

## **Executive Management Report on the Group's Business Results for the Financial Period Ending 31 March 2024**

Talaat Moustafa Group Holding ("the Group") achieved unprecedented business results during the first three months of 2024 across all its various business segments. Below is a summary of the business results and the executive management efforts that led to these achievements:

### **Section One: Real Estate Sector:**

#### **1. Real Estate Sales:**

As of May 29, 2024, the Group achieved contractual real estate sales through its sales sector exceeding EGP 115.3 billion, compared to EGP 43 billion in the same period of the previous year, marking an unprecedented increase of approximately 2.68 times. Notably, these sales include around EGP 32 billion from reservations for the new sustainable city, "Banan," located east of Riyadh, Saudi Arabia, achieved within just thirteen working days since the initial launch and ten working days since the official launch on Wednesday, May 15, 2024.

The aforementioned sales include contractual real estate sales during the first quarter of 2024 amounting to EGP 61.8 billion, compared to EGP 20.17 billion in the same period of the previous year, representing a growth rate of 206%, a historical record for Egypt's real estate sector. This includes sales from the Group's real estate companies amounting to EGP 38 billion, breaking the previous year's record of EGP 12.2 billion with a growth rate of 211% year-over-year, in addition to sales for other entities amounting to EGP 23.8 billion.

The Group is entitled to sales commissions included with other income amounting to EGP 660 million, which more than covers general and administrative expenses of EGP 387 million, with a coverage ratio of 1.7 times. This confirms the success of the meticulously designed and implemented strategic plans to enhance and grow the Group's diverse income sources.

Notably, the successful official launch of sales for Banan project in Saudi Arabia on 15 May 2024 resulted in a surge in sales exceeding EGP 32 billion, unprecedented in Saudi Arabia. The launch garnered attention and appreciation from governmental organizations and financial institutions in Saudi Arabia, highlighting the strength of Talaat Moustafa Group's brand and the trust it enjoys locally and regionally.

#### **2. Sales Backlog:**

As of May 29, 2024, the backlog of sales recorded and yet to be delivered amounted to EGP 232 billion, an unprecedented figure and a significant indicator of the Group's strength and resilience. These sales are expected to be delivered over the next four to five years without any anticipated delays. The company expects to maintain and improve its profitability further, given the expenditures already made on sites (such as completed infrastructure, low land costs, etc.) and any future savings in construction material costs, ensuring future profits and unprecedented growth rates for the Group.

The backlog of recorded and yet undelivered sales as of March 31, 2024, amounted to EGP 180 billion, compared to EGP 85.5 billion in the same period of the previous year, with a growth rate of 110% year-over-year. This increase is attributed to the significant surge in sales achieved by the Group in the past period, with the backlog being stable and underpinned by a high-quality customer base.



## Section Two: Hotel Sector

The year 2024 witnessed the completion of the acquisition of Legacy Hotels and Tourism Projects Company, owner of seven historic hotels. The executive management's efforts culminated in unprecedented results in the hotel sector, with operating revenues reaching EGP 3.68 billion during the first quarter of 2024, compared to EGP 799 million in the same period of the previous year, with a growth rate of 360% year-over-year.

The completion of the acquisition of Legacy Hotels and Tourism Projects Company, owner of seven historic hotels, positively impacted the hotel sector and the Group as follows:

1. Integrating the business results of Legacy Hotels and Tourism Projects Company, owner of historic hotels, within the Group's hotel sector results, contributed EGP 2.76 billion in additional revenues.
2. Positive impact on retained earnings was recorded in the consolidated financial statements as of March 31, 2024, with an increase of EGP 16 billion due to the increased value of the Group's investments in the hotel sector after the acquisition and the entry of ADNEC & ADQ Holding as investors in the Group's hotel sector.
3. The total debt of the hotel sector companies in denominated US dollars, amounting to USD 217 million, was fully repaid during the first quarter of 2024, eliminating future currency exchange risks and providing full savings on financing costs associated with this debt, positively impacting the future profitability of the Group's hotel sector.
4. Providing revenues in foreign currency for the Group.

## Section Three: Recurring Revenue and Service Sector

The revenues from recurring income and service activities amounted to approximately EGP 979 million during the first quarter of 2024, compared to EGP 770 million in the same period of the previous year, with a growth rate of 27% year-over-year.

**It is noteworthy that the significant diversification in the Group's revenues, with the Group expanding with projects outside Egypt, such as the Banan project in Saudi Arabia, and growing its hotel portfolio, results in maximizing the Group's foreign currency revenues and achieving its strategy to reach about 60% of the Group's total revenues denominated in foreign currencies, positively impacting the company's financial strength.**





## **Analysis of Business Indicators and Results for the Financial Period Ending 31 March 2024**

### **1. Revenues Achieved in the Income Statement during 1Q2024:**

The total revenues achieved by the Group during the first three months of 2024 amounted to approximately EGP 6.79 billion, compared to EGP 4.44 billion in the same period of the previous year, with a growth rate of 53% year-over-year.

### **2. Gross and Net Consolidated Profit:**

Gross Consolidated Profit:

The gross consolidated profit amounted to approximately EGP 3.34 billion during the first three months of 2024, compared to EGP 1.56 billion in the same period of the previous year, with a growth rate of 111% year-over-year.

Net Consolidated Profit:

The net consolidated profit after taxes amounted to approximately EGP 4.14 billion during the first three months of 2024, compared to EGP 700 million in the same period of the previous year, with a growth rate of 491% year-over-year.

### **3. Administrative and General Expenses:**

The Group's administrative and general expenses amounted to approximately EGP 386.7 million during the first three months of 2024, representing 4.8% of revenues, compared to EGP 265.6 million, representing 6% of revenues in the same period of the previous year, with a decreased impact of 1.2pp year-over-year.

## **Analysis of Financial Position Indicators as of end-1Q2024**

### **1. Assets:**

Total assets amounted to EGP 297.5 billion as of 31 March 2024, compared to EGP 202 billion as of 31 December 2023, increasing by EGP 95.5 billion during the first three months of 2024. This increase is primarily due to the addition of hotel assets from Legacy Hotels and Tourism Projects Company following the acquisition of historic hotels and the increase in fixed assets under construction, real estate investments, cash and cash equivalents, and receivables from customers.

The balance of cash and consolidated financial investments and equivalents amounted to approximately EGP 29.3 billion as of 31 March 2024, compared to EGP 18.8 billion as of 31 December 2023, with a growth rate of 156%.



## 2. Liabilities:

The balance of loans and facilities decreased by approximately EGP 5.8 billion, amounting to approximately EGP 5.3 billion as of 31 March 2024, compared to EGP 11.1 billion as of 31 December 2023. This significant decrease in loans is due to the early repayment of loans in the hotel sector.

As a result of increased sales during the first three months of the year and increased collections from sales advances, customer balances increased by EGP 18 billion during the first quarter of the year, bringing the total liabilities to approximately EGP 181 billion as of 31 March 2024, compared to EGP 163 billion as of 31 December 2023, which will be realized as the sold units are delivered according to the delivery schedules.

The ratio of loans and facilities to the equity of the parent company's shareholders (Debt to equity) stood at 1 to 11, an unprecedented ratio confirming the company's financial strength and the low level of loans compared to shareholders' equity and the company's assets.

