



EXECUTIVE MANAGEMENT REPORT ON THE GROUP'S BUSINESS RESULTS FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2024

Talaat Moustafa Group Holding ("TMG Holding", "TMG", or "the Group") has delivered remarkable business results during the fiscal year of 2024, with its strong operational momentum continuing into 2025. Across all business segments, TMG has maintained its rapid growth trajectory, achieved new performance milestones and continued laying strong foundations for its ambitious expansion of its business segments locally and regionally, aiming to secure and expand new hard-currency revenues, capitalize on stable growth in neighboring markets, and unlock new opportunities in the regional real estate landscape. In line with the Group's strategic guidance issued in 2017, on which the executive management team has consistently delivered since, TMG remains focused on:

- i) **Maintaining and growing sales momentum:** TMG demonstrated solid sales growth since 2017, achieving an extraordinary compound annual growth rate (CAGR) of 70% in value terms. In FY 2024, the Group achieved yet another groundbreaking milestone and recorded unprecedented sales of over EGP 504 billion (approximately USD 10 billion), nearly tripling the previous year's figure of EGP 142.7 billion. In unit terms, sales surged to some 29,000 units, a significant leap from the 17,000 units sold in FY 2023, reflecting the deep demand for TMG-branded products in its markets and its unmatched ability to capture this demand effectively. This remarkable growth was primarily fueled by the Group's entry into Saudi Arabia, the fastest growing economy in MENA today, with Banan project in Riyadh, as well as the highly successful launch of SouthMed project on Egypt's North Coast. Importantly, as per industry reports, during 2024 the Group singlehandedly achieved sales representing the lion's share of some 43% of all sales achieved by the top real estate companies in Egypt.
- ii) **Expanding the hotel arm and other recurring income lines:** The Group has significantly grown its hospitality segment and other recurring income streams. This includes the acquisition of the seven iconic historical hotels in Egypt, which added some 2,500 hotel rooms to the portfolio, reinforcing the stable and predictable revenue stream denominated in hard currencies. As a result, recurring income revenues (including hotels, leasing, clubs, service sector and others) have increase by 165% year-over-year to EGP 18.2 billion in FY 2024 from EGP 6.9 billion in FY 2023. Importantly, recurring revenue represented 43% of the total consolidated revenue in the period, compared to 24% in 2023.
- iii) **Accelerating asset monetization:** TMG's strategic asset monetization efforts have further strengthened the Group's liquidity and financial stability, as evident by our unprecedented cash balance of EGP 59.8 billion as of 31 December 2024, which enables reinvestment in high-growth opportunities.
- iv) **Expanding the land bank:** In 2024 management followed a prudent expansion plan of the landbank and project inventory, with the successful entry into Saudi Arabia and Egypt's North Coast markets, through the 10 million square meters acquired for the Banan project and the 23 million sqm development agreement of SouthMed. Thus, the total land area for the Group's projects amounts to 107 million sqm, which enhances the Group's profitability and cash flows. The Group is now preparing itself for new growth opportunities on the North Coast, following the stellar success of its SouthMed project, including destinations such as the recently inaugurated Ras El Hekma mega-project. The Group is also exploring lucrative expansion opportunities in the GCC and the broader MENA region, in underserved markets such as Iraq, to further enhance the Group's profitability and cash flows generation in hard currencies.
- v) **Preserving capital appreciation while hedging through the expansion of foreign currency income streams:** TMG has successfully developed high-value real estate assets, especially with its hospitality investments and with its expansion in Saudi Arabia, generating substantial foreign currency income. Hospitality revenues alone in FY 2024 have reached USD 255 million, representing roughly a third of the Group's total revenues, in addition to over SAR 5.1 billion of sales booked in KSA and to be recognized as revenue within the coming four years. This strategic approach effectively hedges the Group from any currency risks in Egypt, while sustaining value appreciation and financial resilience. Moreover, the Group's real estate developments have been driven by modern and innovative technology concepts, with an increased amount of business and operational processes delegated to artificial solutions and smart technology, ensuring significant savings in energy and water consumption, as well as human resources.



By meeting these objectives and through a series of unique partnerships and acquisitions, in 2024 the Group has successfully transformed into a major exporter of real estate and tourism services. This transformation generates substantial foreign currency income, effectively hedging TMG's operations against currency risk. The FX-generating assets not only preserve but also appreciate in value, providing a natural monetary upside in fluctuating economic conditions. This performance underscores the strength and resilience of TMG, reinforcing its position for rapid growth in both Egypt and international markets while further enhancing shareholder returns.

The Group has consistently exceeded its strategic objectives, significantly surpassing initial expectations and securing sustained financial growth and stability for the years ahead. This success is underpinned by the Group's resilient, flexible and low-risk business model, designed to deliver strong investor returns. Consequently, the cash and cash-equivalent balance in foreign currencies increased from 133 million US dollars at the end of 2023 to 666 million US dollars at the end of 2024. This balance is composed of 478 million US dollars from the real estate sector and 188 million US dollars from the tourism sector.

Following is a summary of the business results and the executive management's efforts that led to these achievements during FY 2024.

SECTION ONE: REAL ESTATE SECTOR

1. Property sales:

In FY 2024, TMG made a landmark entry into two high-growth markets with the launch of Banan in Saudi Arabia and SouthMed on Egypt's North Coast, both record-breaking projects that are redefining industry benchmarks. By year-end, the Group achieved an unprecedented EGP 504 billion (~USD 10 billion) in sales, reflecting a 3.5x year-over-year growth from EGP 143 billion in FY 2023. This unmatched sales achievement was fueled by the highly successful SouthMed launch, TMG's strategic entry into Saudi Arabia with Banan, and the sustained deep demand for our legacy communities, such as Madinaty, Privado, Noor and Celia which cumulatively generated EGP 109.4 billion in sales during the year. By continuously setting new industry standards and delivering record-breaking performance, TMG reinforces its status as a market pioneer. The unmatched strategic vision and execution capabilities of the Group solidify its position for continued expansion and long-term leadership in the real estate sector. Currently, Talaat Moustafa Group's cities are home to 1.2 million residents, a number set to reach 2 million within seven years upon the completion of the Noor and South Med projects where rapid community formation is expected to support the sales momentum and recurring income generation capability.

Since its launch in early July, sales and reservations in SouthMed have reached approximately EGP 281 billion (~USD 5.6 billion), marking a record-breaking performance. This underscores the strength of the TMG brand, the trust of its clients, and the high demand for its branded communities both locally and internationally. A significant portion of these sales was achieved through the Company's extensive network of foreign sales branches across the Gulf region and its state-of-the-art online channels, which played a crucial role in expanding market reach and driving performance. Notably, SouthMed's unique asset-light, low-risk development model has proven highly effective, with collections from clients to date generating net future income exceeding EGP 1.8 billion, a figure that is expected to grow further through ongoing collections and future sales.

Meanwhile, the sustainable city project of Banan in Saudi Arabia, launched in mid-May 2024, has already generated impressive results with total sales exceeding EGP 68 billion in FY 2024, surpassing the company's internal sales targets for the entire year in just few months. This remarkable achievement provides a strong testimony to TMG's brand recognition beyond Egypt, boding well for the further expansion in the region. Notably, all the sales in Banan were conducted in Saudi Arabian Riyal, a USD-pegged currency, which further strengthen the Group's ability to build sustainable hard currency revenue streams. The commercial success of Banan was unprecedented in the Saudi Arabian market and validates the cross-border appeal of TMG's branded communities. This success is also attributed to advanced digital systems that enable cross-border sales, contracting, and payment from anywhere in the world, supporting the export of Egyptian real estate globally.

During the period, the Company facilitated third-party sales amounting to EGP 45.5 billion. The Group is entitled to receive commissions from these sales, which offset general and administrative expenses, this was achieved through the

meticulous strategic plans developed by management. In addition, management adopts and executes a long-term vision that leads to the enhancement and growth of the Group's diversified sources of income.

Furthermore, FY 2024 sales performance testify to the precision and effectiveness of the commercial strategy implemented by management. This success is achieved through a comprehensive and disciplined approach that combines product diversification, competitive pricing, proactive sales outreach, innovative design, state-of-the-art engineering, and rigorous market research. Notably, these sales have been primarily driven by genuine end-user demand, as evident by the vibrant and thriving communities already established within our developments. This reaffirming the market's strong confidence in TMG's offering and the Group's ability to anticipate and meet evolving customer needs.

2. Sales backlog:

As of December 31, 2024, the Group's backlog of recorded and yet undelivered sales (sales backlog) amounted to EGP 294 billion, marking a massive growth rate of 103% compared to EGP 145 billion reported in FY 2023. This substantial increase is attributed to the significant surge in core new sales achieved over the past 12 months by the Group. The backlog remains stable and resilient, underpinned by a high-quality customer base driven by genuine end-user demand. It currently represents some 37 thousand residential and non-residential units to be delivered within the coming four to five years, excluding the SouthMed project where some 12 thousand units were sold during 2024. The backlog provides a strong revenue visibility and a clear trajectory for future profit recognition from this business segment alone. The Company expects to maintain and further enhance the profitability of its backlog, given the expenditures already incurred on-sites and the low historical cost of land, the potential cost efficiencies leveraging the Group's massive liquidity and purchasing power enabling potential savings in construction material costs and the robust financial position, ensuring the ability to optimize margins while maintaining high-quality project execution.

SECTION TWO: Hotel Sector

In 2024, the Group successfully completed the acquisition of Legacy Hotels and Tourism Projects Company (Legacy), owner of seven iconic historic hotels in Egypt. This transformative acquisition has expanded the Group's hospitality portfolio by some 2,500 rooms, bringing the total operating room count to some 3,500 rooms. The acquisition enhances TMG's geographical and market diversification, further strengthening the stability of the Group's recurring income streams and reinforcing the Company's ability to generate high-margin foreign currency flows. The newly acquired hotels will undergo renovations and refurbishments in the coming years to unlock their full profitability potential and align them with the superior standard of TMG's original portfolio. These upgrades will enable operators to leverage the unique value of their prime locations while preserving their historical heritage for future generations of Egyptians. Importantly all renovations and improvements are fully funded as part of the acquisition price, ensuring that these investments will not burden the Group's future cash flows. Meanwhile, the Group is progressing with the organic expansion of the hospitality portfolio, with three properties under construction, namely Four Seasons Luxor, Four Seasons Madinaty and Marsa Alam resort. These properties are expected to be become operational starting 2026, further enhancing our presence in key destinations. Additionally, other new ultra-luxury properties are in the planning and development phase which will bring the total number of rooms owned by TMG to over 5,000.

The hospitality sector recorded total revenues of EGP 11.5 billion in FY 2024, compared to EGP 3.5 billion reported in the same period last year, growing by a remarkable 225% year-over year. Moreover, the Group booked some EGP 719 million of additional net profits related to Legacy acquisition during 2024. Importantly, the profit margin on hospitality revenues in the period expanded to 59%, up significantly year-over-year, from 43% reported in FY 2023.

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





SECTION THREE: Recurring revenue and service sector

The revenues from recurring income and service activities amounted to approximately EGP 6.66 billion during FY 2024, compared to EGP 3.31 billion in the same period of the previous year, with a remarkable growth rate of 101% year-over-year. Revenues from rental activities across all operating TMG malls reached EGP 920 million, growing by a robust 39% year-over-year as annual rent increases are implemented and new space is delivered. Meanwhile, revenues of the sporting clubs segment increased by 160% year-over year and reached EGP 1.97 billion. These results and the sustained growth of these segments further demonstrate the Group's commitment to enhancing its recurring income streams, in line with its stated strategic objectives.

It is noteworthy that the significant diversification in the Group's revenues, driven by the expansion into projects outside Egypt, such as the Banan project in Saudi Arabia, and the growth of the hotel portfolio, will maximize the Group's foreign currency revenues. Foreign currency-denominated revenues accounted for approximately one-third of the Group's total revenue in the 2024, reflecting the significant contribution of the hotel segment to the consolidated top line. This aligns with the Group's long-term strategy to reach approximately 60% of total revenues to be denominated in foreign currencies, thereby positively impacting the company's financial strength and hedging its returns against local currency fluctuations.

ANALYSIS OF BUSINESS INDICATORS AND RESULTS FOR THE FINANCIAL PERIOD ENDING 30 JUNE 2024

SECTION ONE: Income statement performance

1. Consolidated revenues and other income

Total consolidated revenues of the Group reached approximately EGP 42.6 billion in FY 2024, growing by a remarkable 50% year-over-year, compared to EGP 28.4 billion reported in the same period last year. The hospitality sector was the primary source of growth in the period, with a growth rate of 225% year-over-year, followed by other recurring income lines (malls, sporting clubs, utilities, contracting, and other services) and the development sector, growing by 101% and 14% year-over-year, respectively.

2. Consolidated gross profit and margin

Total consolidated gross profit in FY 2024 reached EGP 15.3 billion, increasing by a significant 77% year-over-year from EGP 8.6 billion reported in the same period last year. The hospitality segment was the key driver of growth in gross profit, increasing by 4.4x year-over-year, followed by other recurring income lines and the development segment, with growth rates of 84% and 7% year-over-year, respectively.

Total consolidated gross profit margin reached 36%, improving by 6 percentage points year-over-year compared to the same period last year

3. General and administrative expenses

In FY 2024, the Group's consolidated general and administrative expenses amounted to EGP 2.1 billion, representing just 4.9% of total consolidated revenues, compared to EGP 969 million in the same period last year, representing 3.4% of revenues in that period. As per industry reports, it is one of the lowest such ratio achieved by key publicly traded real estate development and investment firms. The year-over-year increase in general and administrative expenses is attributable to the launch of the Group's two new projects, Banan and SouthMed, and are expected to normalize in the upcoming periods. It is noteworthy that the Group is capable of covering the general and administrative expenses of EGP 2.1 billion in 2024, as well as its financing expenses and marketing expenses, with other revenues amounting to EGP 4.3 billion recorded during the same period, with a coverage ratio of 2x. This additional income is uniquely generated by management's innovative approach of extracting additional value from existing operations through unprecedented methods, which significantly reduce the Group's operational risks going forward.

4. Consolidated and stand-alone net profit

Total consolidated net profit after taxes reached an impressive EGP 14.5 billion in FY 2024, reflecting a remarkable year-over-year growth of 4.4x, compared to EGP 3.3 billion booked in FY 2023. This surge was driven by the significant increase

in the hospitality income following the Legacy acquisition, other recurring income segments, the development segment and net foreign currency gains. The Return-on-Average-Equity (RoAE) ratio in 2024 stood at 17%, compared to 8.8% reported for 2023, confirming the consistent improvement in profitability after implementing an accurately tailored investment strategy focusing on building a portfolio of high-quality assets, such as the Group's hospitality arm.

Net profit attributable to shareholders (adjusted for minority interest charges) reached EGP 10.7 billion, more-than-doubling year-over-year from EGP 3.3 billion reported in FY 2023, with a growth rate of 224%.

The holding company's stand-alone net profit (excluding the results of its subsidiaries) for FY 2024 amounted to EGP 802 million. This represents a 18% year-over-year growth compared to EGP 682 million during the same period last year.

SECTION TWO: Balance sheet position

1. Assets

Total assets amounted to EGP 357 billion as of 31 December 2024, compared to EGP 202 billion as of 31 December 2023, increasing by EGP 154.7 billion during 2024. This increase is primarily due to the addition of hotel assets from Legacy Hotels and Tourism Projects Company following the acquisition of historic hotels and the increase in fixed assets under construction, real estate investments, cash and cash equivalents, and receivables from customers. The Group's Return-on-Average-Assets ratio in 2024 reached 5.2%, up from 1.8% reported in 2023, pointing to significant improvement to profitability and asset yields over the period.

The balance of cash and consolidated financial investments and equivalents amounted to approximately EGP 59.8 billion as of end-2024, compared to EGP 18.2 billion as of 31 December 2023.

2. Liabilities

The balance of loans and facilities decreased by EGP 2.2 billion, amounting to approximately EGP 8.9 billion as of 31 December 2024, compared to EGP 11.1 billion as of 31 December 2023. This significant decrease in loans is due to the accelerated repayment of loans in the hotel sector.

As a result of increased sales during FY 2024 and increased collections from sales advances, customer balances increased by EGP 32 billion in the period, bringing the total liabilities to approximately EGP 225.3 billion as of end-2024, compared to EGP 163 billion as of 31 December 2023, which will be realized as revenues as the sold units are delivered according to the delivery schedules.

Importantly, the company is net cash positive, with total net cash amounting to a massive EGP 51 billion as of end-2024, compared to EGP 7.1 billion reported as of 31 December 2023. Net cash in FY 2024 represent 72% of the Group's total equity.

The ratio of loans and facilities to the equity of the parent company's shareholders (debt-to-equity) stood at 1 to 7.9, an unprecedented low ratio confirming the company's financial strength and robust business model supported by a solid balance sheet and massive liquidity. The Group's leverage ratio remains one of the lowest for publicly traded real estate development and investment firms.

