

TMG Holding announces unprecedented 1H2024 results and reaches record-high interim attributable net income of EGP 3.89 billion, up 149% year-over-year; property sales by end-July of EGP 391 billion (amounting to approx. USD 8.1 billion) representing a remarkable growth of 6.5x times year-over-year, with sales in the new projects in the North Coast and Saudi Arabia exceeding EGP 253 billion and EGP 43 billion, respectively.

TMG Holding achieved unprecedented business results during the first six months of 2024 and beyond, up to the date of this report, across all its various business segments. The executive management's efforts have consistently delivered on the guidance and strategy announced since 2017, focusing on:

- **Maintaining and growing sales momentum:** TMG has achieved record sales of EGP 391 billion year-to-date (amounting to approximately USD 8.1 billion). These unprecedented sales figures were boosted by the Group's entry into Saudi Arabia (the fastest growing economy in MENA today) with Banan project in Riyadh, and the remarkable launch of SouthMed project in the North Coast on the Mediterranean Sea.
- **Expanding the hotel arm and other recurring income lines:** The Group has significantly grown its hospitality segment and other recurring income streams, by acquiring seven iconic historical assets in Egypt and adding more than 2,500 hotel rooms to its portfolio, providing stable and predictable revenue stream. Accordingly, recurring income revenues (including hotels, recurring revenue and service sector) have grown 2.4x to EGP 7.9 billion in first six months of 2024 from EGP 3.3 billion in first six months of 2023.
- **Accelerating asset monetization:** Strategic asset monetization has improved liquidity and financial stability, enabling reinvestment in high-growth opportunities as evident by our cash balance of EGP 41.7 billion as of 30 June 2024.
- **Expanding the land bank:** Management followed a prudent expansion plan of landbank and projects whereby the first six months have witnessed the successful entry into Saudi Arabia through the 10 million square meters (sqm) Banan project and the 23 million sqm development agreement in the North Coast, enhancing the Group's profitability and cash flows.
- **Preserving capital appreciation while hedging through the expansion of foreign currency income streams:** The Group's development of unique real estate assets, especially within the hospitality assets and in Saudi Arabia has generated substantial foreign currency income, shielding TMG from any currency risks in Egypt.

Meeting these objectives and securing a series of unique partnerships and acquisitions over the past period have effectively transformed the Group into a significant exporter of real estate and tourism services. This transformation has generated substantial income in foreign currency, effectively hedging the value of its operations with unique real estate assets and projects. These assets not only preserve but also increase in value, providing monetary upside in case of any currency risks. This performance underscores the strength and resilience of TMG, positioning the Group for rapid growth in Egypt and international markets, and would further boost shareholders' returns in the future. By 2024, the Group's operational and financial performance has met and continues to meet all these strategic objectives, significantly surpassing initial expectations and securing remarkable growth anticipated in the coming years. This growth is supported by the Group's resilient, flexible and low-risk business model, designed to deliver strong investor returns.

Real estate sector

The first half of 2024 witnessed the preparation and launch of two record breaking projects – Banan in Saudi Arabia and SouthMed on Egypt's North Coast. As of the end of July 2024, following both launches, the Group's sales sector achieved an unprecedented and record-high sales result of EGP 391 billion (equivalent to some USD 8.1 billion), representing a remarkable growth of 6.5x times year-over-year, compared to the EGP 60 billion achieved in the same period last year.

Sales and reservations in SouthMed, our new pioneering mixed-use leisure destination on Egypt's North Coast, have reached over EGP 253 billion (equivalent to USD 5.3 billion) within a month of the project's launch at the beginning of July. This record-breaking performance underscores the robust strength of TMG's brand equity, client trust, and the high demand for its products locally and internationally. A significant portion of sales in SouthMed was achieved through TMG's extensive network of foreign sales branches in the Gulf countries as well as through its state-of-the-art online channels which played a crucial role in achieving these sales figures, showcasing the Group's innovative approach to market reach. Importantly, the unique asset-light and low-risk development model for SouthMed has proven highly effective, whereby collections from clients booked to date have generated future income exceeding EGP 0.6 billion in less than a month, with expectations for further growth from ongoing collections and future sales.

Meanwhile, the sustainable city project Banan in Saudi Arabia, launched in mid-May 2024, has generated total sales exceeding EGP 43 billion to date, providing a strong testimony to TMG's success and recognition not just in Egypt but also regionally, immediately beating the company's internal sales targets for the entire year in this project. It is noteworthy that all the sales in Banan were made in Saudi Arabian Riyal, a USD-pegged currency, which will further strengthen the Group's ability to build its hard currency revenue streams. The commercial success of Banan was unprecedented in the Saudi Arabian market and confirms cross-border recognition of TMG branding.

During 1H 2024 alone, total sales reached EGP 132.8 billion compared to EGP 51.35 billion booked in the same period last year. This figure included sales of the Group's real estate companies amounting to EGP107.0 billion, of which EGP 40 billion were achieved in Banan, which is the first internationally launched project of TMG, in addition to some EGP 25.8 billion of sales for third parties. The group is entitled to sales commissions from the third-party sales, which offset general and administrative expenses. This is achieved through the strategic plans developed by the management, which are meticulously designed. Additionally, the management adopts a long-term vision that is successfully implemented, leading to the enhancement and growth of the group's diverse income sources.

The sales recorded so far in 2024 strongly testify to the accuracy of our commercial strategy, which includes product diversification, pricing, sales outreach, design, engineering, and diligent market research. These sales are primarily driven by genuine end-user demand for our state-of-the-art products. It is noteworthy that the 1H 2024 sales results include stand-alone sporting clubs membership sales totalling some EGP 1.19 billion, representing 2,645 memberships and compared to EGP 317 million and 939 memberships sold in the same period last year, respectively. This implies a remarkable year-over-year growth of 182% in terms of memberships and 276% in terms of their value. These results reliably indicate robust end-user rather than speculative demand in TMG-branded communities, as the memberships are non-resalable and therefore not considered an investment product, acquired solely for life-style purposes.

The backlog of recorded and yet undelivered sales (sales backlog) as of June 30, 2024 amounted to EGP 245 billion, compared to EGP 102 billion in the same period of the previous year, with a massive growth rate of 140% year-over-year. This increase is attributed to the significant surge in sales achieved by the Group during the past 12 months, with the backlog being stable and underpinned by a high-quality customer base, characteristic of real end-user demand. The backlog represents some 35 thousand residential and non-residential units to be delivered within the coming 4-5 years, providing a strong visibility on the Group's anticipated revenue recognition and profits going forward. The company expects to maintain and further improve the backlog's profitability, given the expenditures already made on sites (such

as completed infrastructure) and low historical cost of land, and any future savings in construction material costs, helped by the Group's massive liquidity and purchasing power, securing future profits and strong income growth rates for the Group.

Hospitality sector

The year 2024 witnessed the completion of the acquisition of Legacy Hotels and Tourism Projects Company (Legacy), owner of seven iconic historic hotels. The acquisition has increased the Group's hotel room portfolio by some 2,500 rooms to some 3,500 rooms in total, providing for strong geographical and target market diversification, further strengthening the reliability of the Group's recurring income sources and its high-margin foreign currency generation potential. The newly acquired hotels will be undergoing renovations and refurbishments in the coming years to further improve their profitability and bring them at par with the original portfolio of the Group, extracting the inherent value of their unique locations and preserving their historical heritage for the future generations of Egyptians. Future renovations and improvements are already fully funded, representing part of the acquisition price, and will put no burden on the Group's future cash flows once implemented. Meanwhile, the Group is progressing with the development of three new hotel properties, namely Four Seasons Luxor, Four Seasons Madinaty and Marsa Alam resort, which are expected to become operational between 2025 and 2026. With another luxury property in development phase to be located in Giza, the Group intends to increase its total room portfolio to approximately 5,000 rooms in the coming years, further strengthening its positioning as one of the largest hospitality groups in the MENA Region.

The hospitality sector recorded total revenues of EGP 5.15 billion in 1H2024, compared to EGP 1.84 billion reported in the same period last year, growing by a remarkable 180% year-over year. Moreover, the Group booked some EGP 1.34 billion of additional profits related to Legacy acquisition during 1H 2024. Importantly, the profit margin on hospitality revenues in 1H 2024 expanded to 65.9%, up by a significant 17pp year-over-year, from 48.9% reported in 1H 2023.

It is noteworthy that the foreign currency bank debt of approximately USD 217 million pertaining to the hotel sector was fully repaid during 1H 2024. This repayment eliminates future currency exchange risks and results in complete savings on financing costs associated with this debt, positively impacting the future profitability of the Group's hotel sector and its foreign currency generation ability.

Recurring revenue and service sector

The revenues from recurring income and service activities amounted to approximately EGP 2.74 billion during the first half of 2024, compared to EGP 1.47 billion in the same period of the previous year, with a remarkable growth rate of 87% year-over-year. Revenues from rental activities across all operating TMG malls reached EGP 445 million, growing by a robust 41% year-over-year as annual rent increases are implemented and new space is coming online. Meanwhile, revenues of the sporting clubs segment increased by 28% year-over year and reached EGP 467 million. These results and the sustained growth of these segments demonstrate the Group's commitment to enhancing its recurring income streams, aligning with its stated strategic objectives.

It is noteworthy that the significant diversification in the Group's revenues, driven by the expansion into projects outside Egypt, such as the Banan project in Saudi Arabia, and the growth of its hotel portfolio, will be maximizing the Group's foreign currency revenues. This aligns with the Group's strategy to have approximately 60% of its future total revenues denominated in foreign currencies, thereby positively impacting the company's financial strength and hedging its returns against local currency fluctuations.

Income statement performance

Total consolidated revenues of the Group reached approximately EGP 17.02 billion in 1H 2024, growing by a remarkable 59% year-over-year, compared to EGP 10.71 billion reported in the same period last year. The hospitality sector was the primary source of growth in the period, with a growth rate of 180% year-over-year, followed by other recurring income lines (malls, sporting clubs, utilities, contracting, and other services) and the development sector, growing by 87% and 23% year-over-year, respectively.

Total consolidated gross profit in 1H 2024 reached EGP 6.57 billion, increasing by a significant 94% year-over-year from EGP 3.39 billion reported in the same period last year. The hospitality segment was the key driver of growth in gross profit, increasing by 277% year-over-year, followed by other recurring income lines and the development segment, with growth rates of 53% and 21% year-over-year, respectively. Importantly, recurring income lines contributed a significant 66% to the Group's consolidated gross profit, exceeding the announced strategic targets, further diversifying and strengthening the Group's sources of stable annual income.

Total consolidated gross profit margin reached 39%, improving by 7 percentage points year-over-year compared to the same period last year.

The Group reported other consolidated income of EGP 2.27 billion, composed of income from sales for third parties and other activities of EGP 933 million, growing by a remarkable 74% year-over-year, as well as the income pertaining to Legacy acquisition amounting to EGP 1.34 billion recorded during 1H 2024.

The Group's consolidated general and administrative expenses amounted to EGP 626 million in the first half of 2024, representing 3.7% of total consolidated revenues, compared to EGP 408 million in the same period last year. This implies a 0.1pp decrease from 3.8% of total revenue in the same period last year.

The Group is able to fund its general and administrative expenses of EGP 626 million in 1H 2024 with the other income account reaching EGP 933 million reported in the same period, which more-than-covers these expenses, with a ratio of 1.5x. The sources of this income, generated by management's unique approach of extracting additional value from existing operations through innovative methods, significantly reduce the Group's operational risks going forward.

Total consolidated net profit after taxes reached an impressive EGP 6.36 billion in 1H 2024, reflecting a remarkable year-over-year growth of 308%, compared to EGP 1.55 billion booked in 1H 2023. This surge was driven by significant double and triple-digit increases in hospitality income following the Legacy acquisition, growth in other recurring income segments, the development segment, and foreign currency gains. Net profit attributable to shareholders (adjusted for minority interest charges) reached EGP 3.89 billion, more-than-doubling year-over-year from EGP 1.56 billion reported in 1H 2023, with a growth rate of 149%.

The holding company's stand-alone net profit (excluding the results of its subsidiaries) for the first half of 2024 amounted to EGP 263.7 million. This represents a 50.5% year-over-year growth compared to EGP 175.2 million during the same period last year.

Balance sheet position

Total assets amounted to EGP 312 billion as of 30 June 2024, compared to EGP 202 billion as of 31 December 2023, increasing by EGP 110 billion during the first six 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 41.7 billion as of 30 June 2024, compared to EGP 17.6 billion as of 31 December 2023.

The balance of loans and facilities decreased by approximately EGP 4.3 billion, amounting to approximately EGP 6.8 billion as of 30 June 2024, compared to EGP 11.1 billion as of 31 December 2023. This significant decrease in loans is due to the accelerated repayment of loans in the hotel sector.

As a result of increased sales during the first six months of the year and increased collections from sales advances, customer balances increased by EGP 19 billion in the period, bringing the total liabilities to approximately EGP 192 billion as of 30 June 2024, compared to EGP 163 billion as of 31 December 2023, which will be realized as revenues as the sold units are delivered according to the delivery schedules.

Importantly, the company is net cash positive, with total net cash amounting to a massive EGP 34.8 billion of end-1H 2024, compared to EGP 6.5 billion reported as at 31 December 2023. Net cash in 1H 2024 represent 29% of the Group's total equity.

The ratio of loans and facilities to the equity of the parent company's shareholders (debt-to-equity) stood at 1 to 9, an unprecedented low ratio confirming the company's financial strength and robust business model supported by a solid balance sheet and massive liquidity.

Consolidated income statement

In EGPmn, unless otherwise stated

	1H2023	1H2024	Change
Development revenue	7,400.1	9,134.1	23%
Development cost	(5,403.3)	(6,711.3)	24%
Gross profit from development	1,996.9	2,422.8	21%
Hospitality revenue	1,838.9	5,146.1	180%
Hospitality cost	(938.9)	(1,752.5)	87%
Gross profit from hospitality operations	899.9	3,393.6	277%
Other recurring revenue*	1,468.1	2,744.5	87%
Cost of other recurring revenue	(972.2)	(1,984.7)	104%
Gross profit from other recurring operations	495.9	759.8	53%
Total revenue	10,707.1	17,024.8	59%
Total gross profit	3,392.7	6,576.2	94%
<i>Gross profit margin</i>	31.7%	38.6%	6.9pp
Gains from hotel companies acquisition	0.0	1,340.9	N/M
Selling and marketing expenses	(123.7)	(206.7)	67%
General, administrative, selling and marketing expenses	(407.9)	(626.1)	53%
Universal Health Insurance Act	(35.1)	(37.3)	6%
Donations and governmental expenses	(271.7)	(444.4)	64%
Provisions (net)	(150.0)	(286.0)	91%
Other income	536.7	933.4	74%
Capital gain (loss)	1.9	3.2	71%
BoD remuneration	(1.3)	(1.9)	45%
FX gain (loss)	91.8	1,329.8	N/M
Income before depreciation and financing expense	3,033.3	8,581.3	183%
Depreciation and amortisation	(239.3)	(379.8)	59%
Interest expense	(560.2)	(437.1)	-22%
Net write-down of receivables	(15.8)	34.9	N/M
Net income before tax and minority interest expense	2,218.0	7,799.3	252%
Income tax	(659.1)	(1,433.7)	118%
Net income before minority interest	1,558.9	6,365.6	N/M
Minority interest	1.3	(2,476.5)	N/M
Attributable net income	1,560.2	3,889.1	149%

Consolidated balance sheet

In EGPmn

	FY2023	1H2024
Property, plant and equipment	6,465.3	71,589.4
Investment properties	2,122.3	5,169.9
Intangible assets	10.5	4,081.4
Projects under construction	13,154.3	8,340.3
Goodwill	10,846.5	10,846.5
Investment in associates	103.9	141.5
Financial investments available for sale	854.3	854.3
Financial investments held to maturity	3,972.2	11,301.9
Other financial assets	381.7	305.3
Deferred tax assets	258.6	228.5
Usufruct rights	81.4	80.6
Total non-current assets	38,250.9	112,939.7
Development properties	89,847.2	97,532.8
Inventories	1,143.3	2,686.4
Notes receivable - for delivered units	9,908.0	16,897.4
Notes receivable - for undelivered units	37,479.2	30,721.4
Prepaid expenses and other debit balances	10,444.1	16,358.6
Financial investments held to maturity	6,171.0	13,796.0
Hotels current assets	979.7	4,048.3
Financial assets at fair value	309.6	473.6
Cash and cash equivalents	7,501.4	16,577.1
Total current assets	163,783.6	199,091.6
Total assets	202,034.5	312,031.3
Paid-in capital	20,635.6	20,635.6
Legal reserve	398.0	432.2
General reserve	61.7	61.7
FX reserve	208.2	1,295.3
Revaluation reserve	85.8	153.6
Retained earnings	16,959.4	38,468.7
Treasury shares	0.0	(152.2)
Shareholders' equity	38,348.8	60,894.9
Minority interest	667.0	58,328.2
Total equity	39,015.8	119,223.1
Bank loans	9,585.5	4,262.7
Long-term liabilities	23,309.7	28,394.1
Other financial obligations	338.7	292.8
Deferred tax liabilities	539.4	878.3
Long term lease liabilities	61.4	68.9
Total non-current liabilities	33,834.7	33,896.9
Bank overdrafts	6.4	14.8
Bank facilities	985.7	1,342.2
Current portion of bank loans	567.5	1,218.6
Notes payable	13,471.6	19,058.1
Advance payments - collected	48,929.2	67,810.4
Advance payments - checks	37,479.2	30,721.4
Dividends payable	102.5	91.3
Provisions	804.4	1,065.1
Taxes payable	1,569.5	615.8
Hotels current liabilities	842.6	3,083.3
Accrued expenses and other credit balances	24,415.4	33,880.4
Current lease liabilities	9.9	9.9
Total current liabilities	129,184.0	158,911.4
Total liabilities	163,018.7	192,808.3

Condensed cash flow statement

In EGPmn

	1H2023	1H2024
Net profit before taxes and non-controlling interest	2,218.0	7,799.3
Depreciation and amortization	239.3	428.9
Other adjustments	(182.6)	(1,790.9)
Gross operating cash flow	2,274.7	6,437.3
Net working capital changes	4,533.5	22,342.1
Change in accrued income tax	(898.4)	(1,988.8)
Net operating cash flow	3,635.0	20,353.2
Net investment cash flow	(3,434.5)	(82,114.2)
Net financing cash flow	1,762.5	52,666.3
Foreign currency valuation differences	91.8	1,329.8
Foreign currency translation differences from translation of foreign operations	104.5	12.9
Acquisition adjustment	0.0	16,818.2
Net change in cash	2,159.3	9,066.3

— Ends —

About the company

Talaat Moustafa Group Holding S.A.E. (TMG Holding) is a leading publicly held Egyptian developer of large-scale integrated communities and tourism investment projects. It has a total land of over 97 million square meters spread across Egypt and additional 10 million square meters in Riyadh, Saudi Arabia. Since its inception, has delivered residential units supporting formation of a community with some 0.8 million people in all of TMG Holding's projects, accompanied by high-quality amenities and infrastructure. Aside from other renowned projects, TMG Holding is the developer of Madinaty, its flagship community occupying 33.6mn square meters in East Cairo. It owns four upscale hotels with a total of 1,041 operational rooms in Cairo, Sharm El Sheikh and Alexandria, and 940 additional rooms under construction. The company concluded the acquisition of a significant stake in 7 historical properties located at high traffic locations across the country, which increase the room count by c2,500 keys.

Note on forward-looking statements

In this communication, TMG Holding may make forward-looking statements reflecting management's expectations on business prospects and growth objectives as of the date on which they are made. These statements are not factual and represent beliefs regarding future events, many of which are uncertain and subject to changing conditions of the competitive landscape, macroeconomic and regulatory environment and other factors beyond management's control. Therefore, recipients of this communication are cautioned not to place undue reliance on these forward-looking statements.

Shareholder structure as of 30 June 2024

