561 917)  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 3 155 738 075                | 3 163 619 609 |
| Current portion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | ·                            |               |
| A medium-term loan from CIB- October Plaza                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 30 000 000                   | 80 000 000    |
| A medium-term loan from CIB - EDNC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 144 375 000                  | 123 750 000   |
| A medium-term syndicated loan contract Arab African International Bank                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 51 548 870                   | 38 661 652    |
| "facility and guarantee agent" and Banque Misr (in its capacity as the account bank)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                              |               |
| A medium-term with Arab African International Bank                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 145 678 690                  | 130 296 468   |
| Facility loan with Ahli United Bank                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 145 309 536                  | 130 401 743   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 516 912 096                  | 503 109 863   |
| Unamortized transaction cost – current portion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | (7 221 502)                  | (7 354 307)   |
| Total of current portion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 509 690 594                  | 495 755 556   |
| Total of non-current portion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 2 646 047 481                | 2 667 864 053 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 3 155 738 075                | 3 163 619 609 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                              |               |

# 35. Creditors and notes payable

|                                                                                                                       | 31/03/2023    | 31/12/2022    |
|-----------------------------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                                       | <b>EGP</b>    | <b>EGP</b>    |
| Total par value of the checks issued to New Urban Communities Authority which are payable till September 8, 2027. (*) | 740 022 453   | 866 543 790   |
| Unamortized interest                                                                                                  | (140 425 947) | (160 543 950) |
| ·                                                                                                                     | 599 596 506   | 705 999 840   |

(\*) On September 1, 2021, the New Urban Communities Authority approved the request submitted by one of SODIC subsidiaries to purchase the plot of land that were previously assigned to The Authority (Note 19-1-B) with an area of 123.38 acres, equivalent to 518 329 62 square meters, with a total value of EGP 1 236 216 144 (excluding interests on installment).

On September 8, 2021, the company completed the payment of the advance payment of 10% in the amount of EGP 123 621 614 and paid the value of administrative expenses and the Board of Trustees in the amount of EGP 18 543 242, the rest of the price of the land in addition to the interest on installments will be paid over five and a half years with 12 semi-annual installments starting from March 8, 2022 and ends on September 8, 2027.

On 6 April 2022, the New Urban Communities Authority sent a letter to amend the area of the plot of land from 123,387 acres to 115.34, equivalent to 484.559,15 square meters, along with the adjustment of the installments and interest values according to the new area. The value of the land has been adjusted according to the contract annex in May 2022, The total land area allocated to the Company became 265.34 acres.

The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (44).

#### 36. New Urban Communities Authority

| 31/03/2023      | 31/12/2022                                                                  |
|-----------------|-----------------------------------------------------------------------------|
| <u>EGP</u>      | <u>EGP</u>                                                                  |
| 10 828 832 295  | 10 911 745 840                                                              |
| (6 385 717 272) | (6 545 837 240)                                                             |
| 4 443 115 023   | 4 365 908 600                                                               |
| 187 437 807     | 263 159 777                                                                 |
| 4 255 677 216   | 4 102 748 823                                                               |
| 4 443 115 023   | 4 365 908 600                                                               |
|                 | EGP 10 828 832 295 (6 385 717 272) 4 443 115 023  187 437 807 4 255 677 216 |

On March 21, 2019 a co-development agreement was signed between SODIC and the Urban Communities Authority "NUCA" to establish an integrated urban project with an area of 464.81 acres (previously 500 acres) under deficit or increase, According to the contract, NUCA share in return of the land includes an advance payment, annual cash installments in addition to a percentage of the project expected revenues with a total minimum value of EGP 11. 356 billion .The co-development contract annex was signed on June 27, 2022.

## 37. Land acquisition creditors

|                       | 31/03/2023      | 31/12/2022      |
|-----------------------|-----------------|-----------------|
|                       | <u>EGP</u>      | <u>EGP</u>      |
| Owners Union - Shahin | 2 327 070 375   | 2 327 070 375   |
| Unamortized interest  | (1 000 488 865) | (1 047 935 143) |
|                       | 1 326 581 510   | 1 279 135 232   |
| Current portion       | 38 894 821      | 34 853 101      |
| Non-circulating part  | 1 287 686 689   | 1 244 282 131   |
|                       | 1 326 581 510   | 1 279 135 232   |

The balance represents the present value of the deferred installments due to Owners Union – Shahin for the fixed payments of the co-development contract as mentioned in detail in Note No. (19-2-1).

## 38. Advances - from customers

|                                        | 31/03/2023    | 31/12/2022    |
|----------------------------------------|---------------|---------------|
|                                        | <b>EGP</b>    | <b>EGP</b>    |
| Advances – Projects in West Cairo      | 3 815 463 421 | 3 702 662 210 |
| Advances – Projects in East Cairo (*)  | 2 963 001 687 | 2 711 966 507 |
| Advances – Projects on the North Coast | 2 142 275 037 | 1 721 974 601 |
| Advances – Clubs Memberships           | 569 160 699   | 518 287 514   |
| Advances for other group activities    | 88 028 181    | 45 504 995    |
|                                        | 9 577 929 025 | 8 700 395 827 |

- Includes an amount of EGP 970 745 284 representing the value of financial component on installments collected from customers.
- (\*) The balance of Advances Projects in East Cairo includes an amount of EGP 1 002 768 887 which represents the net advances from customers of SODIC EAST project with a total value of EGP 1 283 977 019 The total value has been reduced by EGP 281 208 132, which represents Heliopolis Housing and Development Company's share of the residential units mentioned in the joint operation contract (70% for the developer and 30% for the owner approximately).
- Uncollected notes receivables for undelivered units, amounting to EGP 25.2 billion that are not included in the financial statements have been disclosed in note No. (49).

## 39. Contractors, suppliers and notes payable

| 03/2023     | 31/12/2022                                                                   |
|-------------|------------------------------------------------------------------------------|
| <u>EGP</u>  | <b>EGP</b>                                                                   |
| 33 272 689  | 44 271 956                                                                   |
| 31 837 817  | 68 741 483                                                                   |
| 420 583 678 | 435 851 162                                                                  |
| 485 694 184 | 548 864 601                                                                  |
| 87 116 097) | (92 119 311)                                                                 |
| 398 578 087 | 456 745 290                                                                  |
| 4           | EGP<br>33 272 689<br>31 837 817<br>420 583 678<br>485 694 184<br>87 116 097) |

- (\*) Notes payables include EGP 258 million which represents the amount due to the New Urban Communities Authority
- The Group's exposure to currency and liquidity risks related to suppliers, contractors and notes payable
  is disclosed in note No. (44).

# 40. Creditors and other credit balances

| 31/03/2023    | 31/12/2022                                                                                                                                                         |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>EGP</b>    | <b>EGP</b>                                                                                                                                                         |
| 1 930 074 164 | 1 921 165 992                                                                                                                                                      |
| 570 334 114   | 274 777 264                                                                                                                                                        |
| 14 490 721    | 14 465 041                                                                                                                                                         |
| 148 849 597   | 90 168 161                                                                                                                                                         |
| 58 223 532    | 84 476 000                                                                                                                                                         |
| 13 117 302    | 9 087 782                                                                                                                                                          |
| 4 021 361     | 4 088 081                                                                                                                                                          |
| 37 489 811    | 29 819 320                                                                                                                                                         |
| 3 641 731     | 2 205 660                                                                                                                                                          |
| 368 041 115   | 329 623 083                                                                                                                                                        |
| 86 846 839    | 84 506 181                                                                                                                                                         |
| 1 909 512     | -                                                                                                                                                                  |
| 43 565 729    | 33 284 318                                                                                                                                                         |
| 3 280 605 528 | 2 877 666 883                                                                                                                                                      |
|               | EGP  1 930 074 164  570 334 114  14 490 721  148 849 597  58 223 532  13 117 302  4 021 361  37 489 811  3 641 731  368 041 115  86 846 839  1 909 512  43 565 729 |

<sup>\*</sup> Uncollected notes receivable for maintenance of undelivered units amounting to EGP 1.52 billion, have been disclosed in note No. (49).

<sup>-</sup> The Group's exposure to currency and liquidity risks related to creditors is disclosed in note No. (44).

# 41. Provisions

# A- Provision for completion of works

| Provision for completion of works | Balance<br>as at<br>31/12/2022<br><u>EGP</u><br>960 837 595 | Formed<br>during<br>the period<br><u>EGP</u><br>145 943 758 | Used<br>during<br>the period<br><u>EGP</u><br>(212 445 369) | Provisions no longer required during the period <u>EGP</u> | Balance<br>as at<br>31/03/2023<br><u>EGP</u><br>894 335 984 |
|-----------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------|
|                                   | 960 837 595                                                 | 145 943 758                                                 | (212 445 369)                                               | <del></del>                                                | 894 335 984                                                 |

This provision is for estimated costs related to delivered units and expected to be incurred in the following periods to complete the execution of the project in its final stage.

| ~  | ~ .           |       |        |        |
|----|---------------|-------|--------|--------|
| К  | <b>Claims</b> | nra   | VICIA  | nne    |
| D- |               | , ,,, | 1 10 1 | U 14.7 |

|                               | Balance<br>as at<br>31/12/2022 | Formed during the period | Used<br>during<br>the period | Provisions no<br>longer required<br>during the<br>period | Balance<br>as at<br>31/03/2023 |
|-------------------------------|--------------------------------|--------------------------|------------------------------|----------------------------------------------------------|--------------------------------|
|                               | <b>EGP</b>                     | <b>EGP</b>               | <b>EGP</b>                   | EGP                                                      | <b>EGP</b>                     |
| Provision for expected claims | 65 083 690                     | 21 561 210               | (4 000 000)                  | (3 500 000)                                              | 79 144 900                     |
|                               | 65 083 690                     | 21 561 210               | (4 000 000)                  | (3 500 000)                                              | 79 144 900                     |

- The provision is formed for existing claims related to the Company's transactions with other parties. The Company's management reviews the provisions annually and makes any amendments if needed according to the latest agreements and negotiations with those parties.

the latest agreements and negotiations with those parties.

The Company did not disclose all of the information required by the Egyptian accounting standards with those parties as the management assumes that the disclosure of such information would seriously affect the company's negotiations with those parties.

# C- Onerous contracts provision

|                             | Balance<br>as at<br>31/12/2022 | Formed<br>during<br>the period | Used<br>during<br>the period | Provisions no<br>longer required<br>during the period | Balance<br>as at<br>31/03/2023 |
|-----------------------------|--------------------------------|--------------------------------|------------------------------|-------------------------------------------------------|--------------------------------|
| Onerous contracts provision | <u>EGP</u><br>97 491 234       | EGP<br>-                       | EGP<br>-                     | <b>EGP</b> (90 323 433)                               | <u>EGP</u><br>7 167 801        |
| brootsion                   | 97 491 234                     | ent Page 1                     |                              | (90 323 433)                                          | 7 167 801                      |

The provision is formed for onerous contracts as shown in detail in note (7).

# 42. Non - cash transactions

For the purpose of preparing the consolidated statement of cash flows for the financial period ended March 31, 2023, the effect of the following investment transactions was excluded as they are considered non - cash transactions:

**EGP** 11 904 461 1 801 824

Return on investment at amortized cost capitalized to WIP Loans unamortized cost

# 43. Fair values

## Fair values versus carrying values

Financial instruments for the group are, cash at banks and on hand, financial investments at amortized cost, customers, notes receivable and investments in equity instruments, suppliers, contractors, notes payable and other credit balances and monetary items included in debtors and creditors accounts.

The main purpose of these financial instruments is to provide funding for the activities of the group. According to the valuation techniques followed in evaluating the assets and liabilities of the group, the carrying value of these financial instruments represents a reasonable estimate of their fair value.

## Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business.

The Board of Directors of the Parent Company monitors the return on capital, which the Company defines as net profit for the period divided by total equity. The Board of Directors of the Parent Company also monitors the level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the period. In addition, The Company is not subject to externally imposed capital requirements.

# 44. Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- A. Credit risk
- B. Liquidity risk
- C. Market risk
- D. Currency risk
- E. Interest rate risk
- F. Other market price risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, as well as the Group management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also identifies and analyzes the risks faced by the Company, sets appropriate risk limits and controls, and monitors risks and adherence to limits.

The Group aims to develop a disciplined and constructive control environment through which all employees understand their roles and obligations.

# a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. This risk is mainly associated with the Company's customers and other receivables.

## Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the demographics of the Group's customer base, which includes the default risk of the industry which has less influence on credit risk.

All of the Group's revenues is attributable to sales transactions with a vast group of customers. Therefore, demographically, there is no concentration of credit risk.

The Group's management has established a credit policy under which each customer is subject to credit valuation before the Company's standard payment and delivery terms and conditions are offered to him. The Company obtains advance payments and cheques that cover the full sales value in advance and before the delivery of units to customers. No previous losses were observed from transactions with customers.

Sales of units are made subject to retention of title clauses and the ownership title is transferred only after the collection of the full sales value. In the event of non-payment, the unit is returned to the Company and the amounts collected from customers are repaid on the date of the default after deducting a 5% to 10% of this value. As for the leased units, an insurance is obtained for the unit equivalent to the value of three months of the unit rent at the beginning of the contract, and this insurance applies to the terms of termination of the contract mentioned in the contract (the twelfth clause of the contract), where the insurance is refunded to the customer in the event of his commitment to the terms of termination, Also, quarterly checks are obtained from customers at the rental value, including maintenance expenses, according to the financial clause of the contract.

#### Investments

The Company manages the risk via conducting detailed investment studies which are reviewed by the Board of Directors. The Company's management does not expect any counterparty to fail to meet their obligations.

#### Guarantees

The group extends corporate guarantees to subsidiaries, when needed, after the approval of the Extra Ordinary General Assembly Meeting (EGM).

#### b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate year including the cost of servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

- EGP 5 Million as a bank facility for one of the subsidiaries guaranteed by time deposits.
- A medium-term loan in the amount of EGP 1 570 Million.
- A medium-term loan in the amount of EGP 500 Million.
- A medium-term loan in the amount of EGP 2 570 Million for one of the subsidiaries.
- A medium-term loan in the amount of EGP 1 000 Million for one of the subsidiaries.
- A medium-term loan in the amount of EGP 2 750 Million for one of the subsidiaries.
- A facility contract to discount the checks of some delivered units and issued from unit owners in favor of the company in the amount of EGP 600 Million for one of the subsidiaries.

# c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

#### d) Currency risk

The Group is exposed to currency risk on sales and financial assets that are denominated in foreign currencies. Such risk is primarily represented in USD, EUR and GBP.

In respect of monetary assets and liabilities denominated in other foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Company's investments in its subsidiaries are not hedged as those currency positions are considered long-term in nature.

The Parent Company does not enter into hedging contracts for foreign currencies.

#### e) Interest rate risk

The Company adopts a policy to limit the company's exposure for interest risk, therefore the company's management evaluates the available alternatives for finance and negotiates with banks to obtain the best available interest rates and credit conditions. Borrowing contracts are presented to the Board of Directors. The finance position and finance cost are periodically evaluated by the Company's management. The Company does not enter into hedging contracts for interest rates.

# f) Other market price risk

Equity price risk arises from available-for-sale equity securities, the management of the Group monitors the mix of equity securities in its investment portfolio based on market indices and the objective valuation of the financial statements related to these shares.

Material investments within the portfolio are managed on an individual basis and all buying and selling decisions are approved by the Company' Board of Directors.

The primary goal of the Company's investment strategy is to maximize investment returns. Management is assisted by external advisors in this regard.

In accordance with this strategy certain investments are designated as held for trading because their performance is actively monitored, and they are managed on a fair value basis.

### 44-1 Credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk as at March 31, 2023 as follows

|                                                | Note <u>No.</u> | 31/03/2023<br><u>EGP</u> | 31/12/2022<br><u>EGP</u> |
|------------------------------------------------|-----------------|--------------------------|--------------------------|
| Trade and notes receivable - non-current       | (20)            | 2 366 300 128            | 2 322 019 472            |
| Trade and notes receivable – current           | (20)            | 1 755 858 408            | 1 753 356 557            |
| Debtors and other debit balances - non-current | (21)            | 2 950 664                | 2 950 664                |
| Debtors and other debit balances - current     | (21)            | 4 252 650 681            | 3 720 644 836            |
| Investments at amortized cost                  | (23)            | 1 444 759 552            | 1 214 963 547            |
| Cash at banks                                  | (24)            | 1 873 274 390            | 1 686 135 917            |
|                                                |                 | 11 695 793 823           | 10 700 070 993           |

# 44-2 Liquidity risk

The following are the contractual maturities of financial liabilities:

| March 31, 2023             | Carrying amount            | Less than 1 year | 1-2 years     | 2-5 years     |
|----------------------------|----------------------------|------------------|---------------|---------------|
|                            | $\mathbf{\underline{EGP}}$ | <b>EGP</b>       | <u>EGP</u>    | <u>EGP</u>    |
| Loans                      | 3 155 738 075              | 509 690 594      | 868 227 066   | 1 777 820 415 |
| Contractors and suppliers  | 65 110 506                 | 65 110 506       |               | -             |
| Notes payable              | 933 064 087                | 333 467 581      | 313 649 794   | 285 946 712   |
| New Urban Communities      | 4 443 115 023              | 187 437 807      | 622 115 442   | 3 633 561 774 |
| Land acquisition creditors | 1 326 581 510              | 38 894 821       | 38 894 821    | 1 248 791 868 |
| Other creditors            | 3 702 698 516              | 2 609 832 146    | 1 044 808 887 | 48 057 483    |
|                            | 13 626 307 717             | 3 744 433 455    | 2 887 696 010 | 6 994 178 252 |
|                            |                            |                  |               |               |
| December 31, 2022          | Carrying amount            | Less than 1 year | 1-2 years     | 2-5 years     |
|                            | <b>EGP</b>                 | <b>EGP</b>       | <b>EGP</b>    | <b>EGP</b>    |
| Loans                      | 3 163 619 609              | 495 755 556      | 1 050 473 930 | 1 617 390 123 |
| Contractors and suppliers  | 113 013 439                | 113 013 439      | -             | -             |
| Notes payable              | 1 049 731 691              | 343 731 851      | 405 123 837   | 300 876 003   |
| New Urban Communities      | 4 365 908 600              | 263 159 777      | 599 759 632   | 3 502 989 191 |
| Land acquisition creditors | 1 279 135 232              | 34 853 101       | 30 233 992    | 1 214 048 139 |
| Other creditors            | 3 278 364 875              | 2 318 094 434    | 915 402 054   | 44 868 387    |
| •                          | 13 249 773 446             | 3 568 608 158    | 3 000 993 445 | 6 680 171 843 |

# 44-3 Currency risk

# Exposure to currency risk

The Group's exposure to foreign currency risk for main currencies was as follows:

# March 31, 2023

| Description                   | <u>USD</u>                  | <u>Euro</u> | <u>GBP</u> |
|-------------------------------|-----------------------------|-------------|------------|
| Cash at banks                 | 13 988 505                  | 760 087     | 36 932     |
| Surplus of foreign currencies | 13 988 505                  | 760 087     | 36 932     |
| <u>December 31, 2022</u>      | grandenin flogg gept delt e |             |            |
| Description                   | <u>USD</u>                  | <u>Euro</u> | <u>GBP</u> |
| Cash at banks                 | 13 927 083                  | 714 136     | 36 945     |
| Surplus of foreign currencies | 13 927 083                  | 714 136     | 36 945     |

The following is the average exchange rates during the period:

|      | Average exchange rate during the period |            |            | t the financial<br>ents date |
|------|-----------------------------------------|------------|------------|------------------------------|
|      | 31/03/2023                              | 31/12/2022 | 31/03/2023 | 31/12/2022                   |
|      | <b>EGP</b>                              | <b>EGP</b> | <b>EGP</b> | <b>EGP</b>                   |
| USD  | 27.71                                   | 17.96      | 30.75      | 24.68                        |
| Euro | 29.73                                   | 19.49      | 33.28      | 26.19                        |
| GBP  | 33.73                                   | 22.52      | 37.80      | 29.65                        |

# Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of March 31, 2023 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Profi | it | or | Lo | SS |
|-------|----|----|----|----|
|-------|----|----|----|----|

| •    | Strengthening | Weakening    |
|------|---------------|--------------|
|      | EGP           | EGP          |
| USD  | 21 412 890    | (21 412 890) |
| Euro | 1 188 322     | (1 188 322)  |
| GBP  | 69 826        | (69 826)     |
|      | 22 671 038    | (22 671 038) |
|      |               |              |

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of December 31, 2022 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Profit or Loss

|      | Strengthening | Weakening    |
|------|---------------|--------------|
|      | EGP           | EGP          |
| USD  | 17 186 020    | (17 186 020) |
| Euro | 935 161       | (935 161)    |
| GBP  | 54 771        | (54 771)     |
|      | 18 175 952    | (18 175 952) |

#### 44-4 Interest rate risk

At the date of consolidated financial statements, the interest rate profile of the Group's financial instruments was as follows: -

|                                            | <u>Carrying amount</u> |                 |
|--------------------------------------------|------------------------|-----------------|
|                                            | 31/03/2023             | 31/12/2022      |
| Financial instruments with a fixed rate    | <u>EGP</u>             | <u>EGP</u>      |
| Financial assets                           | 6 537 394 377          | 6 405 826 221   |
| Financial liabilities                      | (674 820 451)          | (781 086 133)   |
|                                            | 5 862 573 926          | 5 624 740 088   |
| Financial instruments with a variable rate |                        |                 |
| Financial liabilities                      | (3 155 738 075)        | (3 163 619 609) |
|                                            | (3 155 738 075)        | (3 163 619 609) |

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. The Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the consolidated financial statements date would not affect the consolidated statement of profit or loss.

# 45. Transactions with related parties

Related parties are represented in the Parent Company' shareholders, Board of Directors, executive directors and companies in which they own directly or indirectly shares giving them significant influence or control over these companies. The Parent Company made several transactions with related parties during the period and these transactions have been made in accordance with the terms determined by the group's management. Summary of significant transactions concluded during the period and the resulting balances of the related parties at the consolidated balance sheet date were as follows: -

# a) Transactions with related parties

|                                                   |                        | 31/03/2023            |
|---------------------------------------------------|------------------------|-----------------------|
| Party / Relationship                              | Nature of transaction  | Amount of transaction |
|                                                   |                        | <u>EGP</u>            |
| Executive managers and Board of Directors (Parent | Executive and Board of | 14 842 889            |
| Company)                                          | Directors              |                       |
| Al Dar Egypt                                      | Payments on behalf     | (7 301 137)           |

| b)     | Balances resulting      | from transactions with related parties    |
|--------|-------------------------|-------------------------------------------|
| $\sim$ | APRILITATION I CONTINUE | 11 Old transmittons with a ciacoa partico |

| b) barances resulting from transactions with related parties |                                                                   |             |             |  |
|--------------------------------------------------------------|-------------------------------------------------------------------|-------------|-------------|--|
|                                                              | Item as shown in the                                              | 31/03/2023  | 31/12/2022  |  |
| <u>Party</u>                                                 | consolidated balance sheet                                        | <b>EGP</b>  | <u>EGP</u>  |  |
| Palmyra - SODIC for Real Estate                              | Loans to Joint Ventures                                           | 208 204 153 | 208 204 153 |  |
| Development *                                                | Accrued interest on loan under                                    | 65 482 130  | 65 482 130  |  |
|                                                              | debtors and other debit balances caption                          |             |             |  |
|                                                              | Accrued on – related parties joint venture under debtor and other | 31 191 620  | 35 191 620  |  |
| Al Dar Egypt                                                 | debit balances caption Debtors & other debit balances             | 1 841 534   | 9 142 671   |  |

\* Impairment in dues from Palmyra – SODIC for Real Estate Development has been recorded as described in note No. (21 & 22).

#### 46. Tax status

Summary of the Company's tax status at the separate financial statements date is as follows: -

#### Corporate tax

- Years 1996 to 2018 have been tax inspected and tax differences have been paid and settled.
- Years 2019 to 2021 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005 regulations and amendments and pays the due tax.

# Salary tax

- Years 1996 to 2020 have been inspected and tax differences have been paid and settled.
- Years 2021 to 2022 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance
- The Company pays the monthly salary tax on due dates in accordance with the law.

# Withholding tax

- The Company pays the withholding tax on due dates in accordance with the law.

#### Stamp tax

- Tax inspection was carried out from 1996 to 2020, and tax differences have been fully paid.
- Years 2021 to 2022 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance
- The Company submits stamp tax returns on a regular basis and pates the accrued taxes on due dates in accordance with the law.

#### Sales/value added tax

- Years 1996 to 2019 have been inspected and tax differences have been paid and settled.
- Years 2020 to 2022 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance
- The Company submits the value-add tax returns on a regular basis and pay the accrued taxes on due dates in accordance with the law.

#### Real estate property tax

- The Company submitted its real estate property tax returns of year 2009 on due dates in accordance with Law No. 196 of 2008.

#### 47. Capital commitments

The value of contracts concluded with third parties for work in progress and real estate investments under development amounted to EGP 15.9 billion (EGP 13.15 billion as of December 31, 2022), and executed works till March 31, 2022, amounted to EGP 6.7 billion (EGP 8.57 billion as of 31 December 2022).

# 48. Contingencies

- (48-1) The Group signed a credit facility contract with the Commercial International Bank to issue letters of guarantee with a credit limit of EGP 221 625 750, for the purpose of issuing letters of guarantee for checks issued to the Owners Union Shahin. The letters of guarantee are subject to renewal and modification as the issuance of checks continues until the final settlement of the fixed installments due to the owner according to the co-development contract concluded between one of the subsidiaries and the Owners Union Shahin. The Group issued a letter of guarantee for a third party amounted to EGP 1 million as restricted deposit.
- (48-2) There is a dispute between a subsidiary of the Group and the owners of some commercial units sold by that Company about claiming financial compensation for not issuing a commercial license to the property and claiming financial compensation as a result. on December 29, 2021 the court ruled to dismiss the case in favor of the Group's subsidiary. These owners appealed the court ruling and demanded the case to be referred to the Committee of Experts at the Ministry of Justice, no date has been set for hearing the appeal yet. The Group's management and its legal advisor consider that the possibility of winning or losing are equal, and therefore the Group did not take any provisions.

# 49. Post-dated checks (off balance sheet)

The value of post-dated checks and installment customers are not included in the consolidated statement of financial position items - for the undelivered units, is the value of the post-dated checks retained and received from customers according to the payment terms of each customer in accordance with the contracts, as well as the value of future installments that have not received checks on them where the contract was made and the payment was collected in advance and no future checks have been presented for the rest of the unit value until the date of the financial position, and its statement is as follows:

|                                                       | Note<br><u>No.</u> | 31/03/2023<br><u>EGP</u> | 31/12/2022<br>EGP     |
|-------------------------------------------------------|--------------------|--------------------------|-----------------------|
| Postdated checks clients and unit's installments      | (38)               | 25 183 499 095           | 25 510 595 519        |
| Postdated checks customers cancellations              | (40)               | 36 245 301               | 19 252 005            |
| Postdated checks clients and maintenance installments | (40)               | 1 524 164 547            | 1 525 649 231         |
|                                                       |                    | 26 743 908 943           | 27 055 496 755        |
| These are due                                         |                    |                          |                       |
| Checks due short term                                 | (20)               | 5 014 709 797            | 5 145 424 848         |
| Checks due long term                                  | (20)               | 21 729 199 146           | <u>21 910 071 907</u> |
|                                                       |                    | 26 743 908 943           | 27 055 496 755        |

#### 50. Legal status

There is a dispute between the parent Company and another party regarding the contract concluded between them on February 23, 1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent Company and the management of this party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary judgment was issued by the court in its session held on February 22, 2010, to refer this matter to experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010, for the expert to present his report. The session was postponed by the court several times, the latest on which to November 24, 2014. On that date, the 6 of October partial court decided to reverse its previous decree of proof procedures dated February 22, 2010 by refusing the case. On November 3, 2021, the Court of Appeal again decided to refuse the appeal. Consequently, the judgment mentioned in the November 24, 2014 session in favor of the Company became final.

On January 2, 2022, the aforementioned body appealed the above-mentioned ruling and registered to No. 20964 of 91 judicial year in order to cancel the contested ruling - issued in Appeal No. 218 of 123 judicial year at the November 3, 2021 session. The Company and its legal advisor see the strength of the Company's legal position as the contract did not enter into force from the grounds that the appellant failed to implement his contractual obligations represented in not obtaining the approval of the general assembly and the competent administrative authorities in accordance with the provisions of this contract.

# 51. Significant accounting policies

The Company has consistently applied the following accounting policies to all years presented in these financial statements.

#### 51-1 Business combination

- The Group accounts for business combination using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are net values of the assets acquired where identifiable
- Any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase is recognized as profit or loss immediately.
- Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-exiting relationship. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration meets the definition of financial instrument as classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent considerations are re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

# a) Subsidiaries

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.
- Subsidiaries are represented in the following: -

|                                                                                       |                          | Ownership        |                  |
|---------------------------------------------------------------------------------------|--------------------------|------------------|------------------|
| Subsidiary name                                                                       | Country of Incorporation | As at 31/03/2023 | As at 31/12/2022 |
|                                                                                       |                          | <u>%</u>         | <u>%</u>         |
| 1- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E | Egypt                    | 99.99            | 99.99            |
| 2- Beverly Hills for Management of Cities and Resorts Co S.A.E                        | Egypt                    | 44.46            | 44.46            |
| 3- SODIC Garden City for Development and Investment Co. S.A.E                         | Egypt                    | 50               | 50               |
| 4- Al Yosr for Projects and Real Estate Development Co S.A.E                          | Egypt                    | 99.99            | 99.99            |
| 5- SODIC for Development and Real Estate Investment Co. – S.A.E                       | Egypt                    | 99.99            | 99.99            |
| 6- SODIC Polygon for Real Estate Investment Co S.A.E                                  | Egypt                    | 100              | 100              |
| 7- SODIC for Golf and Tourist Development Co S.A.E                                    | Egypt                    | 100              | 100              |
| 8- Fourteen for Real Estate Investment Co S.A.E                                       | Egypt                    | 99.99            | 99.99            |
| 9- La Maison for Real Estate Investment Co S.A.E                                      | Egypt                    | 99.99            | 99.99            |
| 10-Tegara for Trading Centers Co. S.A.E                                               | Egypt                    | 99.99            | 99.99            |
| 11- Edara for Services of Cities and Resorts CoS.A.E                                  | Egypt                    | 99.97            | 99.97            |
| 12- Soreal for Real Estate Investment                                                 | Egypt                    | 99.99            | 99.99            |
| 13- SODIC for Securitization                                                          | Egypt                    | 99.99            | 99.99            |
| 14- SODIC Syria L.L.C (*)                                                             | Syria                    | 100              | 100              |
| 15- Tabrouk Development Company (D)                                                   | Egypt                    | 100              | 100              |
| 16- El Diwan for Real Estate Development Company                                      | Egypt                    | 100              | 100              |
| 17- SODIC for Clubs Company                                                           | Egypt                    | 100              | 100              |

(\*) On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a 50% stake of the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company registered and operating in the Syrian Arab Republic.

# b) Non-controlling interests

NCI are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

# d) Investments accounted for equity method

Investments that are accounted for using the equity method comprise interests in associates and joint venture. And have no right to its assets and obligations for its liabilities associated with the arrangements.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement.

Investments in associates and joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the group share of the profit or loss and OCI of equity-accounted investees.

#### e) Transaction elimination on consolidation

Intra - group balances and transactions, and any unrealised income and expenses arising from intra - group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# 51-2 Foreign currency

# a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate when the fair value was determined.

Non - monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- Financial assets at fair value through OCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss).
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

## b) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

# 51-3 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held – for - sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

#### 51-4 Revenue from Contracts with Customers

- The Company applied the EAS No. 48 as of January 1, 2020. Information about the Company's accounting policies relating to contracts with customers is provided in five steps as identified (in Note No.5-B):
- Revenue from contracts with customers is recognized by the company based on five step module as identified in EAS No. 48:
  - Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.
  - Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.
  - Step 3: Determine the transaction price: Transaction price is the compensation amount that the Company expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.
  - Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the Company will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the Company expects to receive in exchange for each performance obligation satisfaction.
  - Step 5: Revenue recognition when the entity satisfies its performance obligations.
- The Company satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met: -
- a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until the date.
- b) The Company arise or improves a customer-controlled asset when the asset is arise or improved.
- c) The customer receives and consumes the benefits of Company performance at the same time as soon as the company has performed.

- For performance obligations, if one of the above conditions is met, revenue is recognized in the year in which the Company satisfies performance obligation.
- When the Company satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)
- Revenue is recognized to the extent that is potential for the flow of economic benefits to the Company, revenue and costs can be measured reliably, where appropriate.
- The application of Egyptian Accounting Standard No. 48 requires management to use the following judgements:

# Satisfaction of performance obligation

- The Company should assess all contracts with customers to determine whether performance obligations are satisfied over a period of time or at a point in time in order to determine the appropriate method for revenue recognition. The Company estimated that, and based on the agreement with customers, the Company does not arise asset has alternative use to the Company and usually has an enforceable right to pay it for completed performance to the date.
- In these circumstances, the Company recognizes revenue over a period of time, and if that is not the case, revenue is recognized at a point in time for the sale of goods, and revenue is usually recognized at a point in time.

# **Determine the transaction price**

- The Company has to determine the price of the transaction in its agreement with customers, using this judgement, the Company estimates the impact of any variable contract price on the contract due to discount, fines, any significant financing component in the contract, or any non-cash contract.

# Control transfer in contracts with customers

- If the Company determines the performance obligations satisfaction at a point of time, revenue is recognized when control of related contract' assets are transferred to the customer.
- In addition, the application of Egyptian Accounting Standard No. 48 has resulted in:

# Allocation of the transaction price of performance obligation in contracts with customers

The Company elected to apply the input method to allocate the transaction price to performance obligations accordingly that revenue is recognized over a period of time, the Company considers the use of the input method, which requires recognition of revenue based on the Company's efforts to satisfy performance obligations, provides the best reference to the realized revenue. When applying the input method, the Company estimates efforts or inputs to satisfy a performance obligation, In addition to the cost of satisfying a contractual obligation with customers, these estimates include the time spent on service contracts.

#### Other matters to be considered

Variable consideration if the consideration pledged in a contract includes a variable amount, then the Company shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Company estimates the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. This method is applied consistently throughout the contract and for identical types of contracts.

# The significant funding component

- The Company shall adjust the amount for the contract pledged for the time value of the cash if the contract has a significant funding component.

#### Revenue recognition

#### a. Real estate and land sales

- Revenue from sale of residential units, offices, commercial shops, service, and villas and for which contracts were concluded is recorded when upon transferring control to customers whether the said units have been completed or semi completed (finished or semi-finished) at a value that reflects the expected value of the company in exchange for those units. To reflect those units / lands at a certain point of time.
- Revenues from sale of units/lands is recognized net after deducting the value of sales returns and deducting discounts granted to customers for early payment of future installments of the units over which control has transferred to customers.
- Revenues from sale of units/lands also includes the value of interest on installments collected during the financial year / period from previous years' sales.

# The significant funding component

- The company collects advance payments and installments from customers, before the transfer of control over contracted units to customers as agreed in the contract, accordingly there is a significant financing component in these contracts, taking into account the length of time between the customer's payments and the transfer of control to him, and the interest rate prevailing in the market.
- The transaction price for those contracts is discounted using the interest rate implicit in the contract, and the company uses the rate that would have been used in the event of a separate financing contract between the company and the customer at the beginning of the contract, which is usually equal to the interest rate prevailing in the state at the time of the contract.
- The company uses the exception of the practical application for short-term payments received from customers. This means the amounts collected from customers will not be modified to reflect the impact of the significant financing component if the period between the transfer of control over the units, service or payment is a year or less.

#### b. Services revenue

Service revenue is recognized when the service is rendered to customers. No revenue is recognized if there is uncertainty for the consideration or its associated costs.

#### c. Rental income

Rental income is recognized on a straight-line basis over the lease term.

# d. Interest income

Interest income is recognized using the accrual basis, considering the period of time and effective interest rate.

# e. Commission revenue

Commission revenue is recognized in the consolidated statement of profit or loss according to the accrual basis of accounting.

# f. Dividends

Dividends income is recognized in the consolidated statement of profit or loss on the date the Company's right to receive payments is established.

#### g. Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations orders in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses is recognized according to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. For construction contracts under process a provision for expected losses, if any, is immediately formed whenever such losses are determined.

Construction contract costs include all direct costs such as material cost, supplies, equipment depreciation and labor cost also includes indirect costs incurred by company such as indirect labor and maintenance. Also the cost includes general and administrative expense directly attributable to suck work.

The difference between the estimated revenue calculated based on the percentage of completion and the amount collected from the actual billing to the customer is recognized as "due from customers" within the current assets caption. In case that the actual collections from customers is exceeding the estimated revenues calculated based on percentage of completion the difference is recognized as a due to customers within the current liabilities.

# h. Sale of goods revenue

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. For export sales, transfer of risks and rewards of the goods sold occurs according to the shipping terms.

# i. Gain on sale of investments

Gain on sale of financial investments is recognized when ownership transfers to the buyer, based on the difference between the sale price and its carrying amount at the date of the sale.

Revenue is measured at the fair value of the consideration received or receivable to the company, and revenue is realized when there is sufficient expectation that there are future economic benefits that will flow to the company, and that the value of this revenue can be measured accurately, hence no revenue is recognized in the event of uncertainty about the recovery of this revenue Or the costs associated with it.

#### 51-5 Employee benefit

# a) Short - term employee benefits

Short - term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### b) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group pays contributions to the Public Authority for Social Insurance for their employees based on the rules of the social insurance law no 79 for the year 1975. The employees and employers contribute under this law with a fixed percentage of wages. The Group's commitment is limited to the value of their contribution. And the Group's contribution amount expensed in profits and losses according to accrual basis.

The company also contributes to a group insurance program for its employees with one of the insurance companies. Accordingly, the insured employees receive end of service benefits when leaving the Company that will be paid by the insurance company. The contribution of the Company is limited to the monthly instalments. Contributions are charged to statement of profit or loss using the accrual basis. The program has been suspended from February 1, 2023.

#### 51-6 Finance income and finance costs

The Group's finance income and finance costs include:

- · interest income
- · interest expense
- The foreign currency gain or loss on financial assets and financial liabilities
- The fair value loss on contingent consideration classified as a financial liability
- The net gain or loss on financial assets at fair value through profit or loss

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the group's right to receive payment is established.

#### 51-7 Income Tax

Current tax and deferred tax are recognized as income or expense in the profit or loss for the year, except in cases in which the tax results from a process or an event that is recognized - at the same time or in a different year - outside the profit or loss, whether in other comprehensive income or in equity directly or business combination.

# a) Current income tax

The current tax for the current year and prior years and that have not been paid are recognized as a liability, but if the taxes that have already been paid in the current year or prior years are excess of the value payable for these years, this increase is recognized as an asset. The taxable current liabilities (assets) for the current year and prior years are measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to be issued by the end of the financial year. Dividends are subject to tax as part of the current tax. Tax assets and liabilities are set-off only when certain conditions are met.

#### b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- The initial recognition of goodwill.
- The initial recognition of assets or liabilities in a transaction that:
  - a. Is not a business combination.
  - b. Does not affect neither accounting nor taxable profit (or loss).
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax assets are recognized for unused tax losses, unused tax credits and
  deductible temporary differences to the extent that it is probable that future taxable
  profits will be available against which they can be used. Future taxable profits are
  determined based on the company's future business plans. Deferred tax assets are
  reassessed at each reporting date, and recognized to the extent that it has become
  probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are set-off only if certain conditions are met.

#### 51-8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method. The cost also includes other expenses incurred by the company to bring the inventory to its location and its current condition.

The net realisable value is determined on the basis of the expected selling price under normal circumstances, minus the estimated costs required to complete the sale.

# 51-9 Completed units ready for sale

Completed units ready for sale are stated at cost or net realizable value, whichever is lower. Cost is calculated based on the product of the total area of the remaining units ready for sale on the reporting date multiplied by the average cost per meter. (The cost of the units includes land, utilities, construction, construction related professional fees, labour cost and other direct and indirect expenses). Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

#### 51-10 Work in process

- a) All costs relating to uncompleted works are recorded in work in process account until the completion of the works. Work in process is stated in the consolidated balance sheet at cost or net realizable value whichever is lower. Costs include directly attributable cost needed to bring the units to the selling status.
- b) For variable land acquisition consideration, the company recognizes what was actually paid as part of the cost of work in progress, the cost is subsequently settled whether by increase or decrease according to actual payments and returns.

# 51-11 Property, plant and equipment

# a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

# b) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

#### c) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the (straight-line method) over their estimated useful lives for each item, and is generally recognized in profit or loss.

Land is not depreciated. Estimated depreciation rates for each type of assets for current and comparative years are as follow:

| Asset                               | <u>Years</u>                             |
|-------------------------------------|------------------------------------------|
| Buildings and construction works    | 5-20                                     |
| Caravans                            | 5-10                                     |
| Vehicles and transportation         | 5                                        |
| Furniture and fixtures              | 4-10                                     |
| Beach Furniture and fixtures        | 3-5                                      |
| Office and communications equipment | · 5                                      |
| Computer software                   | 3                                        |
| Solar power stations                | 25                                       |
| Generators, machinery and equipment | 2-5                                      |
| Kitchen utensils                    | 10                                       |
| Wells, pumps and networks           | 4                                        |
| Leasehold improvements              | 5 years or lease term whichever is lower |
| Solar stations                      | 25                                       |
| Golf course assets                  |                                          |
| Constructions                       | 20                                       |
| Irrigation networks                 | 15                                       |
| Equipment and tools                 | 15                                       |

#### 51-12 Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and ready for their intended use.

# 51-13 Investments properties under development

Investments properties under development are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Investments properties under development are transferred to Investments properties caption when they are completed and ready for their intended use.

#### 51-14 Intangible assets and goodwill

#### a) Recognition and measurement

#### I. Goodwill:

Arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

#### II. Research and development:

- Expenditure on research activities is recognized in profit or loss as incurred
- Development expenditure is recognized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

## III. Other intangible assets:

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

## b) Subsequent expenditure

Subsequent expenditure is capitalized only when the intangible asset will increase the future economic benefits embodied in project, research, and development under construction which is recognized as intangible assets. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

#### c) Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the (straight - line method) over their estimated useful lives, and is generally recognized in profit or loss.

Goodwill is not amortized.

#### 51-15 Investment properties

This item includes properties held for rent or increase in its value or both of them, Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Depreciation is charged to statement of profit or loss on a straight-line basis over the estimated useful lives of each component of the investment properties. The estimated useful lives are as follows:

| Asset                     | <u>Years</u> |
|---------------------------|--------------|
| Leased units              | 20           |
| Roads                     | 20           |
| Elevators                 | 10           |
| Agriculture and landscape | 10           |
| Air-conditions            | 5            |
| Sound systems and cameras | 2            |

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

#### 51-16 Financial instruments

#### 1) Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### 2) Classification and subsequent measurement

#### Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

- A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is to hold assets to collect future cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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

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

#### Financial assets- Business Model Assessment

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

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

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

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

# Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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

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

# Financial assets - Subsequent measurement and gains and losses

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

#### 51-17 Share capital

#### 1) Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS No. (24) "Income Tax".

# 2) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

#### 51-18 Impairment

# Non-derivative financial assets

# Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

# The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as releasing security (if any is held); or
- The financial asset is more than 90 days past due.

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

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

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

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

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

### Credit-impaired financial assets

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;

- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise:
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

#### Presentation of allowance for ECL in the statement of financial position

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

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

#### Write-off

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

#### 51-19 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

#### **Provision for completion**

A provision for completion of work is formed at the estimated value of the completion of the projects' utility works (relating to the units delivered to customers and the completed units according to the contractual terms and conditions and the completed units for which contracts were not concluded) in their final form as determined by the Company's technical department. The necessary provision is reviewed at the end of each reporting year until finalization of all the project works.

# Onerous contracts provision

If the Group has a contract that is onerous, the present obligations under onerous contracts are recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

#### 51-20 Lease contracts

# 1) Determining whether the arrangement contains a lease contract or not

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Initially or when evaluating any arrangement that contains a contract lease, the Company separates the payments and the other consideration which are required by the arrangement of the lease and those of other elements based on their relative fair values. If the Company concludes with a finance lease that it is not possible to separate the payments in a reliable manner, then the asset and the liability are recognized at an amount equal to the fair value of the underlying asset; Then the liability

is reduced when the payments is fulfilled and the finance cost calculated on the obligation is recognized using the Company's additional borrowing rate.

#### 2) Leased assets

Lease contracts for property, plant and equipment that are transferred in a large degree to the Company, all of the risks and rewards associated with the property are classified as finance leases. Leased assets are initially measured at an amount equal to the fair value of the fair value and the present value of the minimum lease payments, whichever is less. After initial recognition, the assets are accounted for according to the accounting policy applied to that asset.

Assets held under other contracts leases are classified as operating contracts leases and are not recognized in the Company's statement of financial position.

# 3) Lease payments

Operating leases' payments are recognized in profit or loss on a straight-line basis over the term of the lease. Received lease incentives are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments of finance leases are divided between financing expenses and the reduction of unpaid liabilities. Finance charges are charged for each period during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation.

#### 51-21 Cash and cash equivalents

As a basis for preparation of cash flow, cash and cash equivalents comprise cash at banks and on hand, checks under collection and time deposits, that have maturity date less than three months from the purchase date. Also Bank overdrafts that are repayable on demand are considered a complementary part of the Group's cash management.

# 51-22 Borrowing costs

Borrowing costs are recognized as an expense when incurred using the effective interest rate.

# 51-23 Interest -bearing borrowings

Interest – bearing borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortized cost, any differences between cost and redemption value are recognized in the statement of profit or loss over the year of the borrowing using the effective interest rate.

#### 51-24 Cost of sold lands

The cost of sold lands is computed based on the value of the net area of land sold in addition to its respective share in road areas as determined by the Company's technical management, plus its share of the open area cost as well as its share of infrastructure cost.

#### 51-25 Employees' profit sharing

As per the Companies Law, employees are entitled to receive not less than 10% of the distributed profits, after deducting a percentage to support the legal reserve, according to the rules proposed by the Company's board of directors and after the approval of General Assembly Meeting which should not exceed the total employees' annual salaries.

Employees' share in profit is recognized as dividends of profit and shown in the statement of changes in equity and as an obligation in the financial year at which the declaration has been authorized.

# 51-26 Earnings / (losses) per share

Earnings (losses) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

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# 52. New Editions and Amendments to Egyptian Accounting Standards

On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, The following is a summary of the most significant amendments:

| Effective date                               | The amendments of adding the option to use the revaluation model are effective for financial periods starting on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Potential impact on the financial statements | Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in those standards and assessing the potential impact on the financial statements in case of using this option.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Summary of the most significant amendments   | 1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.  - This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows:  - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors".  - Egyptian Accounting Standard No. (24) "Income Taxes".  - Egyptian Accounting Standard No. (30) "Interim Financial Reporting".  - Egyptian Accounting Standard No. (31) "Impairment of Assets".  - Egyptian Accounting Standard No. (49) "Leasing Contracts". |
| New or reissued standards                    | Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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| Effective date                               | These amendments are effective for annual financial periods starting  on or after January 1, 2023,  retrospectively, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall                                                                                                                                   | be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Potential impact on the financial statements | Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Summary of the most significant amendments   | <ul> <li>2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets" have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested.</li> </ul> | <ul> <li>The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented.</li> </ul> | The company may elect to measure an agricultural produce<br>harvested item at its fair value at the beginning of the earliest<br>period presented in the financial statements for the period in<br>which the company have been applied the above-mentioned<br>amendments for the first time and to use that fair value as its<br>deemed cost on that date. Any difference between the previous<br>carrying amount and the fair value in the opening balance<br>should be recognized by adding it to the revaluation surplus<br>account in equity at the beginning of the earliest period<br>presented |
| New or reissued standards                    |                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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| New or reissued standards                                                  | Summary of the most significant amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Potential impact on the financial statements                                                                                                                                                                                                         | Effective date                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Egyptian Accounting Standard No. (34) amended 2023 "Investment property ". | <ol> <li>This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property.</li> <li>2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows:         <ul> <li>Egyptian Accounting Standard No. (1) "Presentation of Financial Statements"</li> <li>Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates"</li> <li>Egyptian Accounting Standard No. (24) "Income Taxes"</li> <li>Egyptian Accounting Standard No. (30) "Interim Financial Reporting"</li> <li>Egyptian Accounting Standard No. (31) "Impairment of Assets"</li> <li>Egyptian Accounting Standard No. (32) "Non-Current Assets"</li> <li>Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations"</li> <li>Egyptian Accounting Standard No. (49) "Leasing Contracts"</li> </ul> </li> </ol> | Management is currently studying the possibility of changing the applied accounting policy and using the fair value model option stated in the standard and assessing the potential impact on the financial statements in case of using this option. | The amendments of adding the option to use the fair value model are effective for financial periods starting on or after January 1, 2023 retrospectively, cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time. |
|                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                   |

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