

**Sixth of October for Development and Investment Company “SODIC”
(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For the Financial Year Ended December 31, 2022
And Auditors’ Report**

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Hazem Hassan

Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

Auditors' Report **To the Shareholders of Sixth of October** **for Development and Investment Company "SODIC"**

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" (S.A.E.), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Hazem Hassan

*Translation of the consolidated financial statements
And audit report originally issued in Arabic*

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sixth of October for Development and Investment Company "SODIC", as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

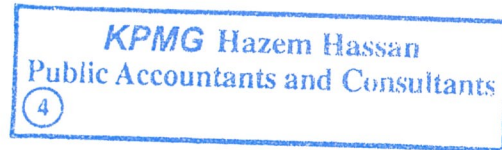
Report on Other Legal and Regulatory Requirements

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account, according to the limits of this information in books.

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo February 8th, 2023



Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated statement of financial position as at

EGP	Note No.	31 December 2022	31 December 2021
Non-current assets			
Property, plant, equipment	(25)	739 191 488	778 566 405
Projects under construction	(26)	144 678 430	129 185 058
Investment properties under development	(27)	838 790 791	3 156 406 139
Investments in associates	(28)	-	-
Investment properties	(29)	412 309 560	368 044 461
Right of use - assets	(30-1)	37 914 294	55 069 321
Trade and notes receivable	(20-2)	2 308 758 677	1 177 626 366
Debtors and other debit balances	(21-2)	2 912 656	14 019 778
Deferred tax assets	(15)	386 326 614	202 626 819
Total non-current assets		4 870 882 510	5 881 544 347
Current assets			
Inventory	(17)	23 270 294	18 499 329
Completed units ready for sale	(18)	1 191 439 907	52 212 184
Works in process	(19)	15 170 646 943	14 184 447 190
Trade and notes receivable	(20-1)	1 737 317 135	1 334 794 585
Debtors and other debit balances	(21-1)	4 489 345 574	3 408 447 774
Loans to joint ventures	(22)	-	-
Financial investments at amortized cost "treasury bills"	(23)	1 211 832 617	331 418 265
Cash and cash equivalents	(24)	1 689 973 628	1 583 054 476
Total current assets		25 513 826 098	20 912 873 803
Total assets		30 384 708 608	26 794 418 150
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		4 115 008 326	3 599 475 037
Profit from sale of treasury shares	(32)	1 725 456	1 725 456
Reserve for employee stock option plan	(50)	-	-
Equity attributable to equity holders of the Company		7 249 518 082	6 733 984 793
Non-controlling interests	(33)	61 608 729	63 860 164
Total equity		7 311 126 811	6 797 844 957
Non-current liabilities			
Loans	(34)	2 667 864 053	1 323 466 533
Creditors and notes payable	(35)	705 999 840	960 643 673
New Urban Communities Authority	(36)	4 102 748 823	3 971 255 748
Land acquisition creditors	(37)	1 244 282 131	1 279 135 232
Lease contracts liabilities	(30-2)	28 284 851	48 431 814
Total non-current liabilities		8 749 179 698	7 582 933 000
Current liabilities			
Banks facilities		-	2 458 049
Loans	(34)	495 755 556	1 225 396 749
Advances - from customers	(38)	8 700 395 827	7 007 597 727
Contractors, suppliers and notes payable	(39)	456 745 290	453 495 712
Income tax liabilities		362 203 618	442 420 718
New Urban Communities Authority	(36)	263 159 777	92 417 693
Land acquisition creditors	(37)	34 853 101	16 527 290
Creditors and other credit balances	(40)	2 877 666 883	2 607 986 670
Lease contracts liabilities	(30-2)	10 209 528	11 472 628
Provisions	(41)	1 123 412 519	553 866 957
Total current liabilities		14 324 402 099	12 413 640 193
Total liabilities		23 073 581 797	19 996 573 193
Total equity and liabilities		30 384 708 608	26 794 418 150

* The accompanying notes from (1) to (53) form an integral part of these consolidated financial statements and to be read therewith.

Financial Director



Mohamed Samir

Group Financial
Controller



Ahmed Hegazi

Acting Chief Financial
Officer



Mahmoud Badran

Managing Director



Magued Sherif

"Auditors' report attached"

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated statement of profit or loss
for the financial year ended on December 31

EGP	Note <u>No</u>	2022	2021
Revenues			
Real estate sales	(6)	7 249 491 782	6 199 238 082
Revenues of services of managing cities and resorts		406 335 082	377 272 115
Revenues of investment property		54 366 337	41 788 602
Revenues from clubs and golf course		100 685 590	304 405 784
Total operation revenues		7 810 878 791	6 922 704 583
Cost of sales			
Cost of real estate sold	(7)	(4 994 104 964)	(3 770 427 495)
Costs of services of managing cities and resorts		(327 311 618)	(296 382 560)
Costs of investment property		(30 162 206)	(15 565 869)
Cost of clubs and golf course		(267 513 991)	(501 710 164)
Total operation costs		(5 619 092 779)	(4 584 086 088)
Gross profit		2 191 786 012	2 338 618 495
Other operating revenues	(8)	115 102 992	127 964 982
Selling and marketing expenses	(9)	(798 367 326)	(522 589 324)
General and administrative expenses	(10)	(793 190 413)	(666 114 715)
Other operating expenses	(11)	(40 975 052)	(95 865 008)
(Charges) of expected credit losses	(12)	(24 366 767)	(18 674 952)
Operating profit		649 989 446	1 163 339 478
Finance income	(13)	317 690 604	156 522 415
Finance cost	(14)	(257 315 994)	(148 029 258)
Net finance income		60 374 610	8 493 157
Net profit before tax		710 364 056	1 171 832 635
Income tax	(15)	(185 207 991)	(306 724 353)
Profit for the year		525 156 065	865 108 282
Attributable to:			
Equity holders of the Company		520 057 733	860 309 508
Non-controlling interests	(33)	5 098 332	4 798 774
Profit for the year		525 156 065	865 108 282
Earnings per share (EGP / Share)	(16)	1.46	2.42

* The accompanying notes from (1) to (53) form an integral part of these consolidated financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated statement of comprehensive income
for the financial year ended on December 31

EGP	Note No	2022	2021
Profit of the year		525 156 065	865 108 282
Total other comprehensive income items for the year after income tax		-	-
Total comprehensive income of the year		525 156 065	865 108 282
Total comprehensive income is attributable to:			
Equity holders of the company		520 057 733	860 309 508
Non-controlling interests	(33)	5 098 332	4 798 774
Total comprehensive income for the year		525 156 065	865 108 282

* The accompanying notes from (1) to (53) form an integral part of these consolidated financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated statement of changes in equity
for the financial year ended on December 31, 2022

EGP	Issued and paid in capital	Legal reserve	Special reserve-share premium	Retained earnings	Profit from selling of treasury shares	Reserve for employee stock option plan	Total	Non-Controlling interests	Total equity
Balance as at January 1, 2021	1 424 789 472	223 686 635	1 382 852 956	2 954 919 721	1 725 456	21 528 566	6 009 502 806	62 982 621	6 072 485 427
Total comprehensive income									
Net profit for the year	-	-	-	860 309 508	-	-	860 309 508	4 798 774	865 108 282
Other comprehensive income items	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	860 309 508	-	-	860 309 508	4 798 774	865 108 282
Transactions with owners of the Company									
Transferred to legal reserve	-	1 154 136	-	(1 154 136)	-	-	-	-	-
Dividends to employees in subsidiaries	-	-	-	(4 908 947)	-	-	(4 908 947)	-	(4 908 947)
Dividends	-	-	-	(215 108 555)	-	3 847 489	(211 261 066)	-	(211 261 066)
Transferred to special reserve-share premium	-	-	100 301 101	-	-	-	100 301 101	-	100 301 101
Reserve for employee stock option plan	-	-	-	-	-	17 887 171	17 887 171	-	17 887 171
Excuted amounts of employees stock option	-	-	-	-	-	(38 394 927)	(38 394 927)	-	(38 394 927)
Dividends for non-controlling interests	-	-	-	-	-	-	-	(4 996 247)	(4 996 247)
Selling of treasury shares	-	-	-	-	-	-	-	1 075 016	1 075 016
Transferred to statement of profit or loss interest income transferred from employees stock option	-	-	-	-	-	549 147	549 147	-	549 147
Transferred to retained earnings- unexecuted stock option	-	-	-	5 417 446	-	(5 417 446)	-	-	-
Total transactions with owners of the Company	-	1 154 136	100 301 101	(215 754 192)	-	(21 528 566)	(135 827 521)	(3 921 231)	(139 748 752)
Balance as at December 31, 2021	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
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 for the year									
Net profit for the year	-	-	-	520 057 733	-	-	520 057 733	5 098 332	525 156 065
Other comprehensive income items	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	520 057 733	-	-	520 057 733	5 098 332	525 156 065
Transactions with owners of the Company									
Dividends to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(7 349 767)	(7 349 767)
Dividends to employees in subsidiaries	-	-	-	(4 524 444)	-	-	(4 524 444)	-	(4 524 444)
Total transactions with owners of the Company	-	-	-	(4 524 444)	-	-	(4 524 444)	(7 349 767)	(11 874 211)
Balance as at December 31, 2022	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

* The accompanying notes from (1) to (53) form an integral part of these consolidated financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"
(An Egyptian Joint Stock Company)
Consolidated statement of cash flows
for the financial year ended December 31,

EGP	Note No	2022	2021
<u>Cash flows from operating activities</u>			
Net profit for the year before tax		710 364 056	1 171 832 635
<u>Adjustments for:</u>			
Depreciation of fixed assets, investment properties and right in use assets amortization	(25) + (29) + (30)	129 612 729	109 858 021
(Gain) on sale of property, plant and equipment	(8)	(192 603)	(317 992)
Interest on lease contract liabilities	(14)	4 196 780	4 760 192
Profit of sale of investments in subsidiaries without change in control		-	(672 554)
Return on investments at amortized cost		(81 768 303)	(81 539 829)
Credit interest on the reserve for employee stock option plan		-	549 147
Impairment loss of in associates & joint ventures		-	377 843
Reversal of impairment of property, plant and equipment	(8)	(1 822 590)	(1 822 590)
Employees stock option plan expense	(10)	-	17 887 171
(Gain) on disposal of right of use		(4 389 206)	-
<u>Changes in:</u>			
Inventory		(4 770 965)	(10 622 935)
Finished units available for sale		84 590 931	24 659 454
Works in process		644 680 702	449 633 202
Trade and notes receivables		(1 533 654 860)	(499 808 892)
Debtors and other debit balances		(1 069 790 677)	(446 504 024)
Loans to joint ventures	(22)	-	-
Provisions formed	(41)	898 189 237	412 955 101
Provisions no longer required	(41)	-	(16 811 828)
Provisions used	(41)	(328 643 677)	(178 697 376)
Advances from customers		1 779 862 851	(560 887 747)
Contractors, suppliers and notes payable		(463 243 099)	(292 952 427)
Creditors and other credit balances & NUCA		272 803 186	839 463 351
Paid income tax		(449 124 891)	(281 550 979)
Dividends to employees and BOD		-	(24 108 947)
Dividends to employees and BOD of subsidiaries		(4 524 444)	-
Restricted cash		(7 267 656)	(363 164)
Net cash generated from operating activities		575 107 501	635 314 833
<u>Cash flows from investing activities</u>			
Payments for purchase of property, plant and equipment and projects under construction		(64 225 622)	(54 354 051)
Payments for investments properties under development		(205 105 507)	(1 100 202 170)
Payments for investments at amortized cost		(3 394 154 609)	(1 909 190 328)
Proceeds from sale of investments in subsidiaries without change in		-	1 747 570
Proceeds from investments at amortized cost		2 595 508 560	2 334 098 874
Proceeds from sale of property, plant and equipment		324 155	1 168 723
Net cash (used in) investing activities		(1 067 653 023)	(726 731 382)
<u>Cash flows from financing activities</u>			
Repayment of credit facilities		(2 458 049)	-
Proceeds banks - credit facilities		-	2 231 430
Proceeds from loans		1 931 801 807	290 164 408
Repayment of loans		(1 308 478 613)	-
Payment of lease contracts liabilities		(21 318 360)	(22 302 325)
Dividends to non-controlling interests		(7 349 767)	(4 996 247)
Proceeds from employee stock option plan		-	65 373 607
Dividends paid		-	(192 061 066)
Net cash generated from financing activities		592 197 018	138 409 807
Net increase in cash and cash equivalents		99 651 496	46 993 258
Cash and cash equivalents at January 1		1 574 658 818	1 527 605 825
Effect of movement in expected credit loss on cash and cash equivalents	(12)	1 197 831	59 735
Cash and cash equivalents at December 31	(24)	1 675 508 145	1 574 658 818

* The accompanying notes from (1) to (53) form an integral part of these consolidated 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 financial statements
for the financial year ended December 31, 2022

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 year ended December 31, 2022, 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. Magued Sherif, is the Managing Director of the Parent Company.

2. Basis of preparation of consolidated interim financial statements

Compliance with accounting standards and laws

- The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The consolidated financial statements were approved by the Board of Directors on February 8, 2023.
- Details of the Group’s accounting policies are included in Note (53).

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2022

3. Basis of measurement

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

5. Use of judgment and estimates

- In preparing the consolidated 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.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2022

- 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.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2022

- **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.

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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:

	<u>2022</u> <u>EGP</u>	<u>2021</u> <u>EGP</u>
Revenues from the sale of Sodic projects in West Cairo	1 495 986 888	1 435 108 232
Revenues from the sale of Sodic projects in East Cairo	5 518 199 369	4 756 563 341
Revenues from the sale of Sodic projects in North Coast	292 313 772	76 258 421
	<u>7 306 500 029</u>	<u>6 627 929 994</u>
Sales return	-	(26 975 338)
	<u>7 306 500 029</u>	<u>6 240 954 656</u>
Interest income realized from installments during the year	251 430 581	153 060 784
Discount for early payment	(308 438 828)	(194 777 358)
	<u>7 249 491 782</u>	<u>6 199 238 082</u>

- Includes an amount of EGP 610 859 643 representing the financial component on installments collected from customers of delivered units prior to delivery in compliance with the Egyptian accounting standard No. 48.

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7. Cost of real estate sold

	2022	2021
	<u>EGP</u>	<u>EGP</u>
Cost of sales of Sodic projects in West Cairo (*)	776 027 557	859 960 272
Cost of sales of Sodic projects in East Cairo	3 577 665 888	2 877 998 441
Cost of sales of Sodic projects in North Coast	98 023 625	46 577 155
	<u>4 451 717 070</u>	<u>3 784 535 868</u>
Onerous contracts – provision (**)	97 491 234	-
Write-down to NRV in WIP (**)	444 896 660	-
Cost of sales returns	-	(14 108 373)
	<u>4 994 104 964</u>	<u>3 770 427 495</u>

- Includes an amount of EGP 610 859 643 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 45 190 696 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, 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 445 million and incurred onerous contracts losses amounting to EGP 97 million.

8. Other operating revenues

	2022	2021
	<u>EGP</u>	<u>EGP</u>
Cancellations and delay penalties	88 442 522	108 313 634
Reversal of impairment of property, plant and equipment	1 822 590	1 822 590
Provisions no longer required	-	15 700
Gain on sale of Property, Plant, and Equipment	192 603	317 992
Go Smart revenue	6 585 019	9 193 879
Income from terminate lease contract for Heliopolis office	4 389 206	-
Other income	13 671 052	8 301 187
	<u>115 102 992</u>	<u>127 964 982</u>

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9. Selling and marketing expenses

	2022	2021
	<u>EGP</u>	<u>EGP</u>
Salaries and wages	70 169 767	59 844 382
Sales commissions	271 652 096	225 310 004
Advertising expenses	293 498 509	141 817 362
Exhibitions, conferences, and events	60 501 436	39 773 582
Rent	3 647 976	2 883 010
Maintenance, security, cleaning, and agriculture	15 558 880	6 977 041
Travel, transportation, and cars	2 247 034	355 201
Professional and consultants' fees	23 974 149	10 647 173
Tips and gifts	12 922 453	4 322 786
Fixed assets depreciation and amortization of right of use assets	17 516 217	17 206 881
Employees vacations	1 349 174	-
Fees, stamps and licenses	4 579 929	4 112 940
Printing and photocopying	2 326 317	1 745 319
Communication, electricity, telephone, and water	3 119 410	3 566 269
Other	15 303 979	4 027 374
	<u>798 367 326</u>	<u>522 589 324</u>

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10. General and administrative expenses

	2022	2021
	<u>EGP</u>	<u>EGP</u>
Salaries, wages, and bonuses	313 425 196	266 766 532
Board of Directors' remunerations and allowances	13 000 000	6 397 727
Medical care, training, meals & uniforms	32 640 674	17 523 867
Employees Stock Option Plan (10-1)	-	17 887 171
Specific employee's benefits	13 164 776	1 496 254
Maintenance, security, cleaning, and agriculture	148 483 755	104 268 425
Professional and consultancy fees (10-2)	89 173 899	117 754 462
Exhibitions, and conferences	4 211 651	541 481
Donations	4 894 600	1 265 000
Gifts and tips	4 236 277	6 036 828
Fixed assets depreciation and amortization of right of use	21 486 672	29 101 112
Reception and hospitality	2 721 786	1 438 417
Programs and computer supplies	29 974 709	18 128 660
Stationery and printing supplies	2 308 333	2 545 588
Communication, electricity, telephone, and water	7 560 545	7 823 554
Subscriptions and governmental dues	40 523 432	16 835 219
Rent	6 466 708	7 739 751
Travel and transportation	8 033 281	3 115 358
Bank charges	5 632 673	4 788 565
Employees vacations	4 601 515	3 162 339
Insurance installments	2 602 180	2 710 477
Tafakul contribution	19 160 108	17 048 529
Other	18 887 643	11 739 399
	<u>793 190 413</u>	<u>666 114 715</u>

(10-1) Represents the fair value of the option granted at the grant date for beneficiaries of Employees Stock Option Plan granted to the executive board members and the directors as shown in note (51).

(10-2) Professional and consultancy fees include an amount of EGP 5.44 million representing financial advisors' fees for studies on the initial offer made by Aldar Real Estate Company to acquire the Company's shares.

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Notes to the consolidated financial statements for the financial year ended December 31, 2022

11. Other operating expenses

	2022	2021
	<u>EGP</u>	<u>EGP</u>
Provisions	39 896 409	10 648 345
Operating Losses	-	84 838 820
Impairment loss of in associates & joint ventures	-	377 843
Discount for early payment - maintenance expenses	1 078 643	-
	<u>40 975 052</u>	<u>95 865 008</u>

12. Charges of expected credit losses

	Balance in 31/12/2021	Movement during the year	Balance in 31/12/2022
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Loans to joints ventures	207 632 653	571 500	208 204 153
Cash at banks	245 994	1 197 831	1 443 825
Financial investments at amortized cost	61 519	3 069 411	3 130 930
Trade and notes receivable	13 027 458	16 272 759	29 300 217
Debtors and other debit balances	105 785 321	3 255 266	109 040 587
	<u>326 752 945</u>	<u>24 366 767</u>	<u>351 119 712</u>

13. Finance income

	2022	2021
	<u>EGP</u>	<u>EGP</u>
Interest income	89 816 822	74 921 067
Return on investment at amortized cost	81 768 303	81 601 348
Foreign exchange gains from balances denominated in foreign currencies (*)	146 034 979	-
Securitization profits	70 500	-
	<u>317 690 604</u>	<u>156 522 415</u>

(*) 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 year from EGP 15.64 /USD to EGP 24.68 /USD at the date of the financial position.

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Notes to the consolidated financial statements for the financial year ended December 31, 2022

14. Finance cost

	2022	2021
	<u>EGP</u>	<u>EGP</u>
Interest expense	253 119 214	130 754 696
Foreign exchange losses from balances denominated in foreign currencies	-	703 473
Securitization losses	-	11 810 897
Interest on lease contracts	4 196 780	4 760 192
	<u>257 315 994</u>	<u>148 029 258</u>

15. Income tax

A- Items recognized in the profit or loss

	2022	2021
	<u>EGP</u>	<u>EGP</u>
Current income tax expense	364 203 408	444 182 147
Tax expense on dividends	4 704 378	898 010
Deferred income tax (benefit)	(183 699 795)	(138 355 804)
	<u>185 207 991</u>	<u>306 724 353</u>

**B- Deferred tax assets and liabilities movement
December 31, 2022**

	Balance as at 1/1/2022	Charged to profit or loss	Balance as at 31/12/2022		
	asset / (liability)	loss	Deferred tax resulted in asset	Deferred tax resulted in (liability)	Net deferred tax resulted in (Liability) / Asset
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
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
	<u>202 626 819</u>	<u>183 699 795</u>	<u>419 784 347</u>	<u>(33 457 733)</u>	<u>386 326 614</u>

December 31, 2021

	Balance as at 1/1/2021	Charged to profit or loss	Balance as at 31/12/2021		
	asset / (liability)	loss	Deferred tax resulted in asset	Deferred tax resulted in (liability)	Net deferred tax resulted in (Liability) / Asset
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Property, plant and equipment	(5 508 510)	4 421 067	-	(1 087 443)	(1 087 443)
Foreign exchange differences	(7 116 532)	1 201 188	-	(5 915 344)	(5 915 344)
Provisions	72 483 459	46 843 009	119 326 468	-	119 326 468
EAS application differences	-	(1 050 162)	-	(1 050 162)	(1 050 162)
Carry forward losses	4 412 598	86 940 702	91 353 300	-	91 353 300
	<u>64 271 015</u>	<u>138 355 804</u>	<u>210 679 768</u>	<u>(8 052 949)</u>	<u>202 626 819</u>

- 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.

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Notes to the consolidated financial statements for the financial year ended December 31, 2022

D- Reconciliation of effective income tax rate

	2022	2021
	<u>EGP</u>	<u>EGP</u>
Profit before income taxes	710 364 056	1 171 832 634
Tax rate	22.50%	22.50%
Income tax using the domestic corporation tax rate	159 831 913	263 662 343
Special tax pool (financial investment at amortized cost)	10 960 022	872 718
Non- deductible expenses / (income)	(6 997 321)	20 325 095
Current-year losses for which no deferred tax asset is recognized	17 900 528	4 130 316
Differences in amortization and interest on lease obligations	3 433 224	4 606 394
Other tax adjustments	79 625	13 127 487
Tax as per consolidated income statement	185 207 991	306 724 353
Effective tax rate	26.07%	26.17%

E- Unrecognized deferred tax assets

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Temporary deductible differences	134 848 355	134 841 742
Tax losses carried forward	17 900 528	19 284 768
	152 748 883	154 126 510

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 December 31, 2022, is calculated based on the group's share in earnings for the year using the weighted average number of outstanding shares during the year as follows:

	2022	2021
	<u>EGP</u>	<u>EGP</u>
Net profit for the year (parent company share)	520 057 733	860 309 508
Employees share of profit	-	-
Employees and board of directors share in subsidiaries and Associates' companies	-	(4 524 444)
	520 057 733	855 785 064
Weighted average number of shares outstanding during the year	356 197 368	356 197 368
Earnings per share (EGP / share)	1.46	2.40

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B- Separate (loss) per share

Loss per share as at December 31, 2022, is calculated based on the Parent Company's share in loss for the year according to the separate financial statements using the weighted average number of outstanding shares during the year as follows:

	2022 EGP	2021 EGP
Net (loss) for the year	(477 689 474)	(365 362 841)
Employees share of profit	-	-
	(477 689 474)	(365 362 841)
Weighted average number of shares outstanding during the year	356 197 368	356 197 368
Loss per share (EGP / share)	(1.34)	(1.03)

17. Inventory

	31/12/2022 EGP	31/12/2021 EGP
Maintenance, operation, and communication supplies	23 270 294	18 499 329
	23 270 294	18 499 329

18. Completed units ready for sale

	31/12/2022 EGP	31/12/2021 EGP
Cost of completed units	1 191 439 907	52 212 184
	1 191 439 907	52 212 184

19. Work in process

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

	31/12/2022 EGP	31/12/2021 EGP
West Cairo projects costs (19-1)	8 593 547 640	7 799 266 365
East Cairo projects costs	4 707 280 157	4 775 170 534
North Coast projects costs (19-2)	1 869 819 146	1 610 010 291
	15 170 646 943	14 184 447 190

- Includes an amount of EGP 797 766 937 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, 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 445 million.

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(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 200 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 4 811 045 530 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 – Shatin 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).

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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 according to the new Master 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 Tabrouk 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 representing 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 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 mentioned 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.

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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

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Trade receivable	232 833 893	185 582 643
Notes receivable – units *	1 577 774 583	1 208 075 706
Trade receivable - others	21 288 697	4 577 730
	1 831 897 173	1 398 236 079
Unamortized interest – notes receivable	(78 540 616)	(51 928 483)
	1 753 356 557	1 346 307 596
Expected credit losses on trade and notes receivable	(16 039 422)	(11 513 011)
	1 737 317 135	1 334 794 585

- * 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: -

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Receivables	7 689 600	9 063 562
Notes receivable – units' installments *	3 088 509 271	1 442 611 873
	3 096 198 871	1 451 675 435
Unamortized interest	(774 179 399)	(272 534 622)
	2 322 019 472	1 179 140 813
Expected credit losses on trade and notes receivable	(13 260 795)	(1 514 447)
	2 308 758 677	1 177 626 366

- * 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 27.1 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).

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21. Debtors and other debit balances

21-1 Debtors and other debit balances - current

	31/12/2022	31/12/2021
	EGP	EGP
Contractors and suppliers – advance payments	1 059 623 928	737 368 238
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued Revenues	82 592 556	81 435 406
Due from related parties	12 794 339	3 651 669
Prepaid expenses and sales commissions	877 703 317	583 844 979
Deposits with others	22 033 590	18 436 960
Tax Authority	42 401 850	59 480 860
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	228 532 600
Bank accounts – Joint arrangements (21-1-2)	109 527 453	52 296 390
Bank current accounts & deposits - Maintenance (21-1-3)	1 804 417 932	1 464 125 303
Project maintenance receivables	203 074 886	171 221 648
Owners Union – Shahin (Note 19-2)	16 868 982	24 046 593
Defaulting service (21-1-4)	36 609 466	24 010 000
Other debit balances	29 232 290	25 093 317
	4 598 348 153	3 514 209 055
Expected credit losses on debtors and other debit balances	(109 002 579)	(105 761 281)
	4 489 345 574	3 408 447 774

(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

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(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

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Defaulting service - Securitization portfolio (21-1-4)	2 950 664	2 946 822
Owners Union – Shahin	-	11 096 996
	<u>2 950 664</u>	<u>14 043 818</u>
Expected credit losses on debtors and other debit balances	(38 008)	(24 040)
	<u>2 912 656</u>	<u>14 019 778</u>

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

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22. Loans to joint ventures

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
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	72 146 692
	<u>208 204 153</u>	<u>207 632 653</u>
Expected credit loss on loans to joint ventures	(208 204 153)	(207 632 653)
	<u>-</u>	<u>-</u>

23. Financial Investments at amortized cost

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Treasury bills at par value	1 252 825 000	335 224 773
Unearned return on treasury bills	(37 861 453)	(3 744 989)
	<u>1 214 963 547</u>	<u>331 479 784</u>
Expected credit loss	(3 130 930)	(61 519)
	<u>1 211 832 617</u>	<u>331 418 265</u>

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

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24. Cash and cash equivalents

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Bank - time deposits *	1 093 012 091	697 040 514
Bank - current accounts	574 742 487	836 881 521
Checks under collection	18 381 339	45 716 134
Cash on hand	5 281 536	3 662 301
	1 691 417 453	1 583 300 470
Expected credit loss	(1 443 825)	(245 994)
	1 689 973 628	1 583 054 476

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

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Cash and cash equivalents before ECL	1 691 417 453	1 583 300 470
Restricted Deposits *	(15 909 308)	(8 641 652)
Cash and cash equivalents in the consolidated statement of cash flows	1 675 508 145	1 574 658 818

* 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).

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Notes to the consolidated interim financial statements for the Year ended December 31, 2022

25 - Property, plant, equipment

	Golf Course	Lands	Buildings and Constructions	Vehicles	Furniture and fixtures	Beach Furniture and fixtures	Office equipment and communications	Computer software	Generators, machinery and equipment	Solar power stations	Leasehold improvements	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost												
Cost at January 1, 2021	93 628 961	49 259 994	439 107 087	48 463 954	71 076 012	3 486 922	47 328 819	20 288 202	59 473 211	11 218 810	76 084 275	919 416 247
Additions during the year	-	923 092	206 040 951	13 052 858	7 234 635	2 050 613	7 437 566	1 231 252	20 911 996	-	21 590 147	280 473 110
Disposals during the year	-	-	(114 370)	(423 795)	(237 539)	(191 947)	(4 078 923)	-	(764 008)	-	(71 629)	(5 882 211)
Cost at December 31, 2021	93 628 961	50 183 086	645 033 668	61 093 017	78 073 108	5 345 588	50 687 462	21 519 454	79 621 199	11 218 810	97 602 793	1 194 007 146
Cost at January 1, 2022	93 628 961	50 183 086	645 033 668	61 093 017	78 073 108	5 345 588	50 687 462	21 519 454	79 621 199	11 218 810	97 602 793	1 194 007 146
Additions during the year	-	-	2 351 991	14 235 334	5 941 754	-	8 985 306	4 101 601	8 725 703	-	4 390 562	48 732 251
Disposals during the year	-	-	-	(402 952)	(66 614)	-	(137 202)	-	(761 329)	-	(8 352 954)	(9 721 051)
Cost at December 31, 2022	93 628 961	50 183 086	647 385 659	74 925 399	83 948 248	5 345 588	59 535 566	25 621 055	87 585 573	11 218 810	93 640 401	1 233 018 346
Accumulated depreciation and impairment losses												
Accumulated depreciation and impairment losses at January 1, 2021	93 628 961	-	56 221 479	26 651 112	26 509 600	1 628 982	31 336 672	16 339 964	30 564 375	409 474	54 715 440	338 006 059
Depreciation during the year	1 822 590	-	27 790 477	7 646 388	11 271 902	2 012 778	6 510 901	2 108 339	9 937 896	448 753	14 738 729	84 288 753
Accumulated depreciation of disposals during the year	-	-	(114 370)	(423 792)	(220 668)	(191 947)	(3 352 923)	-	(656 460)	-	(71 321)	(5 031 481)
Reversal of impairment losses during the year	(1 822 590)	-	-	-	-	-	-	-	-	-	-	(1 822 590)
Accumulated depreciation and impairment losses at December 31, 2021	93 628 961	-	83 897 586	33 873 708	37 560 834	3 449 813	34 494 650	18 448 303	39 845 811	858 227	69 382 848	415 440 741
Accumulated depreciation and impairment losses at January 1, 2022	93 628 961	-	83 897 586	33 873 708	37 560 834	3 449 813	34 494 650	18 448 303	39 845 811	858 227	69 382 848	415 440 741
Depreciation during the year	1 822 590	-	33 075 693	9 337 077	12 169 185	1 781 808	6 858 028	2 389 947	12 081 285	448 752	9 833 844	89 798 209
Accumulated depreciation of disposals during the year	-	-	-	(402 950)	(56 187)	-	(121 980)	-	(670 451)	-	(8 337 934)	(9 589 502)
Reversal of impairment losses during the year	(1 822 590)	-	-	-	-	-	-	-	-	-	-	(1 822 590)
Accumulated depreciation and impairment losses at December 31, 2022	93 628 961	-	116 973 279	42 807 835	49 673 832	5 231 621	41 230 698	20 838 250	51 256 645	1 306 979	70 878 758	493 826 856
Carrying amount												
Carrying amount At January 1, 2021	-	49 259 994	382 885 608	21 812 842	44 566 412	1 857 940	15 992 147	3 948 238	28 908 836	10 809 336	21 368 835	581 410 188
Carrying amount At December 31, 2021	-	50 183 086	561 136 082	27 219 309	40 512 274	1 895 775	16 192 812	3 071 151	39 775 388	10 360 583	28 219 945	778 566 405
Carrying amount At December 31, 2022	-	50 183 086	530 412 380	32 117 564	34 274 416	113 967	18 304 868	4 782 805	36 328 928	9 911 831	22 761 643	739 191 488

- Fixed assets included fully depreciated assets amounted to EGP 153 624 962 at December 31, 2022.

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26. Projects under construction

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Hotels buildings under constructions	104 398 714	104 398 714
Administrative buildings and caravans under construction	40 251 661	24 435 803
Advance payments -fixtures and purchasing of fixed assets	28 055	350 541
	<u>144 678 430</u>	<u>129 185 058</u>

27. Investment properties under development

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Projects in West Cairo	106 245 091	1 419 250 277
Projects in East Cairo	732 545 700	1 737 155 862
	<u>838 790 791</u>	<u>3 156 406 139</u>

28. Investments in associates

The Group has the following investments in associates:

	Legal Form	Ownership Percentage		Carrying amount	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
		<u>%</u>	<u>%</u>	<u>EGP</u>	<u>EGP</u>
Royal Gardens for Investment Property Co.	SAE	20	20	-	-
Palmyra SODIC Real Estate Development (A)	Syrian Ltd.	50	50	-	-
				<u>-</u>	<u>-</u>

Summary of financial information of associates and joint ventures: -

	Assets <u>EGP</u> <u>In</u> <u>thousands</u>	Liabilities <u>EGP</u> <u>In thousands</u>	Equity <u>EGP</u> <u>In</u> <u>thousands</u>	Foreign translation <u>EGP</u> <u>In</u> <u>thousands</u>	Revenues <u>EGP</u> <u>In</u> <u>thousands</u>	Expenses <u>EGP</u> <u>In</u> <u>thousands</u>
<u>December 31, 2020</u>						
Royal Gardens for Real Estate Investments Co.	156 194	(159 464)	3 270	-	(1 048)	6 220
<u>December 31, 2019</u>						
Royal Gardens for Real Estate Investments Co.	153 061	(151 172)	(1 889)	-	(7 584)	12 217
<u>December 31, 2021</u>						
Palmyra SODIC Real Estate Development (*)	22 502	(1 101 089)	1 078 587	552 778	-	6 797
<u>December 31, 2019</u>						
Palmyra SODIC Real Estate Development (*)	130 216	(1 113 822)	983 606	55 683	-	4 257

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- (*) 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 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: -

<u>Description</u>	<u>EGP</u>
<u>Cost</u>	
At January 1, 2021	166 414 001
Additions during the year	247 201 369
Stock of finished units	(10 187 226)
At December 31, 2021	403 428 144
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
<u>Less</u>	
<u>Accumulated depreciation</u>	
At January 1, 2021	28 485 635
Depreciation for the year	9 856 599
Transferred to finished units ready for sale	(2 958 551)
At December 31, 2021	35 383 683
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
Net carrying amount as at January 1, 2021	137 928 367
Net carrying amount as at December 31, 2021	368 044 461
Net carrying amount as at December 31, 2022	412 309 560

- The fair value of investment properties amounted to EGP 1 421 million as at December 31, 2022.

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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:

<u>Cost</u>	<u>EGP</u>
At January 1, 2022	100 883 683
Additions during the year	16 852 248
Disposals during the year	(26 584 767)
At December 31, 2022	91 151 164
<u>Less</u>	
<u>Accumulated amortization</u>	
At January 1, 2022	45 814 362
Amortization for the year	17 255 749
Adding back depreciation of disposals	(9 833 241)
At December 31, 2022	53 236 870
Net carrying amount as at January 1, 2022	55 069 321
Net carrying amount as at December 31, 2022	37 914 294

30-2 Lease contract liabilities

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

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Lease contract liabilities	48 743 744	74 553 654
Unamortized interests	(10 249 365)	(14 649 212)
Net present value of lease contract liabilities	38 494 379	59 904 442
 Short-term lease liabilities	 10 209 528	 11 472 628
Long-term lease liabilities	28 284 851	48 431 814
	38 494 379	59 904 442

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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.

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- The current capital structure for the holding company:

Shareholder	Number of shares	Share value <u>EGP</u>	Ownership percentage <u>%</u>
ALDAR VENTURES INTERNATIONAL	213 240 140	852 960 560	59.87
GAMMA FORGE LIMITED	91 388 632	365 554 528	25.66
EKUIITY 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 December 31, 2022 is represented as follows: -

	<u>EGP</u>
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

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31-3 Special reserve – share premium

The balance as at December 31, 2022 is represented as follows: -

<u>Description</u>	<u>EGP</u>
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
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 termination of the program.	1 180 000
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 EGP 9.27 per share.	28 588 105
Share premium for issuing 3 083 938 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2017 as a result of execution	16 630 524
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 9.27 per share.	30 343 148
Share premium for issuing 3 273 263 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2019 as a result of execution	18 508 880
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)
	<u>1 483 154 057</u>

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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 December 31, 2022, represents the interest shares in subsidiary's equity as follows:

	Non-controlling interest				
	Percentage	Balance as of 31/12/2021	Excluding profit / (loss) for the year	Profit / (loss) for the year	Balance as of 31/12/2022
	%	EGP	EGP	EGP	EGP
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	356 060	356 062	62 391	418 453
Beverly Hills for Management of Cities and Resorts Co	55.54	29 966 401	29 966 401	120 881	30 087 283
SODIC Garden City for Development and Investment Co.	50	33 508 013	26 158 244	4 921 900	31 080 144
Al Yosr for Projects and Real Estate Development Co	0.001	25 158	25 158	(7 691)	17 466
SODIC for Development and Real Estate Investment Co.	0.001	20	20	-	20
Edara for Services of Cities and Resorts Co.	0.003	4 508	4 508	851	5 359
Fourteen for Real Estate Investment Co.	0.004	2	2	-	2
La Maison for Real Estate Investment Co.	0.004	2	2	-	2
		63 860 164	56 510 397	5 098 332	61 608 729

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34. Loans

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
On October 13, 2021, Sixth of October for Development and Investment Company "SODIC" signed 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:	1 288 721 748	1 099 021 749
<ul style="list-style-type: none"> – 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. 		
<u>Guarantees:</u>		
<ul style="list-style-type: none"> – 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 procurement 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" signed 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.	201 000 000	348 000 000
<u>Guarantees:</u>		
<ul style="list-style-type: none"> – 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. 		
<u>Grace period:</u>		
Three years and six months applied on the principal of the loan only from the date of first drawdown.		
<u>Repayment:</u>		
Commences on March 2021, and repayable in (13) quarterly unequal installments.		
After	1 489 721 748	1 447 021 749

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	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Before	1 489 721 748	1 447 021 749
On December 26, 2019, one of the subsidiaries signed 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.	550 000 000	350 000 000
<u>Guarantees:</u>		
– 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		
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	904 836 585	774 836 585
<u>Guarantees:</u>		
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		
<u>Availability period:</u>		
- 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		
<u>Grace period:</u>		
Starting from the date of the first withdrawal and ending on March 31, 2023, this period applies to the principal amount of the loan		
<u>Repayment:</u>		
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 from unit owners in favor of the company, the facility amount is not to exceed six hundred million Egyptian pounds of the net present value after calculating the discount rate and restricting 5% of each discount process be held on account for the service of default, with the bank's full right to recourse	250 623 193	-
	3 195 181 526	2 571 858 334
	(31 561 917)	(22 995 052)
Unamortized transaction cost	3 163 619 609	2 548 863 282

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Current portion

A medium-term loan from CIB- October Plaza	80 000 000	87 000 000
A medium-term loan from CIB - EDNC	123 750 000	39 375 000
A medium-term syndicated loan contract Arab African International Bank "facility and guarantee agent" and Banque Misr (in its capacity as the account bank)	38 661 652	1 099 021 749
A medium-term with Arab African International Bank	130 296 468	-
Facility loan with Ahli United Bank	130 401 743	-
	503 109 863	1 225 396 749
Unamortized transaction cost – current portion	(7 354 307)	-
Total of current portion	495 755 556	1 225 396 749
Total of non-current portion	2 667 864 053	1 323 466 533
	3 163 619 609	2 548 863 282

35. Creditors and notes payable

	31/12/2022	31/12/2021
	EGP	EGP
Total par value of the checks issued to New Urban Communities Authority which are payable till September 8, 2027. (*)	866 543 790	1 214 002 885
Unamortized interest	(160 543 950)	(253 359 212)
	705 999 840	960 643 673

(*) 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).

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2022

36. New Urban Communities Authority

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
New Urban Communities Authority	10 911 745 840	10 985 619 643
Unamortized interest	(6 545 837 240)	(6 921 946 202)
	<u>4 365 908 600</u>	<u>4 063 673 441</u>
Current portion	263 159 777	92 417 693
Non-current portion	4 102 748 823	3 971 255 748
	<u>4 365 908 600</u>	<u>4 063 673 441</u>

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

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Owners Union – Shatin	2 327 070 375	2 548 696 125
Unamortized interest	(1 047 935 143)	(1 253 033 603)
	<u>1 279 135 232</u>	<u>1 295 662 522</u>
Current portion	34 853 101	16 527 290
Non-circulating part	1 244 282 131	1 279 135 232
	<u>1 279 135 232</u>	<u>1 295 662 522</u>

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

38. Advances - from customers

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Advances – Projects in West Cairo	3 702 662 210	2 425 178 256
Advances – Projects in East Cairo (*)	2 711 966 507	3 701 928 464
Advances – Projects on the North Coast	1 721 974 601	421 079 846
Advances – Clubs Memberships	518 287 514	419 847 163
Advances for other group activities	45 504 995	39 563 998
	<u>8 700 395 827</u>	<u>7 007 597 727</u>

- Includes an amount of EGP 972 945 885 representing the value of financial component on installments collected from customers.
- (*) The balance of Advances – Projects in East Cairo includes an amount of EGP 1 009 265 158 which represents the net advances from customers of SODIC EAST project with a total value of EGP 1 037 978 458. The total value has been reduced by EGP 28 713 300, 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 25.5 billion that are not included in the financial statements have been disclosed in note No. (49).

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
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39. Contractors, suppliers and notes payable

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Contractors	44 271 956	124 262 868
Suppliers	68 741 483	18 729 018
Notes payable (*)	435 851 162	424 519 793
	548 864 601	567 511 679
Unamortized interest - notes payable	(92 119 311)	(114 015 967)
	456 745 290	453 495 712

(*) Notes payables include EGP 268 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

	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
Amounts collected on account for management, operation and maintenance of projects *	1 921 165 992	1 612 613 490
Accrued expenses	274 777 264	267 551 898
Customers - Beverly Hills – capital contributions	14 465 041	14 230 429
Customers – credit balances	90 168 161	80 908 532
Tax Authority	84 476 000	70 516 276
Accrued compensated absence	9 087 782	354 507
Insurance Deposits collected from customers – Against modifications	4 088 081	5 106 950
Social insurance – Contractors	29 819 320	33 667 272
Unearned revenue	2 205 660	3 837 952
Retentions	329 623 083	408 363 524
Deposits from others	84 506 181	72 818 711
Due to securitization portfolio	-	2 332 982
Sundry creditors short term	33 284 318	35 684 147
	2 877 666 883	2 607 986 670

* Uncollected notes receivable for maintenance of undelivered units amounting to EGP 1.53 billion, have been disclosed in note No. (49).

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

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41. Provisions

A- Provision for completion of works

	Balance as at 1/1/2022 <u>EGP</u>	Formed during the year <u>EGP</u>	Used during the year <u>EGP</u>	Provisions no longer required during the year <u>EGP</u>	Balance as at 31/12/2022 <u>EGP</u>
Provision for completion of works	528 679 675	760 801 594	(328 643 674)	-	960 837 595
	<u>528 679 675</u>	<u>760 801 594</u>	<u>(328 643 674)</u>	<u>-</u>	<u>960 837 595</u>

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

B- Claims provisions

	Balance as at 1/1/2022 <u>EGP</u>	Formed during the year <u>EGP</u>	Used during the year <u>EGP</u>	Provisions no longer required during the year <u>EGP</u>	Balance as at 31/12/2022 <u>EGP</u>
Provision for expected claims	25 187 281	39 896 409	-	-	65 083 690
	<u>25 187 281</u>	<u>39 896 409</u>	<u>-</u>	<u>-</u>	<u>65 083 690</u>

- 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 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 as at 1/1/2022 <u>EGP</u>	Formed during the year <u>EGP</u>	Used during the year <u>EGP</u>	Provisions no longer required during the year <u>EGP</u>	Balance as at 31/12/2022 <u>EGP</u>
Onerous contracts provision	-	97 491 234	-	-	97 491 234
	<u>-</u>	<u>97 491 234</u>	<u>-</u>	<u>-</u>	<u>97 491 234</u>

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

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
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42. Non - cash transactions

For the purpose of preparing the consolidated statement of cash flows for the financial year ended December 31, 2022, the effect of the following investment transactions was excluded as they are considered non - cash transactions:

	EGP
Transfer from investment properties to work in process	2 308 114 606
Transfer from Investment properties to completed units ready for sale	156 727 058
Transfer from work in process to completed units ready for sale	1 065 392 243
The effect of modifying the land area of The Estates back plot from 123.387 acres to 115.34 acres	86 773 683
Loans unamortized cost	8 566 867

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 year 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 year. 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.

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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 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.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements for the financial year ended December 31, 2022

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 December 31, 2022 as follows

	Note	31/12/2022	31/12/2021
	No.	EGP	EGP
Trade and notes receivable – non-current	(20)	2 322 019 472	1 179 140 813
Trade and notes receivable – current	(20)	1 753 356 557	1 346 307 596
Debtors and other debit balances – non-current	(21)	2 912 656	14 043 818
Debtors and other debit balances – current	(21)	3 720 644 836	2 930 364 076
Investments at amortized cost	(23)	1 211 832 617	331 479 784
Cash at banks	(24)	1 686 135 917	1 579 638 169
		10 696 902 055	7 380 974 256

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Notes to the consolidated financial statements for the financial year ended December 31, 2022

44-2 Liquidity risk

The following are the contractual maturities of financial liabilities:

<u>December 31, 2022</u>	Carrying amount	Less than 1 year	1-2 years	2-5 years
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
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

<u>December 31, 2021</u>	Carrying amount	Less than 1 year	1-2 years	2-5 years
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Bank facilities	2 458 049	2 458 049	-	-
Loans	2 548 863 282	1 225 396 749	293 606 416	1 029 860 117
Contractors and suppliers	441 614 414	441 614 414	-	-
Notes payable	1 271 147 499	289 611 626	284 522 875	697 012 998
New Urban Communities	4 063 673 441	92 417 693	350 508 676	3 620 747 072
Land acquisition creditors	1 295 662 522	16 527 290	161 095 888	1 118 039 344
Other creditors	2 811 689 301	2 328 509 813	448 108 639	35 070 849
	12 435 108 508	4 396 535 634	1 537 842 494	6 500 730 380

44-3 Currency risk

Exposure to currency risk

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

December 31, 2022

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

December 31, 2021

Description	<u>USD</u>	<u>Euro</u>	<u>GBP</u>
Cash at banks	21 563 363	158 676	16 913
Notes receivables	596 610	-	-
Creditors and other credit balances	(486 000)	-	-
Surplus of foreign currencies	21 673 973	158 676	16 913

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Notes to the consolidated financial statements for the financial year ended December 31, 2022

The following is the average exchange rates during the year:

	Average exchange rate during the year		Spot rate at the financial statements date	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
USD	17.96	15.64	24.68	15.64
Euro	19.49	17.67	26.19	18.34
GBP	22.52	21.04	29.65	21.19

Sensitivity Analysis

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
	<u>EGP</u>	<u>EGP</u>
USD	17 186 020	(17 186 020)
Euro	935 161	(935 161)
GBP	54 771	(54 771)
	<u>18 175 952</u>	<u>(18 175 952)</u>

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of December 31, 2021 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
	<u>EGP</u>	<u>EGP</u>
USD	16 949 047	(16 949 047)
Euro	140 190	(140 190)
GBP	17 793	(17 793)
	<u>17 107 030</u>	<u>(17 107 030)</u>

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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>	
	31/12/2022	31/12/2021
	<u>EGP</u>	<u>EGP</u>
<u>Financial instruments with a fixed rate</u>		
Financial assets	6 405 826 221	3 540 879 730
Financial liabilities	(781 086 133)	(965 763 480)
	<u>5 624 740 088</u>	<u>2 575 116 250</u>
<u>Financial instruments with a variable rate</u>		
Financial liabilities	(3 163 619 609)	(2 551 321 331)
	<u>(3 163 619 609)</u>	<u>(2 551 321 331)</u>

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 year and these transactions have been made in accordance with the terms determined by the group's management. Summary of significant transactions concluded during the year and the resulting balances of the related parties at the consolidated balance sheet date were as follows: -

a) Transactions with related parties

<u>Party / Relationship</u>	<u>Nature of transaction</u>	31/12/2022
		<u>Amount of transaction</u>
		<u>EGP</u>
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	36 492 213
Al Dar Egypt	Payments on behalf	9 142 670
Al Dar Properties	Collections on behalf	2 068 101
	Settlement of the account	(2 068 101)

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b) Balances resulting from transactions with related parties

<u>Party</u>	<u>Item as shown in the consolidated balance sheet</u>	<u>31/12/2022</u> <u>EGP</u>	<u>31/12/2021</u> <u>EGP</u>
Palmyra – SODIC for Real Estate	Loans to Joint Ventures	208 204 153	207 632 653
Development *	Accrued interest on loan under debtors and other debit balances caption	65 482 130	65 482 130
	Accrued on – related parties joint venture under debtor and other debit balances caption	35 191 620	35 191 620
Al Dar Egypt	Debtors & other debit balances	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 2019 have been inspected and tax differences have been paid and settled.
- Years 2020 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 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.
- Year 2021 has 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 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 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.

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47. Capital commitments

The value of contracts concluded with third parties for work in progress and real estate investments under development amounted to EGP 13.15 billion (EGP 10.79 billion as of December 31, 2021), and executed works till December 31, 2022, amounted to EGP 8.57 billion (EGP 8.91 billion as of 31 December 2021)

48. Contingencies

- (48-1) During the year, 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	31/12/2022	31/12/2021
	No.	EGP	EGP
Postdated checks clients and unit's installments	(38)	25 510 595 519	15 749 028 042
Postdated checks customers cancellations	(40)	19 252 005	332 014 183
Postdated checks clients and maintenance installments	(40)	1 525 649 231	889 726 149
		27 055 496 755	16 970 768 374
These are due			
Checks due short term	(20)	5 145 424 848	3 713 599 258
Checks due long term	(20)	21 910 071 907	13 247 169 116
		27 055 496 755	16 960 768 374

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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.

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51. Incentive and bonus plan of the Parent Company's employees and managers

- On January 20, 2016 the extraordinary general assembly have approved the new Employees Stock Option Plan for executive board members and directors through granting shares with special conditions as per stated in the plan that part of the company's shares should be assigned to the employee stock option plan equal to 1% of the company's issued capital annually on five tranches for a period of six years and three months as per annex (1). These shares will be made available by using the special reserve- additional paid in capital, or reserves, or part of it, or retained earnings, or part of it for capital increase. The additional shares are to be issued to the employee stock option plan based on the approval of the Board of Directors as per the delegation granted by the company's extraordinary general assembly dated January 20, 2016. The granting of the employee stock option plan shares is to be based on a decision from the supervisory committee by the treasurer.
- The board of directors have decided on 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 is to be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option plan granted to the executives board members and the directors as per the option plan approved by the extraordinary 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 is to 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 executives board members and the directors as per the option plan approved by the extraordinary 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 utilized 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 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 as mentioned in details in note (31).

52. Subsequent events

In the early of January 2023, the Central Bank of Egypt (CBE) moved to a durably flexible exchange rate regime, leaving the forces of supply and demand to determine the value of the Egyptian Pound against other foreign currencies. Accordingly, the exchange rate of the US Dollar began to rise against the Egyptian Pound, which led to an increase from EGP 24.63 /USD1 to reach EGP 29.63/USD1 by the end of January 11, 2023, and this increase in the exchange rate of the US Dollar against the Egyptian Pound will lead to an increase from EGP 146 034 979 to EGP 215 019 999 in the foreign currency exchange gains charged to the statement of profit or loss for the financial year ended December 31, 2022.

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53. Significant accounting policies

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

53-1 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-existing 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: -

<u>Subsidiary name</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	
		<u>As at 31/12/2021</u>	<u>As at 31/12/2020</u>
		<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	46.75
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 Co. –S.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

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- (*) 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.

53-2 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.

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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.

53-3 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.

53-4 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.

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- 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.

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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.

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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 such 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.

53-5 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) Share – based payment arrangements

The grant (date fair value of equity) settled share - based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non - market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non - market performance conditions at the vesting date.

For share - based payment awards with non - vesting conditions, the grant - date fair value of the share - based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of SAR's, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the year during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SAR's. Any changes in the liability are recognized in profit or loss.

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c) 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 starting from April 1, 2020 to December 31, 2020 according to the company's management decision and continued from January 2021.

53-6 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.

53-7 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).

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- 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.

53-8 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.

53-9 Units ready for sale

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.

53-10 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.

53-11 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.

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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:

<u>Asset</u>	<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
<u>Golf course assets</u>	
Constructions	20
Irrigation networks	15
Equipment and tools	15

53-12 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.

53-13 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.

53-14 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.

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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.

53-15 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:

<u>Asset</u>	<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.

53-16 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.

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2) Classification and subsequent measurement

Financial assets- The applied policy from January 1, 2020

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.

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Financial assets- Business Model Assessment: Policy applied from January 1, 2020

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: Policy applied from 1 January 2020

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.

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Financial assets – Subsequent measurement and gains and losses: Policy applied from January 1, 2020

Financial assets classified at 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 de-recognition 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.

53-17 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.

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53-18 Impairment

1) Non-derivative financial assets

Policy applied from January 1, 2020

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.

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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.

53-19 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.

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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.

53-20 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.

53-21 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.

53-22 Borrowing costs

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

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53-23 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.

53-24 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.

53-25 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.

53-26 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.