

Qalaa Holdings Reports 2Q 2023 Results

- Qalaa's consolidated revenue grew 2% year-on-year to EGP 27.7 billion in 2Q23 supported by solid performances across all subsidiaries with the exception of Takamol Cement, which saw both its sales and production impacted by the ongoing armed conflict in Sudan. Meanwhile, recurring EBITDA recorded EGP 4.5 billion compared to EGP 9.0 billion in 2Q22 following reduced margins at ERC this quarter;
- ERC contributed c.75% to Qalaa's total revenue in 2Q23. ERC's refining margins dropped noticeably in 2Q23 partially reflecting a normalization from the record highs reached in the previous year. While margins have since improved, the planned shutdown that took place in July for an overhaul of the plant will weigh on results in 3Q23. Meanwhile, despite ERC's receivables from EGPC reaching USD 537.8 million as of September 2023, EGPC continues to make payments enabling ERC to exceed mandatory debt repayments. ERC made a payment of USD 264.0 million to senior lenders, and further funded its debt service reserve account with USD 181.0 million in June 2023. ERC is on track to be senior debt free by December 2025;
- Qalaa's revenue excluding ERC, grew 26% year-on-year driven by positive performances across most of Qalaa's subsidiaries, reflecting the success of the Group's long-term strategy focused on import substitution and developing export-oriented businesses. Meanwhile, recurring EBITDA dropped by a marginal 2% year-on-year in 2Q23;
- The Group's export proceeds recorded c. USD 18.9 million in 2Q23, while local foreign currency revenue recorded c. USD 702.8 million in 2Q23. Going forward, the Group will continue focusing on growing its exports and leveraging the cost advantage available to local manufacturers;
- In 2Q23, Qalaa recorded a net loss of EGP 381.2 million compared to a net profit of EGP 361.6 million in 2Q22, primarily reflecting an increase in finance costs for the period on the back of the sharp rise in interest rates over the past twelve months;
- All in all, Qalaa's 2Q23 operational and financial results continued to showcase the Group's resilience in the midst of a highly challenging macroeconomic environment;
- On 9 July 2023, TAQA Arabia's shares began trading on the Egyptian Exchange (EGX). The company went public on the EGX via a direct offering, rather than going the conventional Initial Public Offering (IPO) route. Following the listing, the National Service Projects Organization (NSPO) acquired a 20% stake in TAQA Arabia from a subsidiary of Qalaa. The agreement gives Qalaa the right to repurchase the sold shares within the coming four years. The proceeds of the transaction were used to settle the outstanding balance of a loan taken out by Qalaa in 2022, which as of 30 June 2023 stood at EGP 1.629 billion. It is important to note that this transaction has had no impact on the current consolidated financial statements as it did not alter the control position of Qalaa over TAQA Arabia;
- Qalaa's ongoing strategy will continue to include the following elements:
 - Qalaa may divest a few small non-core or under-performing businesses and assets. The aforementioned debt settlement and disposal of assets may lead Qalaa to recognize capital gains in the coming period;
 - The Group will continue driving growth by making small incremental investments in its subsidiaries, expanding cashflows, and thereby reducing its debt to cashflow ratios. Management is confident this strategy will continue to deliver the desired results;
 - Qalaa is currently studying several new medium-sized, export-oriented, and predominantly green investments with high local value-added components, to be executed through its subsidiaries.

2Q 2023 Consolidated Income Statement Highlights

Revenue EGP 27.7 bn vs. EGP 27.0 bn in 2Q22	Revenue (excluding ERC) EGP 6.9 bn vs. EGP 5.5 bn in 2Q22
EBITDA* EGP 4.5 bn vs. EGP 9.0 bn in 2Q22	EBITDA* (excluding ERC) EGP 915.2 mn vs. EGP 931.7 mn in 2Q22
Net Income After Minority EGP (381.2) mn vs. EGP 361.6 mn in 2Q22	Net Income After Minority (excluding ERC) EGP (429.4) mn vs. EGP (516.6) mn in 2Q22

1H 2023 Consolidated Income Statement Highlights

Revenue EGP 57.9 bn vs. EGP 45.7 bn in 1H22	Revenue (excluding ERC) EGP 13.8 bn vs. EGP 10.5 bn in 1H22
EBITDA* EGP 14.9 bn vs. EGP 12.9 bn in 1H22	EBITDA* (excluding ERC) EGP 2.5 bn vs. EGP 1.7 bn in 1H22
Net Income After Minority** EGP (308.1) mn vs. EGP 830.4 mn in 1H22*** 	Net Income After Minority** (excluding ERC) EGP (905) mn vs. EGP (599.3) mn in 1H22***

Highlights from Consolidated Balance Sheet at 30 June 2023

Consolidated Assets EGP 181.0 bn At current book value vs. EGP 144.9 bn in FY22	Consolidated Debt EGP 90.7 bn Of which EGP 55.9 bn related to ERC [△]
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*Recurring EBITDA excludes one-off selling, general and administrative expenses.

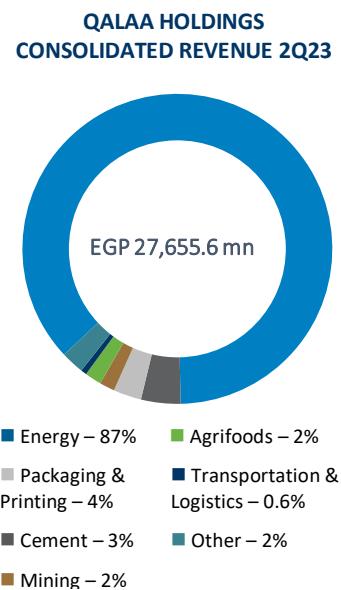
**The optional exceptional accounting treatment of reclassifying the FX to the Other Comprehensive Income (OCI) has been applied in 2023. Comparative figures of 2022 have been restated accordingly.

***Including a one-off gain of EGP 842 million booked as a result of debt restructuring at the Transportation and Logistics sector.

[△]ERC's debt consists of the USD equivalent of EGP 31.8 billion in Senior Net Debt (Senior Debt – Cash) and EGP 17.0 billion in Mezzanine Debt.

Qalaa Holdings, a leader in energy and infrastructure (CCAP.CA on the Egyptian Exchange), released today its consolidated financial results for the three- and six-month periods ending 30 June 2023. Financial and operational highlights follow, as do the management's comments and overview of the performance of Qalaa's different business units. Full financials are available for download at ir.galaaholdings.com.

Financial and Operational Highlights



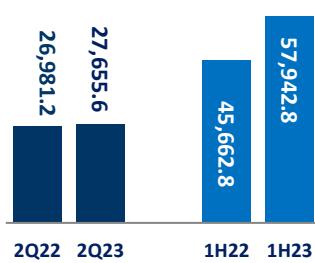
- Qalaa's consolidated revenue grew by 2% y-o-y in 2Q23 to EGP 27.7 billion, primarily driven by ERC's contribution.

ERC's USD-denominated revenue dropped by 3% y-o-y in EGP terms to reach EGP 20.7 billion in 2Q23, driven by the decline in refined petroleum product prices. Despite this, ERC continued to make up the lion share of Qalaa Holding's top-line for the quarter at 75%. While no slowdowns or shutdowns took place at ERC during the quarter, a planned overhaul took place in 3Q23.

- Excluding ERC, Qalaa's 2Q23 revenue was up 26% y-o-y, recording EGP 6.9 billion, driven by improved performances across most subsidiaries.

TAQA Arabia's revenue grew 30% y-o-y in 2Q23 reaching EGP 3.2 billion compared to EGP 2.5 billion in 2Q22. The company's revenue growth was primarily driven by a strong performance at TAQA Gas, which benefited from increased connection revenues as well as a rise in CNG volumes sold resulting from an expansion in the number of operating CNG stations versus last year. Revenue was also supported by the increase in the price and volume of both fuel and lubes at TAQA Petroleum.

National Printing's revenue remained stable y-o-y in 2Q23, standing at EGP 1.1 billion as the company witnessed mixed performances across its subsidiaries. Most notably, El Baddar continued to capitalize on its new facility to report a 15% y-o-y rise in revenues for the quarter. Meanwhile, Shorouk for Modern Printing and Packaging and Uniboard reported relatively stable revenues versus the previous year.

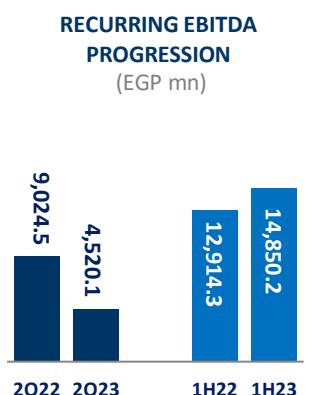


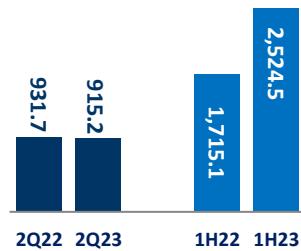
ASCOM delivered a 23% y-o-y top-line increase to EGP 436.7 million in 2Q23, mostly driven by EGP devaluation augmenting revenues at the USD denominated businesses including Ascom for Chemicals and Carbonates Manufacturing (ACCM) and Glassrock, an insulation material producer, the biggest revenue generators for ASCOM. Revenues were further boosted by the strong performance delivered by ASCOM's Egyptian quarrying business.

In 2Q23 ASEC Holding's revenue was EGP 811.2 million, down 25% y-o-y compared to 2Q22, owing to the negative impact of the ongoing armed conflict in Sudan on the company's operations. It is worth noting that the staff and assets of Qalaa's Sudan affiliate Takamol Cement are safe and continue to operate at a limited capacity. Qalaa continues to closely monitor the ongoing developments within the country.

Dina Farms Holding Company's revenue reached EGP 480.0 million in 2Q23, up 40% y-o-y. The company's performance was backed by improved operations across all business segments at Dina Farms and ICDP's revenue benefiting from both higher prices and new product launches.

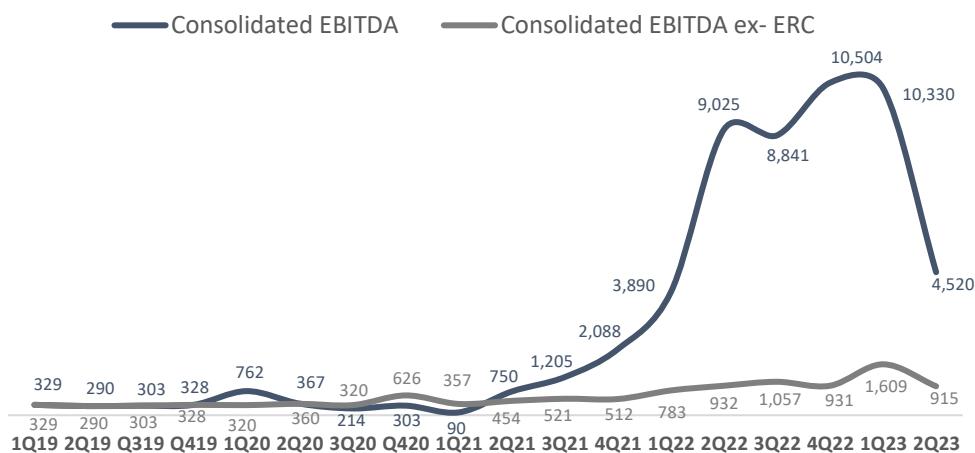
Finally, CCTO's transport & logistics business delivered a 148% y-o-y revenue increase to record EGP 168.6 million in 2Q23 driven by improvements across all revenue streams of its Egyptian arm NRPCMC.



RECURRING EBITDA PROGRESSION (Excluding ERC) (EGP mn)


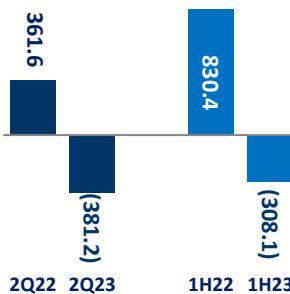
- Qalaa's recurring EBITDA dropped significantly in 2Q23 to EGP 4.5 billion compared to EGP 9.0 billion in 2Q22. Profitability was mainly impacted by the thinning margins at ERC this quarter.

ERC's gross refining margins declined significantly during the quarter, averaging USD 1.86 million per day in 2Q23, compared to USD 5.36 million per day in 2Q22. The decline reflected an increase in feed stock prices, a drop in refined product prices, and the lower quality of feedstock received. It also partially reflects a normalization of oil product prices following a spike recorded in 2022.

Consolidated Recurring EBITDA Progression Chart* (EGP mn)


*ERC started operation in 1Q20

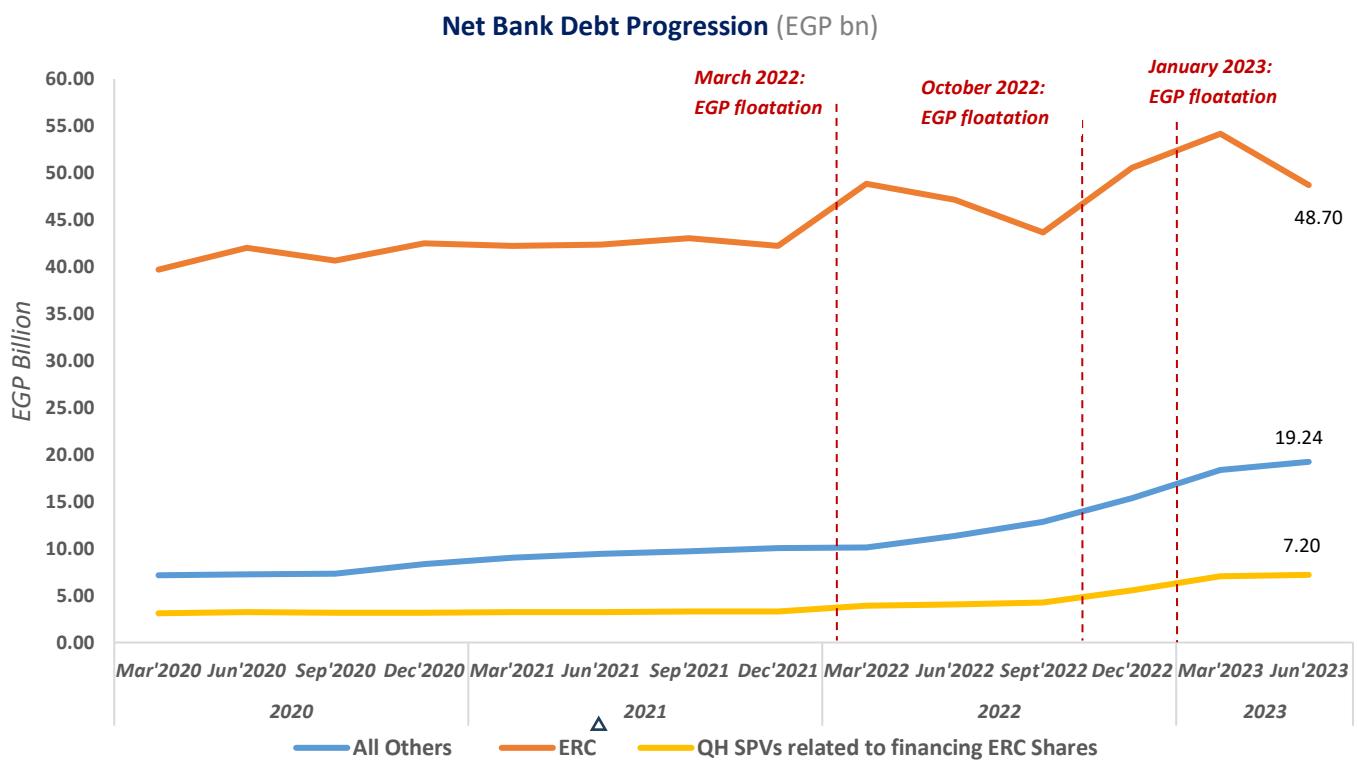
- Excluding ERC, Qalaa recorded a marginal 2% y-o-y drop in recurring EBITDA from EGP 931.7 million in 2Q22 to EGP 915.2 million in 2Q23, driven by rising interest rates and borrowing costs, as well as the negative effects of the ongoing armed conflict in Sudan on Takamol Cement's results.

NET PROFIT PROGRESSION (EGP mn)


Qalaa's EBITDA excluding ERC was primarily driven by contributions from TAQA, National Printing, and CCTO. Additionally, ASCOM's export-driven businesses delivered a strong performance, capitalizing on its competitive advantage in global markets.

- Depreciation and amortization expenses stood at EGP 2.3 billion in 2Q23, up 71% y-o-y compared to EGP 1.1 billion in 2Q22. Of the total, EGP 1.8 billion were related to ERC.
- Bank interest expense recorded EGP 2.4 billion in 2Q23, up 105% y-o-y versus the EGP 1.2 billion recorded in 2Q22. The increase is attributable to higher interest rates, reflecting global monetary tightening, along with the impact of FX translations.
- It is worth noting that all FX gains/losses incurred in 2023 following the devaluation of the EGP were reclassified into other comprehensive income (OCI) under equity on the balance sheet as per the exceptional accounting treatment adopted by Qalaa. Meanwhile, in 2Q23 Qalaa recorded an FX gain of EGP 262.8 million as a result of hyperinflation treatment in Sudan.

- Qalaa Holdings recorded a consolidated net loss after minority interest of EGP 381.2 million for 2Q23, compared to a net income of EGP 361.6 million recorded in 2Q22. This decline came on the back of significantly higher finance costs following globally elevated interest rates.



[△]ERC's debt consists of the USD equivalent of 1) EGP 39 billion in Senior Debt, 2) EGP 31.8 billion in Senior Net Debt (Senior Debt – Cash), and 3) EGP 17.0 billion in Mezzanine Debt.

Management Comment

“Today, our portfolio companies remain resilient in the face of macroeconomic pressures, and continue to benefit from Qalaa’s meticulous growth strategy.”

“I am pleased with Qalaa’s results over the past quarter, which continue to showcase our strength and resilience in the face of a highly difficult operating environment,” **said Qalaa Holdings’ Chairman and Founder Ahmed Heikal**. “Qalaa’s top-line increased slightly year-on-year, supported by stable results at the Egyptian Refining Company (ERC) and solid performances across all subsidiaries. Despite this, both EBITDA and net income contracted year-on-year due to the sharp decline in ERC’s margins as well as the negative impact of the ongoing armed conflict in Sudan on Takamol Cement’s performance. Going forward, we will continue prioritizing the growth of our subsidiaries’ cashflows, carefully utilizing them to make both high yield incremental investments while staying on track with our debt repayment plan.”

“Qalaa’s performance for the quarter comes in the midst of a challenging operating environment. On the global front, the world continues to face a tough macroeconomic landscape, with countries around the world facing record-high levels of debt, fast-rising inflation, and tightening monetary conditions. This has ushered in a period of anticipated long-term depressed economic growth, higher borrowing costs, and an increased focus on deleveraging. Furthermore, ongoing geopolitical tensions, coupled with the increasingly evident effects of global warming, continue to place further stress on the global financial system,” **added Heikal**.

“On the domestic front, inflation rates remain on an upward trajectory, with the Central Bank raising interest rates once again in an effort to combat rising price levels. As always, Qalaa remains well-positioned to successfully navigate these difficult times owing to our resilience, flexibility, and efficiency, which are ingrained into the core of our DNA. Furthermore, we are confident that Egypt’s recent inclusion in the BRICS bloc of developing nations, which will come into effect on the 1st of January 2024, will provide a long-term boost to the country’s economy,” **continued Heikal**.

“Qalaa’s performance throughout the coming period will continue to be supported by our portfolio companies, which remain resilient in the face of macroeconomic pressures, and continue to benefit from Qalaa’s meticulous growth-oriented strategies. Over the coming years, we will continue to push ahead with our growth strategies across our platforms, while keeping a close eye on potential investment opportunities. We have recorded solid results across our business segments this quarter, and I am confident that Qalaa’s outlook remains positive despite the ongoing challenges,” **stated Heikal**.

“In addition to the favorable position of Qalaa’s portfolio, I am also happy to announce that following the listing of TAQA Arabia on the EGX on the 9th of July, the National Service Projects Organization (NSPO) has acquired 20% of the total shares of TAQA previously owned by Qalaa. The proceeds of the aforementioned transaction enabled the Group to settle some of our outstanding debt obligations. Furthermore, this transaction includes an agreement that provides Qalaa with the right to repurchase the sold shares from the NSPO within four years from the date of the deal completion at a repurchase price that equals the original purchase price plus an agreed upon annual investment return, a call option that Qalaa fully intends to exercise. Going forward, Qalaa may continue using a similar strategy with other assets as we reach agreements with our creditors on debt settlement and restructuring,” **commented Heikal**.

“Finally, I would like to reiterate that the true underlying value of Qalaa’s performing assets is masked due to the adoption of international accounting standards, which account for assets at their historical cost and adjust for impairments, and do not take into consideration any revaluation adjustments,” **concluded Heikal.**

“I am happy with Qalaa’s resilience over the past quarter, which saw the Group build on a positive start to 2023 and deliver further growth in the midst of a difficult operating environment,” **said Hisham El-Khazindar, Qalaa Holdings’ Co-Founder and Managing Director.** “During the second quarter of the year, the energy segment delivered solid results with TAQA Arabia reporting strong top-line growth driven by a robust performance at TAQA Gas. We were particularly pleased to note the increase in connection revenue as well as the increase in CNG volume sold as a result of the expansion in the number of CNG stations. Meanwhile, ERC managed to deliver steady year-on-year results despite refining margins declining significantly during the quarter. While margins have since improved, the planned shutdown that took place in July for an overhaul of the plant will weigh on ERC’s results in 3Q23. In parallel, Qalaa’s position as an import substitute and export play across our mining and printing businesses continued to support the Group’s consolidated results, providing valuable USD proceeds during a period of significant exchange rate fluctuations. Finally, our agriculture and logistics segments continued to deliver solid top- and bottom-line results largely on the back of their robust investment fundamentals.”

“Our primary focus remains the reduction of Qalaa’s risk levels, primarily by deleveraging, and expanding the Group’s cashflows. As a result of our efforts, during the previous quarter ERC became current on all of its due interest and principal payments, and has remained so throughout this quarter. In parallel, we are also taking significant strides in restructuring Qalaa’s debt at the holding level, a key priority for us,” **added El-Khazindar.**

“Our performance during the second quarter of 2023 reflects our resilience in the face of adversity and our proven ability to persevere during difficult times. Looking ahead, I am positive that Qalaa remains well-positioned to continue delivering strong results across our diverse markets and areas of operation,” **concluded El-Khazindar.**

Detailed overviews of the performance of operational companies in each of Qalaa’s core industries follow; complete financials are available for download at ir.qalaholdings.com.

Methods of Consolidation

Fully Consolidated Companies	Energy	 Egyptian Refining Company	 TAQA Arabia
	Cement	 ASEC Holding	
	Packaging and Printing	 National Printing (Grandview)	
	Mining	 ASCOM	
	Agrifoods	 ICDP & Dina Farms	
	Transportation & Logistics	 National River Port Management Company	 Nile Barges (Sudan)
	Metallurgy	 United Foundries	

Equity Method Consolidated Companies (Share of Associates)	Mining	 ASCOM Precious Metal (APM - Ethiopia)	
	Cement	Zahana Cement	
	Energy	Castrol Egypt (TAQA Marketing – British Petroleum JV)	 Tawazon
	Publishing & Retail	 Tanweer	
	Healthcare	 Allmed	

Qalaa Holdings Consolidated Income Statement (in EGP mn)

	1Q 2023	2Q 2023	1H 2023	1Q 2022**	2Q 2022	1H 2022**
Revenue	30,287.2	27,655.6	57,942.8	18,681.6	26,981.2	45,662.8
Cost of Sales	(19,316.1)	(22,460.1)	(41,776.2)	(14,365.3)	(17,481.3)	(31,846.7)
Operating Profit	10,971.1	5,195.6	16,166.6	4,316.3	9,499.9	13,816.2
SG&A	(733.8)	(724.2)	(1,458.0)	(454.1)	(531.1)	(985.1)
Export Subsidy Revenue	40.3	34.2	74.5	37.8	51.4	89.2
Other Income/Expense	52.5	14.6	67.1	(10.3)	4.3	(6.0)
EBITDA before one-off charges	10,330.1	4,520.1	14,850.2	3,889.7	9,024.5	12,914.3
Non-recurring Revenues & Costs	14.6	48.6	63.2	10.8	(2.7)	8.1
EBITDA	10,344.7	4,568.7	14,913.5	3,900.5	9,021.8	12,922.3
Depreciation & Amortization	(2,175.6)	(2,281.8)	(4,457.4)	(1,192.8)	(1,333.6)	(2,526.3)
EBIT	8,169.1	2,287.0	10,456.1	2,707.8	7,688.2	10,396.0
Finance Cost	(2,126.1)	(2,292.5)	(4,418.7)	(1,102.2)	(1,140.6)	(2,242.7)
Other Finance Cost	(8.8)	(100.4)	(109.2)	173.4	185.8	359.2
Bank PIK	(120.3)	(135.4)	(255.7)	(37.5)	(46.1)	(83.6)
3rd party Shareholder	(219.9)	(225.2)	(445.1)	(97.3)	(99.8)	(197.1)
Interest income	322.0	452.9	774.8	183.3	202.5	385.8
Finance Lease Charges/NPV LT Assets	(40.2)	(42.5)	(82.7)	(19.5)	(74.7)	(94.2)
EBT (before one-offs)	5,975.7	(56.2)	5,919.5	1,808.2	6,715.2	8,523.4
Impairments/Write-downs	(36.1)	73.9	37.8	(7.6)	(17.7)	(25.3)
Acquisitions, Legal & Restructuring	(2.9)	187.0	184.1	818.6	(8.3)	810.3
Share in Associates' Results*	(27.4)	(0.2)	(27.7)	(12.3)	12.5	0.2
CSR	(4.2)	(1.5)	(5.7)	(2.5)	(3.6)	(6.1)
Provisions	(230.8)	(60.1)	(291.0)	(277.3)	(117.5)	(394.8)
FOREX**	350.6	262.8	613.4	(37.7)	(89.9)	(127.7)
EBT	6,024.8	405.6	6,430.4	2,289.3	6,490.7	8,780.0
Taxes	(1,569.4)	(265.9)	(1,835.4)	(126.4)	(124.5)	(250.9)
Net P/L Including Minority Share	4,455.4	139.7	4,595.0	2,162.9	6,366.3	8,529.1
Minority Interest	4,382.3	520.8	4,903.2	1,694.0	6,004.7	7,698.7
Net Profit/(Loss) for the Period	73.0	(381.2)	(308.1)	468.9	361.6	830.4

* Share in associates' results include: APM, Zahana, ECARU, ENTAG and Tanweer Group.

** The optional exceptional accounting treatment of reclassifying the FX to the Other Comprehensive Income (OCI) has been applied in 2023. Comparative figures of 2022 have been restated accordingly.

Qalaa Holdings Consolidated Income Statement by Sector for the three-month period ending 30 June 2023 (in EGP mn)

	QH	SPVs	Energy		Cement	T&L [^]	Mining	Agrifoods	Others		Elimination	2Q 2023	2Q 2022
			Orient	Silverstone	NDT	CCTO	ASCOM	Falcon	Misc.*	Grandview			
Revenue	-	-	20,729.2	3,221.3	811.2	168.6	436.7	480.0	668.4	1,140.8	(0.6)	27,655.6	26,981.2
Cost of Sales	-	-	(16,857.5)	(2,817.8)	(704.1)	(55.9)	(320.5)	(308.5)	(601.3)	(795.1)	0.6	(22,460.1)	(17,481.3)
Gross Profit	-	-	3,871.7	403.5	107.1	112.7	116.2	171.5	67.1	345.7	-	5,195.6	9,499.9
Advisory fee	41.0	-	-	-	-	-	-	-	-	-	(41.0)	-	-
Operating Profit	41.0	-	3,871.7	403.5	107.1	112.7	116.2	171.5	67.1	345.7	(41.0)	5,195.6	9,499.9
SG&A	(62.8)	(14.1)	(266.8)	(121.1)	(61.1)	(24.4)	(45.0)	(69.2)	(16.4)	(80.8)	37.4	(724.2)	(531.1)
Export Subsidy Revenue	-	-	-	-	-	-	16.7	-	8.7	8.9	-	34.2	51.4
Other Income/Expenses	-	(3.8)	-	21.0	-	-	-	-	(0.0)	(2.6)	-	14.6	4.3
EBITDA before one-off charges	(21.8)	(17.9)	3,604.9	303.4	46.0	88.3	87.9	102.3	59.4	271.1	(3.6)	4,520.1	9,024.5
Non-recurring - Revenues & Costs	(0.8)	-	3.3	5.6	1.0	3.3	0.4	0.3	-	34.7	0.8	48.6	(2.7)
EBITDA	(22.6)	(17.9)	3,608.2	309.0	47.0	91.6	88.4	102.6	59.4	305.9	(2.8)	4,568.7	9,021.8
Depreciation & Amortization	(2.3)	-	(1,812.4)	(80.2)	(259.1)	(14.5)	(42.2)	(33.3)	(1.0)	(30.2)	(6.6)	(2,281.8)	(1,333.6)
EBIT	(24.9)	(17.9)	1,795.7	228.9	(212.0)	77.1	46.2	69.3	58.3	275.7	(9.4)	2,287.0	7,688.2
Finance Cost	(367.2)	(104.7)	(1,288.3)	(342.4)	(18.0)	0.6	(43.8)	(28.3)	(6.8)	(93.6)	-	(2,292.5)	(1,140.6)
Other Finance Cost	-	-	(100.4)	-	-	-	-	-	-	-	-	(100.4)	185.8
Bank PIK	-	(135.4)	-	-	-	-	-	-	-	-	-	(135.4)	(46.1)
3rd Party Shareholder	153.2	47.7	(71.4)	-	(370.3)	(20.7)	-	-	(0.2)	0.4	36.1	(225.2)	(99.8)
Interest Income	0.6	-	116.3	303.7	17.0	0.0	0.3	0.8	0.0	14.1	-	452.9	202.5
Finance Lease Charges/ NPV LT assets	-	-	(16.3)	(21.9)	(0.2)	(4.1)	-	-	-	-	-	(42.5)	(74.7)
EBT (before one-offs)	(238.3)	(210.3)	435.7	168.2	(583.6)	53.0	2.6	41.8	51.4	196.6	26.7	(56.2)	6,715.2
Impairments/Write-downs	(115.4)	(62.0)	45.5	(3.0)	8.0	2.4	6.9	21.7	(5.7)	(0.3)	175.7	73.9	(17.7)
Acquisitions, Legal & Restructuring	(1.5)	195.3	-	(6.9)	0.1	-	-	-	-	-	-	187.0	(8.3)
Share in Associates' Results	-	-	-	-	(8.5)	1.4	6.3	-	-	-	0.5	(0.2)	12.5
CSR	-	-	-	-	(1.5)	-	-	-	-	-	-	(1.5)	(3.6)
Provisions	-	13.5	(0.2)	21.1	(68.6)	(0.4)	(15.0)	(0.7)	(9.0)	-	(0.8)	(60.1)	(117.5)
FOREX	-	-	-	-	262.8	(0.0)	-	-	-	-	-	262.8	(89.9)
EBT	(355.2)	(63.5)	481.1	177.9	(389.8)	56.3	0.9	62.7	36.8	196.4	202.1	405.6	6,490.7
Taxes	-	-	(87.2)	(86.0)	(19.3)	(17.1)	-	(10.9)	(0.6)	(45.4)	0.5	(265.9)	(124.5)
Net P/L Before Minority Share	(355.2)	(63.5)	393.9	91.9	(409.1)	39.3	0.9	51.8	36.1	150.9	202.6	139.7	6,366.3
Minority Interest	-	-	242.0	25.2	(1.0)	13.8	(1.6)	0.0	-	95.4	147.1	520.8	6,004.7
Net Profit/(Loss)	(355.2)	(63.5)	151.9	66.7	(408.0)	25.4	2.5	51.8	36.1	55.5	55.5	(381.2)	361.6

* Miscellaneous includes UCF, Wafra, ASEC Trading & Sphinx Egypt.

^ T&L represents Transportation & Logistics

Qalaa Holdings Consolidated Income Statement by Sector for the six-month period ending 30 June 2023 (in EGP mn)

	QH	SPVs	Energy		Cement	T&L [^]	Mining	Agrifoods	Others		Elimination	1H 2023	1H 2022**
			Orient	Silverstone	NDT	CCTO	ASCOM	Falcon	Misc.*	Grandview			
Revenue	-	-	44,165.0	6,159.6	2,077.4	299.3	935.0	889.7	869.8	2,547.7	(0.6)	57,942.8	45,662.8
Cost of Sales	-	-	(31,303.9)	(5,348.5)	(1,257.8)	(102.5)	(677.7)	(581.5)	(748.6)	(1,756.4)	0.6	(41,776.2)	(31,846.7)
Gross Profit	-	-	12,861.1	811.1	819.7	196.8	257.2	308.3	121.2	791.3	-	16,166.6	13,816.2
Advisory fee	81.1	-	-	-	-	-	-	-	-	-	(81.1)	-	-
Operating Profit	81.1	-	12,861.1	811.1	819.7	196.8	257.2	308.3	121.2	791.3	(81.1)	16,166.6	13,816.2
SG&A	(129.1)	(18.0)	(535.4)	(235.3)	(135.2)	(48.4)	(88.7)	(141.8)	(32.4)	(168.2)	74.3	(1,458.0)	(985.1)
Export Subsidy revenue	-	-	-	-	-	-	33.0	-	19.0	22.5	-	74.5	89.2
Other Income/Expenses	-	71.9	-	-	-	-	-	-	-	(4.8)	-	67.1	(6.0)
EBITDA before one-off charges	(48.0)	53.9	12,325.7	575.9	684.4	148.4	201.5	166.5	107.8	640.8	(6.7)	14,850.2	12,914.3
Non Recurring - Revenues & Costs	(5.1)	-	5.3	(11.0)	2.2	30.6	0.7	(1.9)	0.1	39.1	3.2	63.2	8.1
EBITDA	(53.1)	53.9	12,331.0	564.8	686.6	179.0	202.2	164.6	107.9	679.9	(3.5)	14,913.5	12,922.3
Depreciation & Amortization	(4.6)	-	(3,608.2)	(153.5)	(435.4)	(28.8)	(86.7)	(66.6)	(2.0)	(54.6)	(17.0)	(4,457.4)	(2,526.3)
EBIT	(57.7)	53.9	8,722.8	411.3	251.2	150.3	115.5	98.0	105.9	625.3	(20.5)	10,456.1	10,396.0
Finance Cost	(700.5)	(209.1)	(2,535.5)	(615.7)	(34.8)	0.4	(83.9)	(49.4)	(12.3)	(177.7)	-	(4,418.7)	(2,242.7)
Other Finance Cost	-	-	(109.2)	-	-	-	-	-	-	-	-	(109.2)	359.2
Bank PIK	-	(255.7)	-	-	-	-	-	-	-	-	-	(255.7)	(83.6)
3rd Party Shareholder	288.9	102.5	(140.2)	-	(700.7)	(39.2)	-	-	(0.4)	1.8	42.2	(445.1)	(197.1)
Interest Income	0.7	-	170.5	554.5	21.5	3.4	0.7	1.0	0.5	22.1	-	774.8	385.8
Finance Lease Charges/ NPV LT	-	-	(31.6)	(42.6)	(0.4)	(8.1)	-	-	-	-	-	(82.7)	(94.2)
EBT (before one-offs)	(468.6)	(308.4)	6,076.8	307.5	(463.1)	106.8	32.3	49.6	93.7	471.5	21.7	5,919.5	8,523.4
Impairments/Write-downs	(813.1)	(312.5)	31.3	(3.0)	(4.3)	(3.9)	6.2	19.4	(7.0)	(0.3)	1,124.9	37.8	(25.3)
Acquisitions, Legal & Restructuring	(1.5)	195.3	-	(9.6)	(0.1)	-	-	-	-	-	-	184.1	810.3
Share in Associates' Results	-	-	-	-	(56.8)	1.4	21.5	-	-	-	6.2	(27.7)	0.2
CSR	-	-	-	(5.7)	-	-	-	-	-	-	-	(5.7)	(6.1)
Provisions	-	(25.6)	(48.3)	(2.0)	(182.1)	(2.3)	(17.0)	(1.5)	(8.9)	-	(3.2)	(291.0)	(394.8)
FOREX**	-	-	-	-	613.4	(0.0)	-	-	-	-	-	613.4	(127.7)
EBT	(1,283.2)	(451.2)	6,059.7	287.1	(92.9)	102.0	42.9	67.5	77.8	471.2	1,149.6	6,430.4	8,780.0
Taxes	0.3	-	(1,438.1)	(109.0)	(104.5)	(37.7)	-	(24.8)	(1.2)	(121.4)	1.0	(1,835.4)	(250.9)
Net P/L Before Minority Share	(1,283.0)	(451.2)	4,621.6	178.2	(197.4)	64.3	42.9	42.7	76.6	349.8	1,150.6	4,595.0	8,529.1
Minority Interest	-	-	2,741.5	60.4	454.0	68.2	(1.8)	0.0	-	228.8	1,352.0	4,903.2	7,698.7
Net Profit/(Loss)	(1,283.0)	(451.2)	1,880.1	117.8	(651.4)	(3.9)	44.7	42.7	76.6	121.0	(201.4)	(308.1)	830.4

* Miscellaneous includes UCF, Wafra, ASEC Trading & Sphinx Egypt.

^ T&L represents Transportation & Logistics

** The optional exceptional accounting treatment of reclassifying the FX to the Other Comprehensive Income (OCI) has been applied in 2023. Comparative figures of 2022 have been restated accordingly.

Qalaa Holdings Consolidated Balance Sheet as at 30 June 2023 (in EGP mn)

	QH	Energy		Cement	T&L [^]	Mining	Agrifoods	Others		Aggregation	Eliminations/ SPVs	1H 2023	FY 2022
		Orient	Silverstone	NDT	CTTO	ASCOM	Falcon	Misc.*	Grandview			1H 2023	FY 2022
Current Assets													
Trade and Other Receivables	7,051.2	17,409.9	2,819.4	2,693.4	330.3	756.5	197.8	1,088.5	1,868.3	34,215.4	(8,911.7)	25,303.6	22,861.40
Inventory	-	3,735.5	1,215.9	2,842.2	11.1	250.9	351.3	79.6	1,186.6	9,673.0	0.0	9,673.0	6,349.40
Assets Held For Sale	-	-	-	4.8	-	-	-	158.2	11.1	174.2	(144.3)	29.9	27.13
Cash and Cash Equivalents	237.0	7,212.9	6,891.6	485.2	36.0	110.3	21.6	35.8	364.2	15,394.7	128.5	15,523.2	9,291.66
Others	-	-	-	-	-	-	30.0	-	-	30.0	0.0	30.0	20.00
Total Current Assets	7,288.2	28,358.3	10,927.0	6,025.7	377.4	1,117.7	600.6	1,362.1	3,430.2	59,487.3	(8,927.5)	50,559.8	38,549.59
Non-Current Assets													
PP&E	5.9	99,297.6	5,407.1	10,178.1	745.2	1,536.7	814.4	678.9	1,250.6	119,914.6	(39.6)	119,875.1	96,846.50
Investments	5,565.5	-	52.1	307.8	51.7	127.2	-	4.9	156.4	6,265.7	(5,586.5)	679.2	679.85
Goodwill / Intangible assets	3.9	494.3	624.4	-	-	2.3	-	-	-	1,124.9	34.4	1,159.3	872.42
Others	4,071.1	7,420.6	448.9	305.5	-	-	520.7	-	18.3	12,785.1	(4,009.0)	8,776.1	7,934.31
Total Non-Current Assets	9,646.4	107,212.5	6,532.6	10,791.4	796.9	1,666.2	1,335.1	683.8	1,425.4	140,090.3	(9,600.7)	130,489.6	106,333.07
Total Assets	16,934.6	135,570.8	17,459.5	16,817.1	1,174.3	2,783.9	1,935.8	2,046.0	4,855.6	199,577.6	(18,528.2)	181,049.4	144,882.67
Shareholders' Equity													
Total Equity Holders of the Company	(1,633.9)	36,451.6	2,141.4	(10,871.2)	(1,410.7)	(240.3)	(495.0)	(2,156.9)	640.4	22,425.4	(36,372.1)	(13,946.7)	(13,255.26)
Minority Interest	-	18,298.4	568.6	7,646.8	(196.2)	(116.2)	0.0	(1.5)	610.0	26,809.9	23,158.4	49,968.3	35,626.05
Total Equity	(1,633.9)	54,750.0	2,710.0	(3,224.4)	(1,606.9)	(356.5)	(495.0)	(2,158.4)	1,250.3	49,235.3	(13,213.7)	36,021.6	22,370.80
Current Liabilities													
Borrowings	14,323.9	55,914.5	6,452.3	983.7	-	876.8	65.7	162.0	1,669.1	80,448.0	5,859.6	86,307.6	77,025.07
Borrowings from Financial Leasing Entities	-	-	-	-	-	-	59.2	-	64.5	123.7	-	123.7	89.62
Finance Lease Current Portion	-	312.7	45.3	2.7	18.1	2.7	27.5	-	-	409.0	0.0	409.0	370.62
Trade and Other Payables	3,884.7	10,875.8	3,818.5	2,876.0	2,625.1	794.7	1,840.2	3,303.4	1,116.4	31,134.7	(5,190.7)	25,944.0	18,784.05
Shareholder Loan	-	2,139.5	-	5,642.8	18.1	-	-	252.9	-	8,053.4	(18.1)	8,035.3	5,921.97
Provisions	359.8	-	363.2	3,425.9	26.6	59.8	29.0	33.2	141.1	4,438.5	547.0	4,985.5	4,442.65
Liabilities Held For Sale	-	-	-	0.2	-	-	-	1.4	-	1.6	1.6	3.3	2.67
Total Current Liabilities	18,568.4	69,242.5	10,679.3	12,931.3	2,687.9	1,734.0	2,021.5	3,752.9	2,991.1	124,608.9	1,199.3	125,808.3	106,636.64
Non-Current Liabilities													
Borrowings	-	-	2,793.3	55.4	-	1,397.5	-	21.3	91.5	4,358.9	0.0	4,358.9	3,813.49
Borrowings from Financial Leasing Entities	-	-	-	-	-	-	304.7	-	369.9	674.6	-	674.6	686.43
Finance Lease	-	633.0	722.4	1.1	84.5	2.9	41.9	-	-	1,485.8	-	1,485.8	1,456.01
Shareholder Loan	-	-	-	6,952.0	-	-	-	428.5	-	7,380.5	(6,548.4)	832.2	813.19
Long-Term Liabilities	0.1	10,945.2	554.5	101.8	8.7	6.0	62.6	1.7	152.7	11,833.5	34.5	11,868.0	9,106.11
Total Non-Current Liabilities	0.1	11,578.3	4,070.3	7,110.3	93.3	1,406.4	409.2	451.4	614.1	25,733.3	(6,513.9)	19,219.5	15,875.23
Total Liabilities	18,568.6	80,820.8	14,749.5	20,041.6	2,781.2	3,140.3	2,430.7	4,204.3	3,605.3	150,342.3	(5,314.5)	145,027.8	122,511.87
Total Equity and Liabilities	16,934.6	135,570.8	17,459.5	16,817.1	1,174.3	2,783.9	1,935.8	2,046.0	4,855.6	199,577.6	(18,528.2)	181,049.4	144,882.67

* Miscellaneous includes UCF, Wafra, ASEC Trading & Sphinx Egypt.

^ T&L represents Transportation & Logistics



Sector Review: Energy

Qalaa Holdings' operational energy companies include the Egyptian Refining Company (petroleum refining) and TAQA Arabia (energy generation and distribution, natural gas distribution, petroleum products distribution as well as water treatment and desalination).



Qalaa Holdings Ownership — c.13.1%

In 2Q23, ERC refined total feedstock of c.1,193.7 thousand tons, including c.1,110.4 thousand tons of atmospheric residue. During the quarter, total output excluding fuel and losses recorded 1,133 thousand tons, from which ERC produced and supplied a total of c.953.4 thousand tons of refined product to the Egyptian General Petroleum Corporation (EGPC), as well as c.146.9 thousand tons of pet coke and 26.3 thousand tons of sulfur to cement and fertilizer companies, respectively.

Key Performance Indicators

	Units	2Q22	2Q23	% chg	1H22	1H23	% chg
Orient (ERC Holding) Revenue	(EGP mn)	21,437.0	20,729.2	-3%	35,182.1	44,165.0	26%
Orient (ERC Holding) EBITDA*	(EGP mn)	8,092.9	3,604.9	-55%	11,199.2	12,325.7	10%
Orient (ERC Holding) Net Income**	(EGP mn)	6,607.2	393.9	-94%	8,364.0	4,621.6	-45%

*Recurring EBITDA excludes one-off selling, general and administrative expenses

**The optional exceptional accounting treatment of reclassifying the FX to the Other Comprehensive Income (OCI) has been applied in 2023. Comparative figures of 2022 have been restated accordingly.

Product	LPG	Light Naphta	Reformatte	Fuel Oil	Jet Fuel	Diesel	Total Refined Product Supplied to EGPC	Avg GRM/Day (USD MM)	Downtime (Days)
2Q22 (tons)	37,992	67,983	136,589	2,954	66,747	655,443	967,708	5.4	0
2Q23 (tons)	35,925	67,039	133,353	62,662	192,808	461,570	953,355	1.9	0
Change %	-5%	-1%	-2%	2021%	189%	-30%	-1%	-65%	0%
1H22 (tons)	74,342	133,233	268,624	42,443	87,889	1,305,137	1,911,669	4.1	0
1H23 (tons)	71,966	131,241	259,242	175,869	389,249	900,736	1,928,304	2.8	0
Change %	-3%	-1%	-3%	314%	343%	-31%	1%	-31%	0%

*Excluding fuel and losses

ERC's USD denominated revenue dropped by 3% y-o-y in EGP terms to EGP 20.7 billion in 2Q23, compared to EGP 21.4 billion in 2Q22, driven by the decline in refined petroleum product prices. On a six-month basis, ERC recorded a 26% y-o-y increase in revenue to EGP 44.2 billion in 1H23 driven mostly by the depreciation of the EGP against the USD. During

2Q23, ERC continued to operate without any shutdowns, and the totality for 1H23 was on par with that of 1H22. However, a planned shutdown for an overhaul at the plant took place in July 2023.

Total feedstock volume remained largely stable year-on-year at 1.19 million tons in 1Q23 and 2.41 million tons in 1H23. Meanwhile, refining margins averaged USD 1.86 million per day in 2Q23, down from USD 5.36 million per day in 2Q22, following an increase in feed stock prices, a drop in refined product prices, and lower quality of feedstock received. Refining margins averaged USD 2.78 million per day in 1H23, down from USD 4.06 million per day in 1H22, reflecting similar drivers. It should be noted that the large decline in refining margins during 2023 partially reflects a normalization of oil product prices following a spike recorded in 2022 on the back of the heightened uncertainty resulting from the war in Ukraine, as well as the various oil price hikes that occurred throughout the year.

In terms of profitability, ERC recorded an EBITDA of EGP 3.6 billion in 2Q23 compared to EGP 8.1 billion in 2Q22 on the back of the normalization of oil product prices during the period. Meanwhile, net income reached EGP 393.9 million in 2Q23 compared to EGP 6.6 billion in 2Q22. The decline in net income comes on the back of lower EBITDA profitability coupled with higher financing costs and depreciation expenses which rose sharply in EGP terms. On a year-to-date basis, ERC recorded an EBITDA of EGP 12.3 billion in 1H23 compared to EGP 11.2 billion in 1H22 following the strong results of 1Q23. Net income stood at EGP 4.6 billion in 1H23 compared to EGP 8.4 billion in 1H22.

ERC is still in talks with its creditors for a comprehensive debt restructuring. ERC has made a payment of USD 264.0 million to senior lenders in June 2023, and further funded its debt service reserve account with USD 181.0 million in June 2023. ERC continues to be fully current on all its scheduled debt payments and is on track to be senior debt free by December 2025. In parallel, the current levels of receivables from EGPC stand at USD 537.8 million as at September 2023, and EGPC has committed to bringing down its outstanding balances.


QALAA HOLDINGS OWNERSHIP — c.55.3%***
****Ownership as of 30 June 2023*

TAQA Arabia's revenue grew 30% y-o-y in 2Q23 to EGP 3.2 billion compared to EGP 2.5 billion in 2Q22. On a six-month basis, revenue reached EGP 6.2 billion in 1H23, representing a 29% y-o-y increase versus 1H22. Revenue growth was primarily driven by a strong performance at TAQA Gas, which benefited from a rise in connection revenue, as well as an increase in CNG volume sold as a result of an expansion in the number of CNG stations. Revenue was also supported by the increase in the price and volume of both fuel and lubes at TAQA Petroleum. TAQA Arabia's strong revenue growth continues to showcase the significant growth potential offered by the energy and utility sector. TAQA Arabia is well-positioned to benefit from this growth opportunities, leveraging its leading position as a provider of energy solutions in Egypt.

In September 2023, TAQA Arabia completed the establishment of First Gas Company Limited in Saudi Arabia, where it is a 50% partner with the Saudi National Gas Distribution Company 'Gas'. The newly established limited liability company aims to extend, maintain, and repair oil and gas pipelines and transport natural gas through pipelines in the Kingdom.

Key Performance Indicators

	Units	2Q22	2Q23	% chg	1H22	1H23	% chg
TAQA's Holding Company Revenue	(EGP mn)	2,478.6	3,221.3	30%	4,787.3	6,159.6	29%
TAQA Holding Company EBITDA*	(EGP mn)	279.2	303.4	9%	483.0	575.9	19%
TAQA's Holding Company Net Income	(EGP mn)	145.1	91.9	-37%	203.6	178.2	-12%
TAQA Arabia Gas Revenue	(EGP mn)	563.2	889.6	58%	1,040.2	1,727.3	66%
TAQA Arabia Gas EBITDA	(EGP mn)	114.6	119.6	4%	231.3	297.7	29%
TAQA Arabia Gas Net Income	(EGP mn)	72.9	43.9	-40%	148.3	123.0	-17%
Household Connections (Cumulative)	#	1,519,486	1,621,720	7%	1,519,486	1,621,720	7%
Industrial Clients (Cumulative)	#	333	367	10%	333	367	10%
Total Natural Gas Distributed	BCM	2.0	1.6	-20%	3.9	3.2	-17%
Master Gas CNG Stations (Cumulative)	#	43	65	51%	43	65	51%
Number of converted cars	#	1,509	479	-68%	3,171	1,979	-38%
TAQA Arabia Power Revenue**	(EGP mn)	505.2	561.5	11%	913.6	1,017.2	11%
TAQA Arabia Power EBITDA**	(EGP mn)	116.7	138.4	19%	196.1	238.3	21%
TAQA Arabia Power Net Income**	(EGP mn)	38.4	35.4	-8%	59.5	50.0	-16%
Total Power Distributed	M KWH	305	326	7%	555	583	5%
Total Power Generated	M KWH	25	19	-24%	49	38	-23%
Solar Energy Generated	M KWH	43	41	-1%	78	76	-3%
Photovoltaic Energy	M KWH	3	11	305%	5	20	309%
TAQA Petroleum Revenue	(EGP mn)	1,417.7	1,777.1	25%	2,850.4	3,428.4	20%
TAQA Petroleum EBITDA	(EGP mn)	44.5	51.6	16%	76.9	85.0	11%
TAQA Petroleum Net Income	(EGP mn)	21.3	24.9	17%	34.0	35.2	3%
Total Liquid Fuels Distributed	Liters	188,776	195,550	4%	381,548	392,493	3%
Filling Stations	#	60	65	8%	60	65	8%

*Recurring EBITDA excludes one-off selling, general and administrative expenses

Note: The EBITDA figures in the table above are pre-consolidation.

**Includes distribution, conventional generation, renewable generation and photovoltaic

TAQA Gas

TAQA Gas' revenue increased by 58% y-o-y to EGP 889.6 million in 2Q23 and by 66% to EGP 1.7 billion in 1H23 driven by the growth in connection revenue on the back of the government's commitment to connect remote villages across Egypt to the country's natural gas grid. Revenue was also positively impacted by the increase in Compressed Natural Gas ('CNG') volume sold during the quarter. CNG sales benefitted from the increase in CNG fueling stations over the past year, with the number of operating stations standing at 65 during 2Q23 compared to just 43 in the same three months of the previous year. This expansion has allowed the company to capture a larger portion of the booming CNG market in Egypt driven by an increase in CNG converted vehicles in the country.

More specifically, the volume of CNG for vehicles sold increased by 43% y-o-y to 42.7 MCM during the quarter and by 47% y-o-y to 83.9 MCM in 1H23. Furthermore, in 2Q23 TAQA Gas successfully converted 479 vehicles to run on CNG, bringing the total cumulative number of converted vehicles to 33,600.

Owing to its robust gas distribution and construction businesses, TAQA Gas enjoys a strong and dominant market position. During 2Q23, TAQA Gas added around 22.3 thousand new household connections, bringing total cumulative connections at the end of the quarter to around 1.6 million connections, a 7% y-o-y increase. Additionally, the company successfully added four new industrial clients in 2Q23, reaching a total of 367 industrial clients, up from 333 in 2Q22. However, despite the increase in the number of domestic and industrial connections during the quarter, the total volume of gas distributed fell by 20% y-o-y to 1.6 BCM in 2Q23 and by 17% y-o-y to 3.2 BCM in 1H23.

On the profitability front, TAQA Gas recorded an EBITDA of EGP 119.6 million in 2Q23, up 4% y-o-y. On a six-month basis, EBITDA recorded EGP 297.7 million, up 29% compared to the same period of last year. Meanwhile, net income reached EGP 43.9 million in 2Q23, down 40% y-o-y, and EGP 123.0 million in 1H23, down 17% compared to 1H22. The decline in net income came on the back of increasing interest rates as well as the increased borrowing to finance the company's new stations, this also resulted in an increased depreciation expenses as the new stations came online.

TAQA Power

TAQA Power consolidates the company's conventional energy generation and distribution arms, as well as its renewable energy arm (TAQA Solar and TAQA Photovoltaic (PV)).

In 2Q23, TAQA Power delivered a 5% y-o-y increase in total distribution and generation volume to 345 MKWH, leading to a 2% y-o-y increase in revenue to EGP 459.3 million in 2Q23. On a six-month basis, total distribution and generation volume grew 3% y-o-y to 621 MKWH in 1H23, resulting in a 3% y-o-y increase in revenue to EGP 838.0 million. Revenue growth was driven by the positive impact from foreign currency linked prices for generation clients as well as new photovoltaic projects.

The segment's positive performance this quarter was supported by an increase in both the number of household and industrial clients. More specifically, the number of household clients rose by 22% y-o-y to 10,216 clients, while the number of industrial clients increased by a record 55 clients this quarter (a 37% y-o-y increase) to reach 397 as at 30 June 2023.

At its 65MW solar power plant in Benban, Aswan, TAQA Solar generated EGP 88.8 million in revenue during 2Q23, a 70% y-o-y expansion on the back of the increase in the EGP/USD rate to which prices are linked. On a six-month basis, revenue reached EGP 155.3 million in 1H23, a 65% y-o-y increase.

TAQA Photovoltaic (PV) contributed EGP 13.4 million in revenue during 2Q23. Following the completion of a 6MW solar photovoltaic power plant at Dina Farms, TAQA PV sells electricity directly to Dina Farms under a 25-year power purchase agreement (PPA). This plant is the first corporate financed project funded by the European Bank for Reconstruction and

Development (EBRD) in Egypt that involves direct electricity supply from a privately owned generator to a privately owned off-taker. Furthermore, TAQA PV successfully started operating two projects in the tourist hotspots of Soma Bay and Nabq.

The EBRD has also committed to financing TAQA PV's project in El Minya, where a USD 5.5 million 7MW solar photovoltaic power plant is being built. As part of a 25-year PPA, TAQA PV will sell the entire electrical output of the plant to ASCOM Carbonate and Chemical Manufacturing (ACCM), a subsidiary of Qalaa Holdings. In parallel, TAQA PV is also currently working on the expansion in Nabq phase 2.

Profitability wise, TAQA Power's EBITDA grew by 19% y-o-y, reaching EGP 138.4 million in 2Q23, and by 21% y-o-y, reaching 238.3 million in 1H23. The improved profitability is largely attributable to the revenue increase associated with the Benban solar power plant, in addition to the new contributions from TAQA PV. However, net income declined by 8% y-o-y to EGP 35.4 million in 2Q23, as well as by 16% y-o-y to EGP 50.0 million in 1H23. The decline in net profit was a result of increased finance costs and depreciation expenses associated with capex outlays for the new generation facilities, in addition to the effect of rising interest rates.

TAQA Petroleum

TAQA Petroleum's revenue grew 25% y-o-y to EGP 1.8 billion in 2Q23 and 20% y-o-y to EGP 3.4 billion in 1H23. Growth was supported by increases in fuel prices (three increases announced in the last 12 months) and lube prices, in addition to higher diesel, gasoline, and lube sales, which grew by 5% y-o-y, 1% y-o-y, and 36% y-o-y, respectively in 2Q23, and by 4% y-o-y, 1% y-o-y, and 18% y-o-y, respectively in 1H23. The increase in diesel and gasoline volumes came on the back of an expansion in the number of stations which reached 65 stations as at 30 June 2023, up from 60 stations at the end of 2Q22. While the increase in lube volumes came as the company managed to resolve many of the importation delays that weighed on its results over the past year.

Revenue from fuel rose 22% y-o-y to reach EGP 1.7 billion in 2Q23 and by 17% y-o-y to reach EGP 3.2 billion in 1H23. Supported by this increase in revenue, the fuel contribution margin expanded by 6% y-o-y in 2Q23 to EGP 61.2 million, bringing the six-month total to EGP 113.1 million in 1H23, an 11% y-o-y increase.

As for the lubes division, revenue was up 149% y-o-y, rising to EGP 97.7 million in 2Q23, and up 109% y-o-y in 1H23, rising to EGP 193.9 million owing to the combination of an increase in price per ton in 2Q23 as well as a 36% y-o-y expansion in sales volume during the quarter.

On the back of higher revenue, EBITDA expanded 16% y-o-y to EGP 51.6 million in 2Q23 and recorded an 11% y-o-y increase to EGP 85.0 million in 1H23. Meanwhile, net profit expanded 17% y-o-y to EGP 24.9 million in 2Q23 and recorded a 3% y-o-y increase to EGP 35.2 million in 1H23.

TAQA Petroleum currently operates a total of 65 stations and is planning to expand further throughout the coming years.

TAQA Water

Since its inception, TAQA Water has successfully completed four desalination projects for real-estate developers; two in the North Coast, one in Port Said, and another in Soma Bay. These plants started operating in late 2Q22, 1Q23, 2Q23, and 3Q23, respectively. In 2Q23, TAQA Water booked EGP 1.7 million in revenue, bringing 1H23 revenue to EGP 2.4 million.

TAQA Arabia listing and share transactions

On July 9th, 2023, TAQA Arabia's shares began trading on the Egyptian Exchange (EGX) under the ticker (TAQA). The company's shares were listed directly on the EGX without initially being offered to investors via an Initial Public Offering (IPO). TAQA Arabia's shares have been valued by an independent financial advisor at EGP 8.90 apiece, handing the company an EGP 12 billion valuation as at the 31st of December 2022. Following the listing, the National Service Projects Organization ("NSPO") acquired 270,470,760 shares, representing 20% of the total shares of TAQA Arabia, from Silverstone Capital Investments Ltd, a subsidiary of Qalaa.

As part of the agreement with the NSPO, Qalaa will have the right to repurchase the sold shares within four years from the date of the deal completion (9 July 2023), at a repurchase price that equals the original purchase price plus an agreed upon annual investment return. The proceeds of the aforementioned transaction were used to settle a loan taken out by Qalaa in 2022, settling an outstanding balance of EGP 1.629 billion as at 30 June 2023.

It is expected that the restructuring process will continue to take place over several stages towards the settlement of more Qalaa liabilities, some of which have been agreed upon and others that are still under negotiation. For example, negotiations are currently underway between Qalaa and a group of Egyptian banks to transfer the ownership of 17.68% of TAQA Arabia towards the settlement of certain Qalaa debts.

Qalaa's management is currently studying and assessing the impact of these transactions on Qalaa's consolidated financial statements and is considering the agreements that have been reached and those that are still under negotiation. It is important to note that this transaction has had no impact on the current consolidated financial statements as it did not alter the control position of Qalaa over TAQA Arabia.



Sector Review: Cement

Qalaa Holdings' operational cement platform company is ASEC Holding, which comprises cement manufacturing (ASEC Cement that has two production facilities: Al-Takamol Cement in Sudan and Zahana Cement Co. in Algeria); construction (ARESCO and ASEC Automation); and technical management (ASEC Engineering and ASENPRO).



QALAA HOLDINGS OWNERSHIP — c.69.3%

In 2Q23 ASEC Holding's revenue was EGP 811.2 million, down 25% y-o-y owing to the negative effect of the Sudan turmoil on the company's operations. In 1H23 the company recorded a revenue of EGP 2,077.4 million compared to EGP 2,085.2 million in 1H22. Profitability wise, the group's EBITDA dropped by 74% y-o-y in 2Q23 and increased by 73% y-o-y in 1H23, reaching EGP 46.0 million and EGP 684.4 million, respectively. Meanwhile, ASEC Holding recorded a net loss of EGP 408.0 million in 2Q23, compared to a net loss of EGP 390.7 million during the same quarter of the previous year, closing the first half with a net loss of EGP 651.4 million, compared to a net loss of 1,385.3 million 1H22.

Management notes that ASEC Holding's comprehensive debt restructuring is progressing and is confident that its efforts will ultimately result in a stronger balance sheet, healthier financial and leverage ratios, and enhanced profitability.

Key Performance Indicators

	Units	2Q22	2Q23	% chg	1H22	1H23	% chg
ASEC Holding's Cons. Revenue	(EGP mn)	1,083.9	811.2	-25%	2,085.2	2,077.4	0%
ASEC Holding's Cons. EBITDA*	(EGP mn)	173.9	46.0	-74%	395.0	684.4	73%
ASEC Holding's Cons. Net Income**	(EGP mn)	(390.7)	(408.0)	4%	(1,385.3)	(651.4)	-53%
ASEC Cement Group Revenue	(EGP mn)	853.9	419.5	-51%	1,610.0	1,317.2	-18%
ASEC Cement Group EBITDA	(EGP mn)	196.3	9.8	-95%	396.0	514.7	30%
ASEC Cement Group Net Income	(EGP mn)	82.5	(38.2)	N/A	153.4	618.5	303%
Al-Takamol Cement Revenue	(SDG mn)	19,283.4	6,542.8	-66%	39,846.6	22,487.7	-44%
Al-Takamol Cement EBITDA	(SDG mn)	6,125.6	1,037.4	-83%	12,752.4	5,969.3	-53%
Al-Takamol Cement Net Income	(SDG mn)	4,899.4	1,322.2	-73%	8,643.3	4,308.41	-50%
Al-Takamol Volume	KTons	203.9	73.6	-64%	507.8	254.62	-50%
Zahana Cement Revenue	(EGP mn)	220.2	493.0	124%	417.5	781.1	87%
Zahana Cement EBITDA	(EGP mn)	72.3	265.0	266%	124.0	356.1	187%
Zahana Cement Net Income	(EGP mn)	8.9	(51.9)	N/A	9.9	(162.2)	N/A
Zahana Volume	KTons	446.8	403.9	-10%	840.8	696.0	-17%
ARESCO Revenue	(EGP mn)	72.2	110.3	53%	126.0	227.3	80%
ARESCO EBITDA	(EGP mn)	4.3	4.4	2%	(4.3)	32.6	N/A
ARESCO Net Income/Loss	(EGP mn)	2.2	1.8	-18%	0.3	23.8	7,853%
	Units	2Q22	2Q23	% chg	1H22	1H23	% chg
ARESCO Backlog	(EGP mn)	305.0	401.0	31%	305.0	401.0	31%

ASEC Engineering Revenue	(EGP mn)	144.0	177.4	23%	315.6	411.7	30%
ASEC Engineering EBITDA	(EGP mn)	3.4	24.0	598%	16.6	57.7	247%
ASEC Engineering Net Income	(EGP mn)	(9.4)	24.4	N/A	(11.3)	23.9	N/A
ASEC Engineering Managed Production	MTons	1.4	1.3	-7%	3.0	3.1	3%

*Recurring EBITDA excludes one-off selling, general and administrative expenses.

**The optional exceptional accounting treatment of reclassifying the FX to the Other Comprehensive Income (OCI) has been applied in 2023. Comparative figures of 2022 have been restated accordingly.

ASEC Cement

Due to the economic unrest in Sudan, the hyperinflation calculation methodology is applied. The methodology uses the spot index for revenue translation and the historical index (which is higher than the spot index) for COGS translation, resulting in a disproportionate increase in cost of sales compared to revenue. The EGP/SDG rate was highly volatile over the course of the period and consequently impacted the company's figures when reflected in EGP terms. Al-Takamol's figures are thus presented below in Sudanese Pound (SDG) to provide a more accurate representation of the company's performance excluding the impact of hyperinflationary adjustments.

Al-Takamol Cement's revenue dropped 66% y-o-y to SDG 6.5 billion in 2Q23 following a 64% y-o-y decline in sales volume during the quarter compared to 2Q22. The drop in volume was primarily due to the armed conflict that took place in Sudan starting from the end of the first quarter of 2023. The effect of the volume decline on revenue was further exacerbated by the decrease in average cement prices from SDG 94,591/ton in 2Q22 to SDG 88,885/ton in 2Q23. Meanwhile on a six-month basis, a 50% drop in volumes sold was only partially offset by an increase from SDG 78,477/ton in 1H22 to SDG 88,320/ton in the average selling price of cement reflecting the depreciation of the Sudanese pound. As such, revenue declined 44% y-o-y to SDG 22.5 billion in 1H23.

In terms of profitability, Al-Takamol's EBITDA dropped 83% y-o-y to SDG 1.0 billion in 2Q23 compared to SDG 6.1 billion in 2Q22. On a year-to-date basis, EBITDA dropped 53% y-o-y to SDG 6.0 billion. Meanwhile, Al-Takamol's net income dropped by 73% in 2Q23 to SDG 1.3 billion, down from the SDG 4.9 billion recorded in 2Q22. However, on a six-month basis, net income dropped 50% y-o-y, down to SDG 4.3 billion in 1H23. The drop in profitability that occurred during 2Q23 was mainly due to the decline in sales volume, as the company's fixed costs and general & administrative expenses remained largely unchanged when compared to 2Q22.

It is worth noting that the staff and assets of Qalaa's Sudan affiliate Takamol Cement are safe and continue to operate at a limited capacity. Qalaa continues to closely monitor the ongoing developments within the country.

In 2Q23, Zahana Cement recorded a revenue of EGP 493.0 million, up 124% y-o-y. Top-line growth came on the back of a 148% y-o-y increase in average selling prices to EGP 1,220.6/ton compared to EGP 492.8/ton in 2Q22, in addition to a 22% y-o-y increase in total cement sales volume which more than offset the 27% drop in total clinker sales volume. The drop in clinker volume was mainly a result of weaker demand across both local and export markets, in addition to a stronger demand for cement which led to the use of a large portion of the company's clinker stock in cement production. In 1H23, revenue was up 87% y-o-y to EGP 781.1 million driven by a 126% y-o-y increase in the average selling price reaching EGP 1,122.3/ton compared to EGP 496.6/ton.

In terms of profitability, Zahana's EBITDA grew 266% y-o-y to EGP 265.0 million in 2Q23 versus EGP 72.3 million in 2Q22. Similarly, on a six-month basis it increased 187% to EGP 356.1 million in 1H23 compared to EGP 124.0 million in 1H22. Improved profitability was primarily a result of the appreciation of the DZD against the EGP by approximately 84% in 2Q23 compared to 2Q22 and 88% in 1H23 compared to 1H22. Zahana Cement recorded a net loss of EGP 51.9 million and EGP 162.2 in 2Q23 and 1H23, respectively, which came on the back of accruing a total of DZD 1.4 billion in loan interest during 1H23.

ASEC Engineering

ASEC Engineering's revenue grew 23% y-o-y to EGP 177.4 million in 2Q23 and to EGP 411.7 million in 1H23, a 30% y-o-y increase. Top-line growth was achieved following the reinitiating of production in one of the company's projects in Erbil, which was fully withheld in 2Q23.

ASEC Engineering managed to record a recurring EBITDA of EGP 24.0 million in 2Q23, up 598% y-o-y, and bring total EBITDA for the six-month period to EGP 57.7 million, representing a 247% y-o-y increase. In parallel, net income for 2Q23 reached EGP 24.4 million compared to a loss of EGP 9.4 million in 2Q22, while 1H23 net income stood at EGP 23.9 million, up from the net loss of EGP 11.3 million in 1H22. This increase in profitability came on the back of the successful restructuring of one of the company's loans, which resulted in an EGP 17 million capital gain.

ARESCO

ARESCO recorded a 53% y-o-y increase in revenue to EGP 110.3 million in 2Q23, as well as an 80% y-o-y increase in 1H23 revenue to EGP 227.3 million. The aforementioned increases came following the start of operations of two previously signed contracts worth a grand total of EGP 95 million.

In terms of profitability, ARESCO reported an EBITDA of EGP 4.4 million in 2Q23, up 2% y-o-y compared to the EGP 4.3 million reported in 2Q22. On a six-month basis, ARESCO's EBITDA reached EGP 32.6 million compared to an EBITDA loss of EGP 4.3 million in 1H22. EBITDA turned positive on the back of the implementation of new, more profitable projects in Egypt and Senegal, taking ARESCO's backlog up to EGP 401.0 million, a 31% y-o-y increase. Meanwhile, ARESCO recorded a net income of EGP 1.8 million in 2Q23, an 18% decrease compared to 2Q22. On the other hand, net income for 1H23 stood at EGP 23.8 million, up significantly from the EGP 0.3 million achieved in 1H22. It is worth mentioning that 1H22 net income was negatively impacted by a one-off loss of EGP 10 million that occurred in 1H22, which significantly dampened the company's bottom-line.

ASEC Automation

Following the implementation of a new project in the Philippines, ASEC Automation's revenue increased 220% y-o-y to EGP 109.7 million in 2Q23 and 110% y-o-y to EGP 185.9 million in 1H23. On the profitability front, the company recorded a recurring EBITDA of EGP 11.7 million in 2Q23, compared to an EBITDA of EGP 0.1 million in 2Q22, while on a six-month basis the company's EBITDA reached EGP 19.8 million in 1H23 compared to EGP 2.3 million in 1H22. Further down the income statement, ASEC Automation's net income reached EGP 33.2 million in 2Q23 compared to a net loss of EGP 0.4 million in 2Q22. On a six-month basis, net income stood at EGP 15.5 million in 1H23 compared to a net loss of EGP 0.8 million in 1H22. The company's improved results came on the back of its expansion efforts, mainly in the Operation & Maintenance business unit which now serves clients operating across 10 different industries compared to only being focused on the cement industry. Moreover, the company recently began increasing its focus on becoming the main contractor for all its new contracts as opposed to sub-contracting, leading to a significant improvement in ASEC Automation's profitability. In 2Q23, ASEC Automation signed new contracts worth approximately EGP 140 million, bringing its total backlog to c. EGP 500 million.



Sector Review: Packaging & Printing

Through its subsidiary National Printing Company, Qalaa Holdings has invested in the printing and packaging sector over USD 60 million.



QALAA HOLDINGS OWNERSHIP – c.31.0%

National Printing stands today as one of the largest producers of packaging and printing products in Egypt. Through its subsidiaries, namely Shorouk and El Baddar, National Printing has been able to diversify and expand its product range, including corrugated cartons and various types of boxes. Meanwhile Uniboard produces duplex boards using wastepaper, and Windsor manufactures single facer, flexos, and chemical additives.

Key Performance Indicators

Description	Units	2Q22	2Q23	% diff	1H22	1H23	% diff
Grandview (National Printing Holding Co.) Revenue	(EGP mn)	1,136.0	1,140.8	0%	2,050.9	2,547.7	24%
Grandview (National Printing Holding Co.) EBITDA*	(EGP mn)	413.3	271.1	-34%	683.5	640.8	-6%
Grandview (National Printing Holding Co.) Net Income**	(EGP mn)	248.8	150.9	-39%	414.9	349.8	-16%
Shorouk for Modern Printing & Packaging Revenue	(EGP mn)	383.0	390.0	2%	703.0	852.6	21%
Shorouk for Modern Printing & Packaging EBITDA	(EGP mn)	69.4	76.9	11%	131.4	168.9	29%
Shorouk for Modern Printing & Packaging Net Income	(EGP mn)	45.5	173.7	282%	91.0	254.0	179%
Uniboard Revenue	(EGP mn)	669.0	661.3	-1%	1,232.0	1,435.7	17%
Uniboard EBITDA*	(EGP mn)	310.0	163.9	-47%	519.0	402.2	-23%
Uniboard Net Income	(EGP mn)	198.9	79.1	-60%	339.6	234.3	-31%
El Baddar Revenue	(EGP mn)	181.0	208.2	15%	360.0	491.9	37%
El Baddar EBITDA	(EGP mn)	16.3	11.0	-33%	34.3	37.5	9%
El Baddar Net Income	(EGP mn)	1.9	27.0	1,321%	8.6	35.1	308%

*Recurring EBITDA excludes one-off selling, general and administrative expenses

**The optional exceptional accounting treatment of reclassifying the FX to the Other Comprehensive Income (OCI) has been applied in 2023. Comparative figures of 2022 have been restated accordingly—the change was applied at Grandview (National Printing Holding Co.) level only.

Shorouk for Modern Printing & Packaging

Following a strong start to the year, Shorouk continued to overcome challenging market conditions and supply chain disruptions, delivering stable results for the second quarter in a row. Shorouk's revenue recorded EGP 390.0 million in 2Q23, up 2% y-o-y from EGP 383.0 million in 2Q22. During the quarter, Shorouk's volume declined 22% y-o-y. This decline in volume was offset by an increase in the average price per ton in 2Q22 on the back of the EGP devaluation. On a six-month basis and supported by a strong 1Q23, Shorouk's revenue recorded EGP 852.6 million in 1H23, up 21% y-o-y from EGP 703.0 million in 1H22. In 1H23, Shorouk's volume declined 13% y-o-y, taking a 40% y-o-y hit on export sales volume while domestic sales volume remained flat versus 1H22. Currently, Shorouk exports its products to 26 countries worldwide.

In terms of profitability, EBITDA grew by 11% y-o-y in 2Q23 to EGP 76.9 million, closing 1H23 with a 29% y-o-y increase to EGP 168.9 million. Meanwhile, net income grew by a substantial 282% y-o-y in 2Q23 to EGP 173.7 million, closing 1H23 with a 179% y-o-y increase to EGP 254.0 million mainly driven by dividend income from the company's subsidiaries.

Uniboard

In 2Q23, Uniboard's revenue decreased by 1% y-o-y to EGP 661.3 million driven by a decrease in prices during the quarter which overshadowed the slight increase in volumes. Total volume sold grew by 5% y-o-y in 2Q23, primarily driven by a 9% y-o-y increase in local market volume which more than made up for the 10% y-o-y decline in export volume resulting from a change in strategy that favored the local market. In 1H23, the company recorded a 17% y-o-y increase in revenue to EGP 1,435.7 million following an 8% y-o-y increase in volume sold. Volume growth during 1H23 was driven by a 23% y-o-y increase in local volume, which offset the 21% y-o-y decline in export volume.

In terms of profitability, Uniboard's EBITDA declined 47% y-o-y to EGP 163.9 million in 2Q23 while net income recorded EGP 79.1 million, down 60% y-o-y from EGP 198.9 million in 2Q22. On a six-month basis, Uniboard's EBITDA was down 23% y-o-y to EGP 402.2 million and net income was down 31% y-o-y to EGP 234.3 million from EGP 339.6 in 1H22. It is worth noting that Uniboard recorded exceptionally high profitability during 1H22 as a result of the increase in global selling prices coupled with a proactive raw material stock-piling strategy that resulted in profitability margins rising to double their normal rates. As prices decreased globally and the impact of the soaring raw material costs, which have risen 45% y-o-y this half year caught up with the company, profitability margins started moving down towards normalization.

El Baddar

The company recorded a revenue increase of 15% y-o-y to EGP 208.2 million in 2Q23 versus EGP 181.0 million in 2Q22. El Baddar's improved performance was attributed to a 9% y-o-y increase in sales volume during the quarter, coupled with a slight rise in sales price. However, the substantial increase in raw material costs led to the company's EBITDA declining by 33% y-o-y to EGP 11.0 million in 2Q23 compared to EGP 16.3 million in the same quarter of the previous year. In parallel, El Baddar's net income increased by around 14 times to EGP 27.0 million in 2Q23 on the back of the payment of a one-off insurance claim. On a six-month basis, the company recorded a revenue increase of 37% y-o-y to EGP 491.9 million in 1H23 versus EGP 360.0 million in 1H22 backed by a 23% y-o-y increase in sales volume. EBITDA also increased by 9% to EGP 37.5 million supported by a strong 1Q23, while net income increased by 308% to EGP 35.1 million.

Windsor

In 2Q23, the company's revenue grew 23% y-o-y to EGP 29.9 million. The company's improved performance came as a result of product mix optimization and the growth of its chemicals sector. Meanwhile, EBITDA declined to EGP 6.0 million in 2Q23, down 31% y-o-y, due to a significant surge in raw material costs during the quarter. Similarly, net income dropped by 42% y-o-y to EGP 3.3 million. On a six-month basis, the company's revenue grew 52% y-o-y to EGP 67.5 million in 1H23, while EBITDA increased by 33% y-o-y to EGP 18.5 million supported by a strong performance in 1Q23. Net Income also improved by 36% to EGP 12.0 million backed by 1Q23's results.



Sector Review: Mining

Qalaa Holdings' operational platform in the mining sector is ASCOM, which includes operating companies ASCOM Mining, ASCOM for Chemicals & Carbonates Manufacturing (ACCM), GlassRock, and ASCOM Precious Metals (which is consolidated under the equity method as a share of associates' results).



QALAA HOLDINGS OWNERSHIP — c.54.1%

ASCOM's top-line rose by 23% y-o-y to EGP 436.7 million in 2Q23 driven by the EGP devaluation augmenting the USD revenues of ACCM and Glassrock, the biggest revenue generators for ASCOM. On a six-month basis, ASCOM's revenue was up 46% y-o-y to EGP 935.0 million on the back of increased revenue at Egypt Quarrying, as well as the aforementioned EGP devaluation.

Key Performance Indicators

	Units	2Q22	2Q23	% chg	1H22	1H23	% chg
ASCOM Revenue	(EGP mn)	354.8	436.7	23%	641.2	935.0	46%
ASCOM EBITDA*	(USD mn)	56.3	87.9	56%	94.0	201.5	114%
ASCOM Net Income**	(EGP mn)	56.4	0.9	-98%	68.0	42.9	-37%
ACCM Revenue	(USD mn)	10.5	8.7	-17%	20.3	17.9	-12%
ACCM EBITDA	(USD mn)	2.3	2.0	-13%	4.5	4.4	-1%
ACCM Net Income**	(USD mn)	1.9	0.8	-60%	3.3	1.9	-41%
GlassRock Revenue	(USD mn)	3.9	3.3	-15%	7.4	7.0	-6%
GlassRock EBITDA	(USD mn)	0.7	0.7	10%	1.0	1.6	67%
GlassRock Net Income**	(USD mn)	(1.1)	(0.6)	-43%	(2.2)	(1.0)	-54%
Egypt Quarrying Revenue	(EGP mn)	54.8	70.7	29%	106.8	158.3	48%
Egypt Quarrying EBITDA	(EGP mn)	(5.9)	4.3	N/A	(8.1)	15.6	N/A
Egypt Quarrying Net Income**	(EGP mn)	(33.7)	(1.0)	-97%	(36.5)	5.2	N/A
Other Quarry Management Revenue – ex Egypt	(USD mn)	2.8	0.0	-100%	3.7	0.1	-99%
Other Quarry Management EBITDA – ex Egypt	(USD mn)	0.3	0.0	N/A	0.3	0.0	N/A
Other Quarry Management Net Income** – ex Egypt	(USD mn)	0.1	(0.1)	N/A	(0.2)	(0.3)	41%

*Recurring EBITDA excludes one-off selling, general and administrative expenses

**The optional exceptional accounting treatment of reclassifying the FX to the Other Comprehensive Income (OCI) has been applied in 2023.

Comparative figures of 2022 have been restated accordingly.

ACCM

In 2Q23, ACCM reported revenue of USD 8.7 million, a 17% y-o-y decline primarily driven by a 26% y-o-y decrease in average price per ton in 2Q23. This came despite an 11% y-o-y increase in volumes to 105,633 tons during the quarter on the back of the addition of two new ball milling lines which became operational in June 2022 and the beginning of 2023. On a six-month basis, ACCM's revenue declined by 12% y-o-y to USD 17.9 million, similarly driven by a decrease in average price per ton, which dropped 19% y-o-y and outweighed the 9% y-o-y increase in volume to 210,717 tons. This price decrease was a result of the decline in global freight costs, which are incorporated in the price, following the stabilization of supply chains after a period of disruptions and instability. Moreover, selling prices in Egypt have not risen at a rate that reflects the devaluation of the EGP, and have therefore declined in USD terms.

In terms of profitability, EBITDA declined by 13% y-o-y to USD 2.0 million in 2Q23 compared to USD 2.3 million in 2Q22 and by 1% y-o-y to USD 4.4 million in 1H23 compared to USD 4.5 million in 1H22. Despite this decline, EBITDA margin remained robust, increasing by one percentage point y-o-y to 23% in 2Q23 and by three percentage points y-o-y to 25% in 1H23. Despite the decrease in average price per ton, EBITDA margin increased on the back of the drop in variable costs by 39% y-o-y and 30% y-o-y in 2Q23 and 1H23, respectively, mainly driven by the EGP devaluation (which resulted in a decrease in local cost components), as well as the drop in the cost of stearic acid and shipping.

The company's bottom-line declined by 60% y-o-y to record a net income of USD 0.8 million in 2Q23 compared to USD 1.9 million in 2Q22 and by 41% y-o-y to USD 1.9 million in 1H23 compared to USD 3.3 million in 1H22. This came on the back of lower export subsidies compared to those received during 2022, as well as an increase in finance costs driven by an increase in loans for capex and working capital expansions, in addition to the increase in interest rates.

Looking ahead, ACCM will continue to capitalize on growing exports, which account for most of the company's top-line. The devaluation of the EGP is anticipated to increase ACCM's competitiveness in the international markets. However, management is cognizant that turbulent global market conditions will continue to affect ACCM's variable costs and, accordingly, is closely monitoring developments. In parallel, management intends to simultaneously push ahead with its sales channel diversification strategy by directing its business development efforts to new export regions such as South America and Northern Europe, as well as installing additional production lines, with two ball milling lines planned to come online in 2024, with the intent of expanding capacity and meeting planned growth targets.

GlassRock

GlassRock's revenue declined by 15% y-o-y to USD 3.3 million in 2Q23, driven by a 31% y-o-y decrease in total volume sold to 2,040 tons which was only partly offset by higher prices for the locally sold Glasswool. On a six-month basis, revenue declined by 6% y-o-y to USD 7.0 million on the back of a 27% y-o-y decline in total volume sold to 4,177 tons in 1H23, which was partly offset by higher selling prices for most of the company's product mix.

Glass Rock	2Q2022	2Q2023	%Change	1H2022	1H2023	Change %
Sales Revenue (USD MM)	3.1	3.0	-4%	6.0	6.3	5%
RockWool - Export	1.2	0.2	-85%	1.5	0.7	-55%
RockWool - Local	1.0	0.8	-18%	2.4	1.9	-22%
GlassWool - Export	0.4	0.6	78%	0.8	1.1	30%
GlassWool - Local	0.5	1.3	143%	1.3	2.7	105%
Sales Volume (Tons)	2,960	2,040	-31%	5,702	4,177	-27%
RockWool - Export	1,548	239	-85%	2,080	684	-67%
RockWool - Local	882	784	-11%	2,254	1,691	-25%
GlassWool - Export	260	560	115%	642	851	32%
GlassWool - Local	270	457	69%	726	952	31%

GlassRock's portfolio covers export markets across Africa, Europe, and Asia, and the company has been working on expanding into several other European countries. During the quarter, GlassRock's export revenue declined by 47% y-o-y on the back of lower export volumes of Rockwool and lower export prices of Glasswool. On a semi-annual basis, GlassRock's export revenue declined by 24% y-o-y on the back of a decline in export volumes which was offset by an improvement in Rockwool's export prices.

In the domestic market, GlassRock's revenues increased by 38% y-o-y in 2Q23, mainly driven by the increase in Glasswool's volumes, coupled with an increase in selling prices across the board. Meanwhile, revenues increased by 22% y-o-y in 1H23 despite a decline in volumes. It is worth mentioning that the devaluation of the EGP led to a delay in the execution of certain mega projects, adversely affecting the volumes earmarked for such projects. Revenue for 1H23 was similarly supported by the increase in both volumes and prices at Glasswool, backed by import restrictions that enabled GlassRock to obtain a larger share of the local market.

On the profitability front, GlassRock's EBITDA grew 10% y-o-y in 2Q23 to USD 737.9 thousand compared to USD 688.8 thousand in 2Q22, and 67% y-o-y in 1H23 to USD 1.6 million compared to USD 988.9 thousand in 1H22. At the bottom-line, GlassRock recorded a net loss of EGP 0.6 million in 2Q23 compared to a net loss of USD 1.1 million in 2Q22, while on a six-month basis it recorded a net loss of USD 1.0 million in 1H23 compared to a net loss of USD 2.2 million in 1H22. This shrinkage in losses was driven by price increases across both the export and local markets during 2Q23, coupled with the impact of the EGP devaluation which resulted in a cost decrease for some local cost components.

Egypt Quarrying (ASCOM Mining)

ASCOM's mining operations rely primarily on the cement sector with around 90% of its revenue attributed to cement clients. The company continues to face a challenging operating environment due to sustained pressure on Egypt's cement industry. However, Management has been actively revising contracts and implementing a minimum take criterion, as well as renewing other contracts on a take-or-pay basis to recoup costs incurred when markets are underperforming. The company has also successfully renegotiated a number of contracts, passing on the effects of a weakening EGP on its expenses onto its clients, directly impacting ASCOM's revenues and profitability. In addition, ASCOM managed to terminate defaulting contracts and voluntarily shut down some non-profitable projects to replace them with profitable ones. This has resulted in an improved performance in 2Q23. However, overhaul work at one of the company's clients and a temporary shutdown at another client's plant limited the improvement in commercial terms and resulted in only a 29% y-o-y increase in revenue to EGP 70.7 million in 2Q23 compared to EGP 54.8 million in 2Q22. In 1H23, revenue was up 48% y-o-y, reaching EGP 158.3 million.

ASCOM mining reported an EBITDA of EGP 4.3 million in 2Q23 compared to a negative EBITDA of EGP 5.9 million in 2Q22. EBITDA was also up on a six-month basis, rising to EGP 15.6 million in 1H23 compared to a negative EBITDA of EGP 8.1 million in 1H22. Bottom-line also improved significantly in 2Q23, recording a net loss of EGP 1.1 million compared to a loss of EGP 7.7 million in 2Q22 after removing one-off events like loan revaluations and reversed provisions. On a six-month basis, the improvement in commercial terms in 1Q23 helped boost 1H23 net income to EGP 5.2 million compared to a net loss of EGP 10.5 million in 1H22.

The company is also exploring expanding into the quarrying of other materials such as phosphate, kaolin, sand, and gypsum, both domestically and internationally.



Sector Review: Agrifoods

Agrifood companies consolidated under parent company Dina Farms Holding Co. (multicategory agriculture and consumer foods) include Dina Farms and ICDP (Dina Farms' fresh dairy & juice producer).



QALAA HOLDINGS OWNERSHIP — c.54.9%

Dina Farms Holding Co. recorded a 40% y-o-y increase in revenue to EGP 480.0 million in 2Q23 and a 44% y-o-y increase to EGP 889.7 million in 1H23, driven by improved operations at Dina Farms and ICDP's revenue benefiting from higher selling prices and new product launches. Meanwhile, EBITDA rose by 333% y-o-y to EGP 102.3 million in 2Q23 and by 221% y-o-y to EGP 166.5 million in 1H23, driven by EBITDA growth at Dina Farms, which made up for the shrinking margins at ICDP. Furthermore, bottom-line turned profitable, recording a net income of EGP 51.8 million in 2Q23, up from a net loss of EGP 27.8 million in 2Q22 and bringing the six-months total to EGP 42.7 million in 1H23, up from a net loss of EGP 41.2 million in 1H22.

Key Performance Indicators

	Units	2Q22	2Q23	% chg	1H22	1H23	% chg
Gozour (Dina Farms Holding Co.) Revenue	(EGP mn)	343.0	480.0	40%	618.8	889.7	44%
Gozour (Dina Farms Holding Co.) EBITDA*	(EGP mn)	23.6	102.3	333%	51.9	166.5	221%
Gozour (Dina Farms Holding Co.) Net Income	(EGP mn)	(27.8)	51.8	N/A	(41.2)	42.7	N/A
Dina Farms Revenue	(EGP mn)	277.3	410.5	48%	489.6	782.5	60%
Dina Farms EBITDA	(EGP mn)	26.7	115.0	331%	56.2	189.8	238%
Dina Farms Net Income	(EGP mn)	(26.0)	48.2	N/A	(37.2)	61.8	N/A
Dina Farms Raw Milk Sales/Milking Cow Ratio	Tons/Milking Cow	2.7	2.4	-16%	5.4	4.9	-9%
ICDP Revenue	(EGP mn)	132.3	261.9	98%	240.9	490.1	103%
ICDP EBITDA	(EGP mn)	11.6	7.9	-32%	23.8	20.2	-15%
ICDP Net Income	(EGP mn)	2.9	(3.9)	N/A	7.8	(3.5)	N/A
ICDP SKU Volume Sold	(Tons)	4,739	4,825	2%	9,127	9,174	1%

*Recurring EBITDA excludes one-off selling, general and administrative expenses

Dina Farms' revenue grew 48% y-o-y to EGP 410.5 million in 2Q23, bringing 1H22 revenue to EGP 782.5 million, up 60% y-o-y. Revenue growth was supported by improved operations across all business segments.

At the livestock division, revenue from milk sales increased 30% y-o-y to EGP 238.8 million in 2Q23 following an increase in milk prices. This more than offset the 24% y-o-y drop in milk sales volume caused by a decline in demand as well as the drop in milk production as the company implemented a policy that focused on optimizing animal feed productivity. In 1H23, revenue from milk sales was up 49% y-o-y to EGP 513.7 million. Additionally, powdered milk sales volume rose

by 316% y-o-y to 223.0 tons in 2Q23 and by 134% to 286.0 tons in 1H23. This, combined with an increase in powdered milk prices resulted in a sevenfold year-on-year increase in powdered milk revenue to EGP 30.4 million in 2Q23 and a 343% y-o-y increase to EGP 38.7 million in 1H23. Meanwhile, non-milk revenue dropped by 34% y-o-y to EGP 8.4 million in 2Q23 and by 33% y-o-y to EGP 14.7 million in 1H23 on the back of lower bull sales.

At the agriculture division, orchard revenue reached EGP 20.3 million in 2Q23, a 34% y-o-y increase following an improvement in summer citrus productivity, coupled with an increase in the prices of various produce. On a six-month basis, orchard revenue recorded a 31% y-o-y increase to EGP 33.2 million in 1H23. Additionally, in 4Q22 Dina Farms had started processing and drying its parsley crop in-house as opposed to selling it to a third party in order to go up the value-added chain. Furthermore, the company's cultivated herb area increased by 31% y-o-y to 788 feddans in 1H23. Similarly, the company doubled the sugar beet cultivated area, leading to increased productivity this quarter. All this, combined with higher prices across the board, resulted in a crop revenue increase of 31% y-o-y to EGP 74.4 million in 2Q23 and by 65% y-o-y to EGP 113.5 million in 1H23.

On the retail front, the company expanded its outlet and parking areas, as well as improved and renovated various aspects of its retail outlet. This resulted in a 33% y-o-y increase in footfall in 1H23, leading to a growth in revenue from the retail division. This, combined with inflationary price increases resulted in revenue growth of 62% y-o-y to EGP 23.3 million in 2Q23 and 76% y-o-y to EGP 48.2 million in 1H23.

On the profitability front, Dina Farms booked a 331% y-o-y increase in EBITDA to EGP 115.0 million in 2Q23 on the back of improved profitability across the board. The livestock division recorded a 134% y-o-y increase in gross profit to EGP 74.3 million in 2Q23. Meanwhile, agriculture division gross profit was up 403% y-o-y to EGP 44.1 million. Moreover, the company recorded a net income of EGP 48.2 million in 2Q23, up from a net loss of EGP 26.0 million in 2Q22. On a six-month basis, Dina Farms booked a 238% y-o-y increase in EBITDA to EGP 189.8 million, as well as a net income of EGP 61.8 million in 1H23, up from a net loss of EGP 37.2 in 1H22.

International Company for Dairy Products (ICDP)

ICDP's total SKU volume stood at 4,825 tons in 2Q23 and 9,174 in 1H23, up slightly year-on-year from the comparative periods in 2022.

Revenue increased by 98% y-o-y in 2Q23 to EGP 261.9 million and by 103% y-o-y to EGP 490.1 million in 1H23. Growth was supported by price increases across the board, coupled with a continuation of the noticeable increase in the volume of cheese and skimmed milk powder, all of which enabled the company to boost its top-line despite a drop in milk and juice volumes sold.

With its two new cheese lines commissioned during 2022, as well as the introduction of several new products throughout the year, the cheese division saw its sales volume rise by around 171% y-o-y and 249% y-o-y in 2Q23 and 1H23, respectively. Sales volume was further boosted by the successful strategy of introducing new offerings to act as a replacement for imported cheeses that are getting exceedingly difficult to find in the Egyptian market due to importation constraints, as well as market share lost by competitors due to production issues. This, combined with the inflationary increase in prices, resulted in a significant increase in revenue to EGP 53.6 million in 2Q23 and EGP 110.6 million in 1H23 compared to EGP 12.8 million in 2Q22 and EGP 18.6 million in 1H22.

Fresh milk revenue increased 24% y-o-y to EGP 87.0 million in 2Q23 despite a 12% y-o-y drop in volume on the back of a rise in milk prices. In parallel, powdered milk volumes sold reached 329 tons in 2Q23, up 254% from the 93 tons sold in 2Q22. In addition to the volume increase, the rise in the price per ton of powdered milk further boosted sales revenue, which reached EGP 44.5 million in 2Q23 compared to EGP 7.5 million in 2Q22, and to EGP 75.8 million in 1H23 compared to EGP 12.2 million in 1H22.

The yogurt segment's revenue expanded 33% y-o-y to EGP 19.5 million in 2Q23 despite a 17% y-o-y decline in sales volume, supported by higher prices. While on a six-month basis, revenue was up 68% y-o-y, reaching EGP 38.9 million supported by stronger volumes in 1Q23, which resulted in a 6% y-o-y increase in sales volume in 1H23.

Juice revenue expanded by 7% y-o-y to EGP 23.9 million in 2Q23 backed by an increase in prices during the quarter, which offset the 4% y-o-y decline in sales volume. Similarly, on a six-month basis revenue was up 7% y-o-y reaching EGP 41.3 million.

ICDP's EBITDA stood at EGP 7.9 million in 2Q23, down 32% y-o-y. Despite the strong top-line growth, the EBITDA margin dropped by six percentage points year-on-year to 3%. Meanwhile, the company recorded a net loss of EGP 3.9 million in 2Q23, down from a net income of EGP 2.9 million in 2Q22. On a year-to-date basis, EBITDA stood at EGP 20.2 million, down from the EGP 23.8 million recorded in 1H22. In parallel, the company recorded a negative bottom-line of EGP 3.5 million, down from a net income of EGP 7.8 million in 1H22. Profitability suffered on the back of increases in the cost of raw milk and packaging materials, in addition to weaker overall demand and a fiercer level of competition, all of which led to a shrinkage in the company's margins during 1H23. Furthermore, the bottom-line was negatively impacted by growing finance costs following the new loans taken on by ICDP during the year with the purpose of financing capex related to new product line expansions and working capital.



Sector Review: Transportation & Logistics

Qalaa Holdings' operational platform in the Transportation & Logistics sector is CCTO, which includes NRPMC (seaport, stevedoring and storage services in Egypt) as well as Nile Barges (river transportation in South Sudan)



QALAA HOLDINGS OWNERSHIP — 67.6%

Citadel Capital Transportation Opportunities Ltd ('CCTO') is Qalaa Holdings transport and logistics platform company which consolidates the company's operations in Egypt (under National River Port Management Company 'NRPMC') and South Sudan (under Nile Barges). In 2Q23, the company's revenue increased by 148% y-o-y to EGP 168.6 million and EBITDA increased by 392% y-o-y to EGP 88.3 million, bringing 1H23 revenues and EBITDA to EGP 299.3 million and EGP 148.4 million, respectively. In addition, the company's net income reached a total of EGP 39.3 million in 2Q23 and EGP 64.3 million in 1H23, compared to a loss of EGP 12.4 million in 2Q22 and EGP 46.3 million, after removing one-off gains, in 1H22.

Key Performance Indicators

	Units	2Q22	2Q23	% chg	1H22	1H23	% chg
CCTO (Holding Co.) Revenue	(EGP mn)	67.9	168.6	148%	161.5	299.3	85%
CCTO (Holding Co.) EBITDA*	(EGP mn)	18.0	88.3	392%	60.1	148.4	147%
CCTO (Holding Co.) Net Income/Loss**	(EGP mn)	(12.4)	39.3	N/A	500.1***	64.3	-87%□
NRPMC Revenue	(EGP mn)	67.9	138.7	104%	152.2	253.7	67%
NRPMC EBITDA	(EGP mn)	28.3	79.7	182%	71.2	143.0	101%
NRPMC Net Income/Loss**	(EGP mn)	13.2	52.9	301%	536.1***	89.6	-83%
NRPMC Coal / Pet Coke Tons Handled	(ooo's Tons)	278.1	346.3	25%	562.1	725.7	29%
NRPMC Twenty-Foot Equivalent Handled	(TEU)	19,393	20,028	3%	45,397	39,871	-12%
NRPMC Storage days for TEUs (# of days)	Days	34,471	162,574	372%	73,337	312,662	326%
Nile Barges Revenue (South Sudan)	(USD mn)	0.0	1.0	N/A	0.6	1.5	157%
Nile Barges EBITDA (South Sudan)	(USD mn)	(0.3)	0.7	N/A	0.1	0.9	845%
Nile Barges Net Income/Loss (South Sudan)	(USD mn)	(0.4)	0.4	N/A	(0.2)	0.5	N/A

*Recurring EBITDA excludes one-off selling, general and administrative expenses.

**The optional exceptional accounting treatment of reclassifying the FX to the Other Comprehensive Income (OCI) has been applied in 2023. Comparative figures of 2022 have been restated accordingly.

*** 1H 2022 Net Income includes one off EGP 546 million gain from the sale of land.

National Company for River Ports Management (NRPMC) (Egypt)

NRPMC recorded a revenue of EGP 138.7 million in 2Q23, up 104% y-o-y versus 2Q22, and bringing total revenue for the first half of the year to EGP 253.7 million, up 67% y-o-y compared to 1H22. The company's performance during the period was mainly supported by improvements across all revenue streams, especially in the storage and inland container depot service.

During 2Q23, coal storage volume at Tanash warehouse increased 9% y-o-y, yet revenue from coal storage was up 164% y-o-y during the quarter, rising to EGP 55.8 million in 2Q23 compared to EGP 21.1 million in 2Q22, on the back of USD based contracts. On a six-month basis, the company recorded a total revenue from coal storage of EGP 101.4 million in 1H23 compared to EGP 48.2 million in 1H22, up 110% y-o-y.

Stevedoring services showed an increase in revenue in 2Q23, reaching EGP 31.6 million during the quarter compared to EGP 20.3 million in 2Q22, a 55% y-o-y expansion. The increase was mainly driven by a 25% y-o-y rise in coal stevedoring, offsetting the effect of the halt in grain stevedoring operations. In 1H23, revenue from stevedoring services recorded EGP 56.8 million, up 35% y-o-y versus 1H22. This came on the back of a particularly strong performance as well as an increase in volume during 2Q23.

Moreover, inland container depot revenue increased by 149% y-o-y in 2Q23 to EGP 51.3 million, bringing 1H23 revenues to EGP 95.4 million, a more than twofold year-on-year increase. Growth was supported by a 372% y-o-y increase in the container storage days which in 2Q23 reached 162,574 days compared to 34,471 days in 2Q22, as well as 312,662 days in 1H23 as opposed to 73,337 days in 1H22. The increase in storage days was a consequence of the slowdown brought about by the letter of credit requirements for all imports, as well as foreign currency availability issues.

In terms of profitability, the company's EBITDA rose by a strong 182% y-o-y to EGP 79.7 million and net profit recorded a fourfold year-on-year increase to EGP 52.9 million in 2Q23 compared to only 13.2 million in 2Q22. On a six-months basis, the company recorded an EBITDA of EGP 143.0 million compared to EGP 71.2 million in 1H22. Net income has also improved significantly to EGP 89.6 million compared to a net loss of 10.2 million in 1H22 after removing the impact of one-off gain on the sale of a plot of land that occurred in 1Q22. The improvement in profitability came on the back of higher storage and container depot revenues as well as a reduction in finance costs as the company managed to successfully restructure its debt obligations.

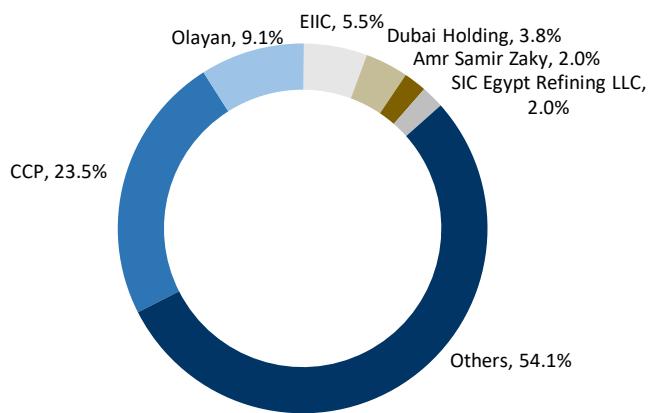
Nile Barges (South Sudan)

Nile Barges' operations in South Sudan focus on the transportation of food under the auspices of the World Food Program (WFP). The company currently has three pushers and ten barges in service following the successful addition of the last pusher in 2022, bringing Nile Barges' entire fleet into operation.

Nile Barges successfully completed two trips in 2Q23, compared to zero trips in 2Q22, which turned in a revenue of USD 1.0 million during the quarter. With regards to profitability, EBITDA stood at USD 0.7 million in 2Q23 compared to a loss of USD 0.3 million in 2Q22 and net income increased to USD 0.4 million in 2Q23 from a net loss of USD 0.4 million in 2Q22. On a six-month basis, Nile Barges recorded a revenue of USD 1.5 million in 1H23, up 157% y-o-y. Meanwhile, EBITDA and net income reached USD 0.9 million and USD 0.5 million, respectively, during the half-year. The company's improved performance for the six-month period was a result of completing four trips in 1H23 compared to only three trips in 1H22.

SHAREHOLDER STRUCTURE

(as at 30 June 2023)


SHARE INFORMATION
CCAP.CA on the EGX

Number of Shares	1,820,000,000
Of which Preferred	401,738,649
Of which Common	1,418,261,351
Paid-in Capital	EGP 9.1 bn

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