

CLEOPATRA HOSPITAL COMPANY "S.A.E."

**AUDITOR'S REPORT
AND SEPARATE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2023**

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Separate financial statements for the financial year ended 31 December 2023

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Auditor's Report

To the shareholders of Cleopatra Hospital Company "S.A.E."

Report on the separate financial statements

We have audited the accompanying separate financial statements of Cleopatra Hospital "S.A.E." ("The Company") which comprise the separate statement of financial position as of 31 December 2023 and the separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the separate financial statements

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

Auditors' responsibility

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

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

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



Auditor's Report

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Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Cleopatra Hospital Company "S.A.E." as at 31 December 2023, and its separate financial performance and separate cash flows for the fiscal year then ended in accordance with Egyptian Accounting Standards and in light of related Egyptian laws and regulations.

Report on other legal and regulatory requirements

The Company maintains proper financial records, which includes all that is required by the law and the Company's statutes, and the separate financial statements are in agreement therewith. The inventory counts were taken by the Company's management in accordance with proper principles.

The financial information included in the Board of Directors' report that is prepared in accordance with law No. 159 of 1981 and its executive regulations, is in agreement with Company's accounting records, within the limits that such information recorded therein.



Tamer Abdel Tawab
Member of Egyptian Society of Accountants & Auditors
Member of American Institute of Certified Public Accountants
R.A.A 17996
F.R.A 388

17 March 2024
Cairo

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Separate statement of financial position - at 31 December 2023

(All amounts are shown in Egyptian pounds)	Note	2023	2022
Assets			
Non-current assets			
Fixed assets	7	547,335,807	399,772,293
Right of use	8	40,065,279	78,025,016
Goodwill	9	158,516,300	172,587,300
Investments in subsidiaries	10.A	1,282,650,845	1,195,946,870
Investments in associates	10.b	2,449,990	2,449,990
Paid under investment purchase account		-	4,201,975
Total non-current assets		2,031,018,221	1,852,983,444
Current assets			
Inventory	11	102,304,459	38,165,396
Trade receivables	12	224,707,605	169,772,153
Due from related parties	32	90,876,120	54,795,914
Debtors and other debit balances	13	91,252,393	37,675,974
Cash at banks and in hand	14	72,724,243	48,745,183
Total current assets		581,864,820	349,154,620
Total assets		2,612,883,041	2,202,138,064
Equity and liabilities			
Equity			
Capital	20	722,717,101	800,000,000
Treasury shares	37	(5,051,601)	(766,026,840)
Retained earnings		926,705,520	1,132,805,740
Employee reward plan	21	16,076,585	8,383,763
Reserves	22	171,962,629	406,976,847
Total equity		1,832,410,234	1,582,139,510
Liabilities			
Non-current liabilities			
Lease liabilities	19	37,661,318	90,962,971
Loans	15	78,000,000	26,649,316
Deferred tax liabilities	30	10,260,943	7,964,691
Total non-current liabilities		125,922,261	125,576,978
Current liabilities			
Bank overdrafts	16	252,992,341	244,464,052
Provisions	17	9,548,521	11,135,883
Trade and other payables	18	283,231,914	171,528,700
Due to related parties	32	30,255,108	2,955,658
Loans	15	19,500,000	-
Lease liabilities	19	12,282,431	9,986,330
Other liabilities	35	4,485,000	4,485,000
Current income tax liabilities	30	42,255,231	49,865,953
Total current liabilities		654,550,546	494,421,576
Total liabilities		780,472,807	619,998,554
Total equity and liabilities		2,612,883,041	2,202,138,064

The accompanying notes from note 1 to 38 represent an integral part of the separate financial statements.


Mr. Adel Al-Mestakawi
Chief Financial Officer


Dr. Ahmed Ezz El dien
Mahmoud
CEO and Managing Director


Mr. Ahmed Adel Badr El dien
Non-Executive Chairman of the
Board of Directors

Cairo on 14 March 2024
Auditor's report attached

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Separate statement of profit or loss - For the financial year ended 31 December 2023

(All amounts are shown in Egyptian pounds)

	Note	2023	2022
Revenues	23	1,430,760,770	1,063,050,903
(Less):			
Cost of obtaining revenue	24	(852,400,339)	(631,184,274)
Gross profit		578,360,431	431,866,629
(Less) add:			
General and administrative expenses	25	(172,803,627)	(135,024,426)
Expected credit losses - financial assets	26	(11,870,083)	(7,130,253)
Other expenses		(7,976,390)	(10,057,092)
Other revenues	27	2,662,862	3,195,564
Consulting expenses for acquisition activities		(2,303,223)	(4,289,105)
Operating profit		386,069,970	278,561,317
Finance income	28	10,031,916	26,431,776
Finance expenses	28	(59,135,025)	(23,950,015)
Profits for the year before income tax		336,966,861	281,043,078
Income tax	29	(56,682,192)	(62,002,590)
Deferred tax	29	(2,296,252)	(284,993)
Net profit for the year from continuing operations		277,988,417	218,755,495
Results of discontinued operations	39	(4,262,386)	(1,501,962)
Net profit for the year after income tax		273,726,031	217,253,533
Earnings per share (basic / diluted)	31	0,14	0,12
Profits per share from continued operations	31	0,14	0,12

- The accompanying notes from note 1 to 38 represent an integral part of the separate financial statements.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Separate statement of comprehensive income - For the financial year ended 31 December 2023

(All amounts are shown in Egyptian pounds)

	<u>2023</u>	<u>2022</u>
Profit for the year	273,726,031	217,253,533
Other comprehensive income items	-	-
Comprehensive income for the year	<u>273,726,031</u>	<u>217,253,533</u>

- The accompanying notes from note 1 to 38 represent an integral part of the separate financial statements.

Cleopatra Hospital Company (S.A.E.)

Separate statement of changes in equity - For the financial year ended 31 December 2023

(All amounts are shown in Egyptian pounds)

	Capital	Treasury shares	Reserves	Retained earnings	Employee reward plan	Total
Balance at 1 January 2022	800,000,000	(4,152,742)	390,707,869	975,126,950	8,289,941	2,169,972,018
Treasury shares	-	(778,266,336)	-	-	-	(778,266,336)
Dividends paid to the employees and the Board of Directors	-	-	-	(44,956,211)	-	(44,956,211)
Legal reserve	-	-	14,618,532	(14,618,532)	-	-
Employee Reward plan value	-	16,392,238	1,650,446	-	93,822	18,136,506
Comprehensive income for the year	-	-	-	217,253,533	-	217,253,533
Balance at 31 December 2022	800,000,000	(766,026,840)	406,976,847	1,132,805,740	8,383,763	1,582,139,510
Balance at 1 January 2023	800,000,000	(766,026,840)	406,976,847	1,132,805,740	8,383,763	1,582,139,510
Treasury shares	(77,282,899)	750,584,719	(247,496,390)	(425,805,430)	-	-
Dividends paid to the employees and the Board of Directors	-	-	-	(43,158,144)	-	(43,158,144)
Legal reserve	-	-	10,862,677	(10,862,677)	-	-
Employee Reward plan value	-	10,390,520	1,619,495	-	7,692,822	19,702,837
Comprehensive income for the year	-	-	-	273,726,031	-	273,726,031
Balance at 31 December 2023	722,717,101	(5,051,601)	171,962,629	926,705,520	16,076,585	1,832,410,234

- The accompanying notes from note 1 to 38 represent an integral part of the separate financial statements.

Cleopatra Hospital Company (S.A.E.)

Separate statement of cash flows– For the financial year ended 31 December 2023

(All amounts are shown in Egyptian pounds)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Profit before tax from continuing operations		336,966,861	281,043,078
Profit before tax from discontinuing operations		(1,414,724)	(1,938,014)
Profit before tax Including discontinued operations		335,552,137	279,105,064
Adjustments for the settlement of profit with cash flows from operating activities:			
Fixed assets depreciation	7	49,506,250	47,746,154
Depreciation of right-of-use	8	10,570,999	10,741,019
Losses on disposal of fixed assets	28	3,867,407	1,053,856
Expected credit losses in the financial assets	27	11,944,120	5,004,240
Reversal of impairment of inventory	10	(23,152)	(10,181)
Provisions formed	17	7,851,777	12,641,043
Interests and commissions - credit facilities	29	52,822,956	20,017,452
Interest and commission - leases	29	9,249,030	11,780,893
Interest income	29	(5,846,447)	(22,491,490)
Employee reward plan	21	22,333,057	16,486,059
Leases de-recognition		(21,707,541)	-
Impairment of intangible assets		14,071,000	-
Operating profits before change in assets and liabilities		490,191,593	382,074,109
Change in assets and liabilities			
Change in inventory	10	(64,115,911)	(16,341,735)
Changes in trade receivables	11	(62,830,376)	2,001,908
Change in due from related parties	33	(36,080,206)	4,561,619
Change in debtors and other debit balances	12	(8,340,678)	(780,769)
Change in due to related parties	33	27,299,450	(11,024,096)
Change in creditors and other credit balances	18	118,839,004	13,469,783
Changes in working capital		464,962,876	373,960,819
Utilised from the provisions	17	(9,439,139)	(9,662,675)
Income tax paid	30	(67,140,576)	(73,742,915)
Utilised from expected credit losses in financial assets		(3,035,958)	(18,026,765)
Net cash flows generated from operating activities		385,347,203	272,528,464
Cash flows from investing activities			
Payments for purchase of fixed assets	7	(70,783,845)	(33,933,097)
Payments for projects in progress	7	(130,923,380)	(55,995,351)
Proceed from sale of fixed assets		770,054	206,095
Payments under purchase of fixed assets account		(45,235,741)	(271,261)
Payments of other liabilities		-	(10,000,000)
Interest collected		5,846,447	22,491,490
Payments for investments in subsidiaries		(82,502,000)	(149,999,400)
Payments for investments in associates		-	(1,225,000)
Payments under long term investments account		-	1,471,025
Net cash flows used in investing activities		(322,828,465)	(227,255,499)
Cash flows from financing activities			
Payment of bank overdrafts	16	(857,767,082)	(296,025,951)
Proceeds from bank overdrafts	16	866,295,371	479,862,443
Lease liabilities payments		(11,158,301)	(14,486,696)
Proceeds from loans		70,850,684	26,649,316
Paid interest and commissions		(62,071,986)	(20,017,452)
Payments to purchase treasury shares		-	(778,266,336)
Proceeds from sale of treasury shares		-	80,696,141
Paid dividends		(43,675,126)	(46,077,056)
Net cash flows used in financing activities		(37,526,440)	(567,665,591)
Changes in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		48,904,942	571,297,568
Cash and cash equivalents at the end of the year	14	73,897,240	48,904,942

- The accompanying notes from note 1 to 38 represent an integral part of the separate financial statements.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

1. Introduction

Cleopatra Hospital Company (Lushin and Associates “formerly”) was incorporated as a limited partnership company on 19 July 1979, and it is located in the Arab Republic of Egypt. The Chairman of the Investment Authority issued a Decision No. 4092 of 2005 on 27 June 2005 to transfer the legal entity of Cleopatra Hospital (Lushin and Associates) from "Limited partnership" to Cleopatra Hospital Company "S.A.E." under Law No. 95 of 1992.

The Company is listed on the Egyptian Stock Exchange.

Main activity

The Company aims to establish a private hospital to provide modern health and medical services, in addition to medical care for inpatients. The Company may have a share or participate in any way in the companies and others that are engaged in activities similar to its activities in Egypt or abroad. The Company may acquire, merge or join these facilities under the supervision of the General Authority for Investment. The separate financial statements are represented in three hospitals (Cleopatra Hospital, Queens Hospital, and ElKateb Hospital).

Registered address and workplace

The Company's main office is located at 39, 41 Cleopatra Street, Heliopolis, Cairo.

Presentation currency

The presentation currency is the Egyptian pound.

These separate financial statements of the Company were approved for issuance by the Company's Board of Directors on 14 March 2024. The shareholders of the Company have the right to amend the financial statements after their issuance.

2. Company's operating environment

The Arab Republic of Egypt is exposed to some characteristics of emerging markets. Whereas the legal, tax and regulatory regulations continue to develop and are subject to frequent changes and different interpretations.

For the purpose of measurement of expected credit losses (ECLs) on the Company's financial assets, receivables and similar assets, the Company uses future data, mainly forecasts of macroeconomic variables. As is the case in any economic forecast, forecasts and the probability of their occurrence are subject to a high degree of inherent uncertainty and therefore actual results may differ significantly from projected results.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Significant accounting policies

3.1 Basis of preparation

These separate financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and the relevant laws, and in accordance with the historical cost, except for the following significant items in the statement of financial position:

- The employee reward plan is measured at fair value.

The significant accounting policies applied in the preparation of these separate financial statements are summarised below. Such policies have been consistently applied throughout the periods presented. The preparation of the separate financial statements in accordance with EASs requires the use of significant accounting estimates and assumptions. It also requires management to exercise its estimates in the process of applying the Company's accounting policies. Note (4) clarifies the most significant accounting estimates and judgements applied for the preparation of the Company's separate financial statements.

3.2 New issues and amendments made to EASs

The Ministry of Investment issued Resolutions No. 883 and No. 4575 of 2023 on March and November 2023, respectively, amending some provisions of EASs, which include some new accounting standards and amendments to some existing standards. These amendments were published in the Accounting Standards in the Official Gazette on 6 March and 28 November 2023, respectively. The most significant amendments are summarised as follows, which are applied for the financial periods commencing on or after 1 January 2023. The Company's management has evaluated the impact of applying these amendments to the financial statements as shown in the following:

<u>Standard Name</u>	<u>EAS (10) "Fixed assets and their depreciations"</u>
Nature of the amendment	Scope of the standard <ul style="list-style-type: none">- The scope of the standards has been amended to include "bearer plants". Measurement <ul style="list-style-type: none">- An option to apply the re-evaluation model for fixed assets has been added- The fair value is determined by an estimation made by experts specialized in evaluating and appraising among those registered in a register designated for that in the Financial Regulatory Authority (FRA).- Paragraph 20/A has been added, according to which the Company shall recognise the proceeds from the sale of any output produced during the process of bringing the fixed asset to the condition necessary for it to be operable in the manner intended by the management within the profit or loss.
Impact	Disclosures <ul style="list-style-type: none">- Some new disclosures have been added to the re-evaluation model. There is no significant impact on the separate financial statements for the financial year ended 31 December 2023.
<u>Standard Name</u>	<u>EAS (10) "Fixed assets and their depreciations"</u>

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

Date of mandatory application / date of implementation by the Company The amendments to add the option to use the re-evaluation model is applied to the financial periods beginning on or after 1 January 2023 retrospectively, with the recognition of the accumulated impact of applying the re-evaluation model initially by adding it to the re-evaluation surplus account within equity at the beginning of the financial period in which the Company applies this model for the first time.

Standard Name **EAS (23) - “Intangible assets”**

Nature of the amendment **Scope of the standard**
The scope of the intangible assets standard has been amended to include rights held by the lessee under licensing agreements for items such as animated films, video recordings, plays, manuscripts, patents, and copyrights.

Measurement

- An option to apply the re-evaluation model for intangible assets has been added.

- Fair value is determined by an estimate made by experts specialized in evaluating and appraising among those registered in a register designated for that in the Financial Regulatory Authority (FRA).

Disclosures

Impact Some new disclosures have been added to the re-evaluation model.
There is no significant impact on the separate financial statements for the financial year ended 31 December 2023.

Date of mandatory application / date of implementation by the Company The Company applies the amendments to add the option to use the re-evaluation model on the financial periods beginning on or after 1 January 2023 retrospectively, with the recognition of the accumulated impact of applying the re-evaluation model initially by adding it to the re-evaluation account within equity at the beginning of the financial period in which the Company applies this model for the first time.

Standard Name **Amendments to EAS “Fixed Assets” No. (10) and EAS No. (23) “Intangible Assets” related to depreciation and amortization**

Nature of the amendment This amendment shows that the depreciation method that is based on revenues generated from the operation that includes amortization of the asset may not be used. As the generation of revenues related to the asset reflects factors other than the amortization of economic benefits related to the asset.

It is possible to refute this assumption in limited cases related to intangible assets when there is a close correlation between the volume of revenues and the intangible asset.

Standard Name **Amendments to EAS “Fixed Assets” No. (10) and EAS No. (23) “Intangible Assets” related to depreciation and amortization**

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

Date of mandatory application / date of implementation by the Company This standard is applied to the financial periods beginning on or after 1 January 2023.

Standard Name **EAS No. (34) "Investment Properties"**

Nature of the amendment **Measurement**
- An option to apply the fair value model for investment properties has been added.
- Fair value is determined by an estimate made by experts specialized in evaluating and appraising among those registered in a register designated for that in the Financial Regulatory Authority (FRA).

Impact There is no significant impact on the separate financial statements for the financial year ended 31 December 2023.

Date of mandatory application / date of implementation by the Company The Company applies the amendments to add the option to use the re-evaluation model on the financial periods beginning on or after 1 January 2023 retrospectively, with the recognition of the accumulated impact of applying the re-evaluation model initially by adding it to the re-evaluation account within equity at the beginning of the financial period in which the Company applies this model for the first time.

Standard Name **EAS No. (36) "Exploration and evaluation of mineral resources"**

Nature of the amendment **Measurement**
- An option to use the re-evaluation model has been added and it is processed according to the re-evaluation model in Fixed Assets Standard No. 10.
- The evaluation is carried out by experts specialized in evaluating and appraising among those registered in a register designated for this purpose at the Ministry of Petroleum.

Disclosures

Some new disclosures have been added to the re-evaluation model.

Impact There is no significant impact on the separate financial statements for the financial year ended 31 December 2023.

Date of mandatory application / date of implementation by the Company The Company applies the amendments to add the option to use the re-evaluation model on the financial periods beginning on or after 1 January 2023 retrospectively, with the recognition of the accumulated impact of applying the re-evaluation model initially by adding it to the re-evaluation account within equity at the beginning of the financial period in which the Company applies this model for the first time.

Standard Name **EAS No. 49 "Leases"**

Measurement

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

Nature of the amendment	<p>A re-evaluation model option has been added to all right-of-use assets if the right-of-use asset is related to a category of fixed assets in which the lessee applies the re-evaluation model contained in EAS No. (10) "Fixed Assets and Their Depreciation".</p> <p>Disclosures Some new disclosures have been added to the re-evaluation model according to EAS No. (10) "Fixed Assets and Their Depreciation".</p>
Impact	<p>There is no impact on the Company's separate financial statements for the financial year ended 31 December 2023, as the Company did not choose to apply the amendment to the financial statements.</p>
Date of mandatory application / date of implementation by the Company	<p>The Company applies the amendments to add the option to use the re-evaluation model on the financial periods beginning on or after 1 January 2023 retrospectively, with the recognition of the accumulated impact of applying the re-evaluation model initially by adding it to the re-evaluation account within equity at the beginning of the financial period in which the Company applies this model for the first time.</p>
<u>Standard Name</u>	<u>EAS 47 "Financial instruments"</u>
Nature of the amendment	<p>Granting some exceptions from the recognition, measurement of credit risks, and expected credit losses for some assets and financial instruments based on their credit risks, their age, guarantees and the economic conditions surrounding them, in addition to the cost and effort required in exchange for the expected return from the measurement process.</p> <p>These exceptions apply to the requirements for recognizing and measuring expected credit losses for debt instruments issued by the Egyptian government in local currency, current accounts and deposits in local currency at banks operating in Egypt have a maturity of less than 1 month from the date of the financial position.</p> <p>Disclosures The company that uses the aforementioned permission, shall disclose this in the financial statements.</p>
Impact	<p>There is no impact on the Company's financial statements for the financial year ended 31 December 2023, as the Company did not choose to apply the amendment to the financial statements.</p>
Date of mandatory application / date of implementation by the Company	<p>The Company applies the amendments to financial periods beginning on or after 1 January 2023 and changes in accounting estimates are accounted for in accordance with EAS No. (5).</p>

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.3 Separate financial statements

(a) Subsidiaries

Subsidiaries are those investees, that are controlled by the Company since the Company (1) has the power to direct the relevant activities of the investees that significantly affect their returns, (2) obtains, or has the right to variable returns through its shareholding in the investees, and (3) has the ability to use its power over the investees to influence the amount of the investment returns. The existence and effect of material rights, including potentially material voting rights, are taken into consideration when assessing whether the Group has power over another entity. For the right to be significant, the entity shall have the practical ability to exercise the right when decisions need to be made regarding the direction of the investee's relevant activities. The Company may have power over the investee even when it has less than a majority of the voting rights in the investee. In such a case, the Group evaluates the volume of its voting rights in relation to the volume and dispersion of the other voting rights holders' properties to determine whether it has effective power over the investee. While the protection rights of other investors, such as those related to fundamental changes in the investee's activities or that apply only in exceptional circumstances, do not prevent the Group from controlling the investee. Subsidiaries are consolidated starting from the date on which control is obtained by the Group (date of acquisition). They are de-consolidated by the Group from the date of losing control. Management issues consolidated financial statements to obtain a comprehensive view of the Group's performance.

Investments in subsidiaries are measured at cost, after deducting impairment, if any.

The acquisition method is used in accounting to account for the acquisition of subsidiaries. Identifiable assets acquired and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, regardless of the extent of non-controlling interests.

The Company measures non-controlling interests which represent the current ownership share and grants its holder a proportionate share of the net assets in the event of liquidation on a transaction-by-transaction basis, using the non-controlling interests' proportionate share of the net assets of the acquiree. Non-controlling interests that are not an existing equity are measured at fair value.

Goodwill is measured after deducting the difference between the fair value of the net assets of the acquiree and the total consideration transferred for the acquiree, the amount of non-controlling share in the acquiree and the fair value of the share held in the entity immediately prior to the date of acquisition, after management re-evaluates whether it has identified all assets acquired, all liabilities and contingent liabilities assumed and review the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the waived assets, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from a contingent consideration arrangements, but excluding acquisition-related costs such as advisory, legal, valuation and similar professional services. The acquisition-related transaction costs incurred on the issue of equity instruments are deducted from equity. Transaction costs incurred to issue debt as part of a business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are charged as expenses.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.3 Separate financial statements (continued)

(a) Subsidiaries (continued)

Subsidiaries are as follows:

	Relationship with Cleopatra Hospital Company	Country of incorporation	Ownership percentage in 2023	Ownership percentage in 2022
Alshrouk Hospital Company "S.A.E"	Subsidiary	Egypt	99,99%	99,99%
Nile Badrawy Hospital Company "S.A.E"	Subsidiary	Egypt	99,99%	99,99%
Cairo Specialized Hospital Company "S.A.E."	Subsidiary	Egypt	57,01%	56,46%
CHG Medical Services "S.A.E"	Subsidiary	Egypt	20% (Preferred shares)	20% (Preferred shares)
CHG Pharma for Pharmacy Management "S.A.E"	Subsidiary	Egypt	98%	98%
CHG for Hospitals Company "S.A.E"	Subsidiary	Egypt	99,99%	99,99%
Bedaya Hospital Company for Medical Centers and Hospitals "S.A.E."	Subsidiary	Egypt	60%	99,99%
CHG Medical Services (Sky Hospital) "S.A.E"	Subsidiary	Egypt	99,99%	99,99%
Cleopatra Heaven Company "S.A.E."	Subsidiary	Egypt	99,99%	99,99%

(b) Associates

Associates are all entities over which the Company has (either directly or indirectly) significant influence but not control. Generally, it is accompanied by an ownership percentage between 20 and 50 percent of the voting rights. Investments in associates are accounted using the cost method and are subsequently reduced by impairment, if any.

3.4 Foreign currency translation

(a) Functional and presentation currency

The Company's functional currency is the currency of the primary economic environment in which the Company operates, which is the national currency of the Arab Republic of Egypt, the Egyptian pound. The separate financial statements are presented in Egyptian Pounds, which is the Company's presentation currency.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.4 Foreign currency translation (continued)

(b) Transactions and balances

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of Egypt at the end of the related financial period. Foreign exchange gains and losses arising from the settlement of transactions and from the translation of monetary assets and liabilities into each entity's functional currency at the end of the year are recognized in profit or loss. Foreign exchange gains and losses relating to loans, cash and cash equivalents are presented in the separate statement of profit or loss under "finance income or expenses". Translation at year-end exchange rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items that are measured at the fair value of a foreign currency, including equity investments, are translated using the exchange rates at the date on which the fair value is determined. The effects of changes in exchange rates on non-monetary items measured at fair value to a foreign currency are recorded as part of fair value profits or losses.

3.5 Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Historical cost includes all expenditures associated with acquiring the assets and bringing them to a ready-for-use condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when the use of such asset is expected to generate future economic benefits to the Company and its cost can be measured with a high degree of accuracy. The costs of minor repairs and daily maintenance are registered as expenses when incurred and the cost of replacing major parts or components of fixed asset items is capitalized and the replaced part is derecognised.

At the end of each reporting period, management assesses whether there is any indication that the fixed assets are impaired. If there is any such indication, management estimates the recoverable amount, which is determined as the asset's fair value less costs of disposal or its value in use, whichever is higher. The carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the statement of profit or loss for the year. Impairment loss recognised for an asset in prior years is reversed, when necessary, if there is a change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

Profits and losses of disposals are determined by comparing proceeds from sale with the carrying amount. It is recognized in the statement of profit or loss for the year within other income / (expenses).

Lands depreciation is not calculated. Depreciation of other items of fixed assets is calculated using the straight-line method to reduce their cost to their residual value over their estimated useful lives as follows:

Below are the estimated depreciation rates depending on the asset's types:

Machinery, equipment and devices	10%
Furniture	15%
Buildings	2,5%
Transportations	20% to 25%
Computers	25%
Leasehold improvements	Remainder of the lease

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.5 Fixed assets (continued)

The residual value of an asset is the estimated amount that the Company would currently receive from the disposal of the asset less the estimated costs of disposal, if the asset was still operating and in the expected condition at the end of its useful life. The assets' residual values and useful lives are reviewed and adjusted, if necessary.

3.6 Intangible assets

Goodwill

Goodwill is stated at cost less impairment losses, if any. Goodwill is allocated to CGUs, or groups of CGUs, that are expected to benefit from the business combination. These units or groups of units represent the lowest level at which the Company monitors goodwill and are not larger than an operating segment.

The Company tests the impairment of goodwill at least annually, and whenever there are indications that goodwill may be impaired. The carrying amount of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and fair value less costs of disposal. The Company recognizes impairment as an expense immediately and is not reversed subsequently.

The profits or losses arising from the disposal of an operation within the CGU to which the goodwill is allocated includes the carrying amount of the goodwill associated with the disposed operation, which is generally measured on the basis of the relative values of the disposed operation and the held part of the CGU.

Intangible assets other than goodwill

The Group's intangible assets other than goodwill and trade name have definite useful lives and mainly include capitalized computer software and a non-competition agreement.

Computer software licenses, trademarks and non-competition agreement acquired are capitalized on the basis of the costs incurred in acquiring and using them.

Depreciation is recognized in the statement of income on a straight-line basis over the estimated useful life from the date of its availability.

	<u>Useful lives in years</u>
Trade Name	Undefined
Software licenses	5 - 3 years

Impairment of non-financial assets

Intangible assets that have indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets that are subject to amortisation are reviewed to determine impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognized when the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of sale or value in use. For the purposes of assessing impairment, assets are compared at the lowest level for which there are largely independent cash inflows (cash-generating units). The impairment of past non-financial assets (other than goodwill) is reviewed for a probable reversal at each reporting date.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.7 Financial instruments

Classification. The Company classifies its financial assets in the following categories:

- Those that are subsequently measured at fair value (either through the statement of other comprehensive income or through the statement of profit or loss), and
- Those measured at amortized cost. The Company's financial assets at amortised cost consist of trade and other receivables and other treasury bills.

The classification is based on the entity's business model for managing financial assets and the contractual terms of the cash flows.

For assets measured at fair value, profits and losses will be recorded in the statement of profit or loss or statement of other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition of the share investment account at fair value through the statement of other comprehensive income.

The Company reclassifies debt investments only when its business model for managing those assets changes.

Recognition and de-recognition. Regular purchases and sales of financial assets are recognised on the transaction date, the date on which the Company commits to purchase or sell the asset. Financial asset is derecognised when the contractual rights to receive cash flows from the financial asset have expired or where the Company has substantially transferred all risks and rewards of ownership.

Measurement. Upon initial recognition, the Company measures the financial asset at its fair value in addition to transaction costs that directly lead to the purchase of the financial asset, in the case of financial assets not carried at fair value through the statement of profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are charged to the statement of profit or loss as expense.

Debt instruments. Subsequent measurement of debt instruments depends on the Company's asset management business model and the cash flow characteristics of the asset. There are three measurement categories in which the debt instruments are classified by the Company:

Amortised cost: Assets held for collection of the contractual cash flows are measured at amortised cost as these cash flows represent solely payments of principal and interest ("SPPI"). The interest income from these financial assets is classified under the financing income using the effective interest rate method. Any gain or loss resulting from de-recognition is recognised directly in the statement of profit or loss and is presented in other profits (losses), in addition to foreign exchange profits and losses. Impairment losses are presented as a separate item in the statement of profit or loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The profit or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit or loss and is presented net within other profits (losses) in the period in which it arises.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.7 Financial Instruments (continued)

Equity instruments. The Company subsequently measures all equity investments at fair value. When the Company's management chose to present the fair value profits and losses on equity investments in the statement of other comprehensive income, there is no subsequent reclassification of the fair value profits and losses in profit or loss after the derecognition of the investment. Dividends on these investments continue to be recognised in the statement of profit or loss as other income when the Company's right to receive payment is established.

The changes in the fair value of the financial assets at fair value through profit or loss are recognised within (other profits / losses) in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through statement of other comprehensive income are not recognised separately from other changes in fair value.

Key measurement conditions

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of the fair value is the price in an active market. An active market is the market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial instruments traded in an active market is measured as a product of the quoted price of an individual asset or liability and the number of instruments held by the entity. This is the case even if the market's normal daily trading volume is insufficient to accommodate the quantity held, and placing orders to sell the position in a single transaction may affect the quoted price.

The fair value of financial instruments that are not traded in an active market is determined using evaluation techniques.

Transaction costs are incremental costs directly attributable to the acquisition, issuance or de-recognition of a financial instrument. Incremental cost is the cost that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees who act as selling agents), advisors, brokers, traders, fees imposed by regulatory authorities, stock exchanges, and transfer taxes and fees. Transaction costs do not include debt premiums, discounts, financing costs, internal administrative costs, or retention costs.

Amortised cost is the amount for which a financial instrument was recognised at initial recognition less any principal payments in addition to accrued interests, and for financial assets less any provision for expected credit losses ("ECLs"). Accrued interests include the amortisation of deferred transaction costs at initial recognition and any premium or discount to the accrual amount using the effective interest rate method. Accrued interests income and accrued interests expense, including accrued coupon and discount or amortised premium (including deferred fees upon construction, if any), are not presented separately and are included in the carrying amounts of the related items in the statement of financial position.

Impairment of financial assets - credit loss provision for ECLs

The Company assesses, on a forward-looking basis, the ECL associated with debt instruments measured at amortised cost. The Company measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.7 Financial Instruments (continued)

Debt instruments measured at amortised cost, trade and other receivables and contract assets are presented in the balance sheet less the provision for ECL. For changes in amortised cost, net of provision of ECL, they are recognised in profit or loss

Financial Assets - de-recognition

The Company de-recognises financial assets when (a) the assets are recovered or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring all the risks and rewards of ownership of the assets or (ii) transferring substantially all the risks and rewards of ownership or (iii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without the need to impose additional restrictions on the sale.

Financial liabilities - measurement categories

Financial liabilities are classified as subsequently measured at amortized cost, being the contingent consideration recognized by the acquirer in a business combination and other financial liabilities classified as such at initial recognition and (2) financial guarantee contracts and loans commitments.

Financial liabilities - derecognition

Financial liabilities are derecognised when they are terminated (i.e. when the obligation specified in the contract is fulfilled or cancelled)

3.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are recorded at AC for the following reasons: (i) They are held to collect contractual cash flows and those cash flows are SPPI, and (ii) they are not designated at FVTPL.

Interest income

Interest income is recognised on accrual basis using the effective interest method.

3.9 Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate.

3.10 Trade and other payables

These amounts represent liabilities to pay for goods and services provided to the Company before the end of the financial year that have not been paid. Trade payables are presented as current liabilities unless payment is due within 12 months after the reporting period. Trade payables are initially recognised at their fair value, and they are subsequently measured at amortised cost using the effective interest method.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.11 Loans and bank overdrafts

Loans are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the recoverable amount is recognized in profit or loss over the loan period using the effective interest method. Fees paid, upon establishing loan facilities are recognized as loan transaction costs to the extent that it is probable that some or all of the facilities will be withdrawn. In this case, the fees will be deferred until the withdrawal takes place. To the extent that there is no evidence that some or all of the facilities are likely to be withdrawn, the fees are capitalized as an advance payment for liquidity services and are amortized over the term of the facilities to which they relate.

Loans are derecognized from the financial position when the liability specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been amortized or transferred to another party and the consideration paid, including any non-cash assets transferred or contingent liabilities, is recognized in profit or loss as other financing income or costs.

Capitalization of borrowing costs. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to be ready for their intended use or sale (qualifying assets) are capitalized as part of the costs of such assets.

Loans and advances are classified as current liabilities unless the Company has an unconditional right to defer settlement of such liabilities for at least 12 months after the date of the financial statements.

3.12 Lease liabilities

The liabilities arising from the lease are initially measured on the present value basis. The lease liabilities include the net present value of the following lease payments:

- Fixed payments (including implicitly fixed payments), less any lease incentives receivable.
- Variable lease payments based on the index or rate are initially measured using the index or rate as at the date of inception.
- Amounts expected to be paid by the Company under the residual value guarantees.
- The price of exercising the option to purchase if the Company is reasonably certain of the practice of this option.
- Payments of lease termination fines, if the term of the lease reflects that the Company exercises this option.

Extension and termination options are included in a number of the Company's property and equipment leases. These terms are used to increase operational flexibility in terms of managing the assets used in the Company's operations. The majority of the maintained extension and termination options can only be exercised by the Company not by the relevant lessor. Extension options (or the period after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated). Lease payments made under reasonably certain extension options are also included in the liability measurement.

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be easily determined, which is generally the case for Company's leases, the Company's incremental borrowing rate is used, which is the rate that the Company would have to pay to borrow funds needed to obtain an asset of similar value to a right-of-use asset in a similar economic environment with similar terms, guarantee, and provisions.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.12 Lease liabilities (continued)

To determine the incremental borrowing rate, the Company shall:

- Where applicable, use recent third-party financing obtained by the Company as a starting point, adjusted to reflect changes in financing terms since the third-party financing was received.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, not included in the lease liability until it becomes effective. When changes to lease payments based on an index or rate become effective, the lease liability is reassessed and adjusted against the right of use asset.

Lease payments are allocated between the cost of the principle and the finance. The financing costs are charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments related to short-term leases of equipment and vehicles and low-value assets' leases on a straight-line basis are recognised as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value assets include small medical equipment and small items of office equipment

The Company occasionally provides residual value guarantees in connection with equipment leases. The Company initially estimates the amounts expected to be paid under the residual value guarantees and recognises them as part of the lease liability. The expected residual value, at the commencement of the lease, is usually equal to or higher than the guaranteed amount, and therefore the Company does not expect to pay anything under the guarantees. At the end of each reporting period, the expected residual values are reviewed and, if appropriate, adjusted to reflect the actual residual values realised on the comparable assets and expectations about future prices.

Lease revenue

The Company shall lease areas to others. Lease value is recognised in the statement of profit or loss over the term of the contract.

3.13 Current and deferred income tax

The income tax for the period is calculated on the basis of the tax laws enacted at the date of the financial position. The management periodically evaluates tax position through tax returns, taking into consideration the differences that may arise from some interpretations issued by administrative or regulatory authorities, and establishes the appropriate provisions on the basis of amounts expected to be paid to the Tax Authority.

Deferred income tax is fully recognised using the liabilities method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability other than those arising from a business combination that at the time of the transaction affects neither accounting income nor taxable income.

Deferred income tax is measured using the tax rates in accordance with the prevailing law at the date of the separate statement of financial position, that are expected to be applied when the deferred income tax asset is recognized or the deferred income tax liability is settled.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.13 Current and deferred income tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that there will be future taxable profits against which temporary differences can be utilised.

Current and deferred taxes are recognised in profit or loss, except for items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

3.14 Inventories

Inventory is assessed at the lower of actual cost and the net realisable value, whichever is lower. Cost is determined using the weighted average method and includes purchase cost and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less sale expenses. Provision for slow moving inventory is formed based on management's assessment of inventory movements. The cost of inventory is recognized as an expense and is included in cost of revenue.

3.15 Capital

Ordinary shares are classified as equity.

Treasury shares. If the Company or its subsidiaries purchase the Company's equity instruments, the paid consideration that includes any additional costs attributable directly, after deducting income taxes, the equity attributable to the Company's owners will be deducted until the equity instruments are reissued, disposed of or cancelled. When those shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and related income tax effects, is included in equity attributable to the Company's owners.

3.16 Legal reserve

5% of the net profits is transferred to form legal reserve once the financial statements are approved by the Company's General Assembly. This transfer may be partially discontinued if the legal reserve reaches 50% of the issued and paid-up capital of the Company. Whenever the reserve is less than such limit, the transfer should resume. Noting that such reserve is non-distributable.

3.17 Dividends

Dividends are recognised in the separate financial statements at the period in which the dividends are approved by the Company's General Assembly of Shareholders. The Company does not record dividends liabilities until the proposed dividends are approved by the General Assembly.

3.18 Provisions

Provisions are recognized when the Company has a (legal or constructive) obligation as a result of past events. It is expected that this settlement results an outflow of the Company's resources, and It is probable that the use of resources will be required to settle this liability; and the amount of liability can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects market assessments of the time value of money and the risks specific to the obligation. The increase in the provision to reflect the passage of time is recognised as interest expense.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.19 Revenue recognition

Revenue is the revenue arising in Company's ordinary course of business. Revenue is recognised at the transaction price. The transaction price is the amount of the consideration that the Company expects to receive in exchange for transferring control of goods or services it promised to provide to the customer, excluding the amounts collected on behalf of other parties.

Revenue is measured at the fair value of the consideration received or receivable for services in the Company's normal course of business. The Company recognises revenue based on a five-step model:

Step 1. Determine the contract(s) with customer.

Step 2. Determine performance obligations in the contract.

Step 3. Determine the transaction price.

Step 4. Allocate the transaction price of the performance obligations in the contract.

Step 5. Revenue is recognized when the Company fulfils the performance obligation. The Company fulfils the performance obligation and recognises revenue over time, if one of the following criteria is met:

- The patient simultaneously receives the benefits provided by the Company's performance.

Medical services revenue

Revenues include charges for inpatient, day patient, and outpatient medical services. The Company provides many medical services, including surgeries, medical supervision, analysis, examinations, x-rays, and outpatient services. Inpatient and day patient revenues are recognized where services are provided to patients. These services are usually provided within a short period of time. Outpatient do not involve surgical procedures and revenues are recognized on the basis of individual components when performance obligations are met. Other revenues include non-medical services provided to patients and third parties, including providing hospital catering services, emergency service contracts at companies and sites, and other third party revenues.

Revenues are measured at the transaction cost, which is the amount the Company expects to receive in exchange for the provided services. Charges for medical services are calculated and billed based on tariff agreements. When determining the transaction cost, variable consideration exists in relation to EAS 48 in the form of discounts, price amendments, and rejecting claims.

Business with insurance companies includes claims rejected for various technical or medical reasons. Accordingly, the Company expects an amount less than the originally invoiced amount. These rejections form variable consideration under EAS 48. Variable consideration is recognized as revenue to the extent that it is highly probable that the revenue reversal will not occur. Rejected claims are calculated based on historical experience of the outcome of negotiations with insurance companies. This is regularly re-evaluated based on the actual outcome of the negotiations. In accordance with EAS 48, such rejected claims are recognized as a reduction in revenues with a corresponding entry within trade receivables.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.19 Revenue recognition (continued)

Drugs sale revenue

The Company sells medicines through the hospital's pharmacy or when it is given to inpatients in the hospital. The Company recognizes drugs revenues upon transfer of control of the goods, which typically occurs when a patient receives the drug or when the drug is used for inpatient treatment - revenues are recognized at a specific point in time.

3.20 Earnings per share

Preferred shares are unredeemable and are considered as participating shares. Earnings per share is determined by dividing the profit or loss attributable to the owners of the Company by the weighted average number of participating shares outstanding during the financial year.

3.21 Employees' benefits

(a) Pension and insurance plan

The Company pays contributions to the Public Authority for Social Insurance on a mandatory basis in accordance with the provisions of Social Insurance Law. The Company had no further liabilities once its liabilities are paid. The regular contributions are recognized as periodic costs for the period in which they are due and as such are included in staff costs.

(b) Employee Share Ownership Plan

Share-based compensation benefits are provided to employees by employee share plan, employee contribution plan, executive short term incentive plan and shares appreciation rights.

The fair value of options granted under the employees share ownership plan is recognized as employees' benefits expense, with a corresponding increase in equity. The total amount that will be spent is determined by reference to the fair value of the options granted:

- Including any market performance conditions.
- De-recognition of the effect of any non-market service and performance entitlement conditions, and
- Including the effect of any non-vesting conditions.

Total expenses are recognized over the vesting period, which is the period during which all specified vesting conditions are met. At the end of each period, the entity reviews its estimates of the options expected to be granted based on the vesting terms and non-market services. It recognizes the effect of adjusting the original estimates, if any, in profit or loss, with a corresponding adjustment in equity.

- On 15 October 2020, the Company's General Assembly approved the reward and incentive plan for employees, managers, and executive Board members of the Company, by undertaking to sell shares, to be effective as of 1 July 2020, and the plan was approved by the Financial Supervisory Authority at 31 December 2020.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.21 Employees' benefits (continued)

(b) Employee Share Ownership Plan (continued)

- Plan definition:

- 1- An undertaking has been made to sell shares equivalent to 5% of the issued shares of the Company to employees, managers and executive board members of the Company and its subsidiaries who are selected by the supervisory committee, knowing that the same beneficiary may be chosen more than once during the term of the plan within the limits of this percentage. The supervisory committee may include other beneficiaries during the term of the plan.
- 2- The term of the plan is a maximum of seven years, starting from 1 July 2020, during which each beneficiary is allocated a specific number of units according to the decision of the Supervisory Committee, with a maximum of five units.
- 3- The shares allocated to the beneficiary are calculated according to the following formula:

The difference between (1) the weighted average share price (weighted average price) determined in the month prior to the allocation date and (2) the weighted average share price (weighted average price) determined in the month preceding the commencement date of exercising the right, which is the expiration date of one year since the date of each allocation (the "share price when exercising the right"). The result is then multiplied by the number of units allocated to each segment assigned to each beneficiary, and the aforementioned output is divided by the share price when exercising the right, resulting in the final number of shares allocated to the beneficiary ("the final number of shares"), with the aim of linking the economic interest of the beneficiaries of the plan with the interests of the Company's shareholders

In the event that the total result percentage of all beneficiaries' shares number of the plan exceeds 1% of the total issued shares of the Company annually at any time, the increase percentage shall be reduced to 1% in proportion to all beneficiaries of the plan who have not exercised their right on the shares allocated to them.

- (A) The final number of shares allocated to each beneficiary shall be distributed over three years according to the allocation contract for each beneficiary.
- (B) In the event that the beneficiary does not exercise his right during the period of exercising the right, his right to these shares shall be forfeited.
- (C) The issuance of the increase in the shares allocated to apply the plan is financed through a special reserve and/or issuance premium and/or retained earnings and/or by transferring the funds reserve or part thereof into shares, the value of which shall be increased by the amount of the issued capital based on a decision of the Board of Directors of the Company or the cash purchase of the Company's shares traded on the Egyptian Stock Exchange as treasury shares and distributing them according to the plan.
- (D) The fair value of these liabilities is recognised in the statement of profit or loss.
- (E) The General Assembly may terminate this plan, provided that the approval of the Financial Supervisory Authority is obtained, in a manner that does not conflict with the rights of the beneficiaries.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - For the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

3. Accounting policies (continued)

3.22 Segment reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the Company's management operating decision-maker. The management is considered the operating decision-maker and is responsible for allocating resources and evaluating the performance of the operating segments. Knowing that the segments for which reports are issued separately have revenues, results or assets of ten percent or more of all segments.

4. Significant accounting estimates and judgements in applying the accounting policies

The Company makes estimates and assumptions that affect the amounts recognised in the separate financial statements. Estimates and judgements are continually evaluated based on the management's past experience and some other factors, including future events that are expected to occur and that are believed to be reasonable under those circumstances. Management also makes certain judgements, apart from those involving estimates, in the process of applying accounting policies. Judgements that have a material impact on the amounts recognized in the separate financial statements and estimates that could cause a material adjustment to the carrying amount of assets and liabilities during the following financial year include:

4.1 Impairment of goodwill and other intangible assets

The Company's management evaluates goodwill and other intangible assets annually to determine any impairment in the goodwill. The carrying amount of goodwill is reduced if it is higher than the expected recoverable amount. Any losses resulting from the impairment of goodwill are charged to the statement of profit or loss and cannot be reversed later. (Note 9) provides more information in this regard.

4.2 Measurement of ECL

The measurement of ECL is a significant estimate that includes identification methodology, models, and data inputs. The following components have a significant effect on the provision for credit loss: Definition of default, PD, risks given default, and LGD, as well as macroeconomic scenario models. The Company periodically reviews and verifies the models and inputs to the models to reduce any differences between ECLs estimates and the actual historical credit losses.

The Company has used future information to measure ECL, which is primarily a result of its macroeconomic forecasting model. The significant future assumptions related to the level of ECL is GDP and inflation rate.

4.3 Useful life of fixed assets

Estimating the useful lives of items of fixed assets is a matter of judgement based on experience with similar assets. The future economic benefits included in the assets are primarily amortised through use. However, other factors, such as technical or commercial obsolescence, often result in the decrease of economic benefits of the assets. Management assesses the remaining useful lives based on the current technical conditions of the assets and the estimated period during which the assets are expected to generate benefits to the Company. The following basic factors are taken into consideration: (a) The expected use of assets; (b) The expected physical depreciation, which depends on operating factors and maintenance programme; and (c) Technical or commercial obsolescence arising from changes in market conditions.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

4. Significant accounting estimates and judgements in applying the accounting policies

4.4 Useful life of right-of-use assets

Depreciation of right-of-use assets. In determining the lease term, the management takes into account all facts and circumstances that create an economic incentive to exercise extension option or not to exercise the termination option. Extension options (or the periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated).

For leases of premises and equipment, the following factors are usually the most relevant:

- If there are significant fines for terminating (or not extending), the Company is usually reasonably certain to extend (or not to terminate) the lease. Most extension options in leases (premises and equipment) are not included in the lease liability, because the Company can replace assets without significant cost or business disruption
- If any leasehold improvements are expected to have a significant residual value, the Company is usually reasonably certain to extend (or not terminate) the lease.

Otherwise, the Company takes into account other factors including previous lease periods, costs and business disruption needed to replace the leased asset. Most extension options in lease contracts of premises and equipment are not included in the lease liability, because the Company can replace assets without significant cost or business disruption.

Extension and termination options: Extension and termination options are included in a number of the Company's premises and equipment leases. These options are used to increase operational flexibility in terms of managing the assets used in the Company's operations. The majority of the maintained extension and termination options can only be exercised by the Company not by the relevant lessor.

4.5 Discount rates used to determine lease liabilities

The Company uses the incremental borrowing rate as the basis for calculating the discount rate because the interest rate implicit in the lease cannot be easily determined.

The following factors determine the use of the incremental borrowing rate: Using recent third-party financing obtained by the Company as a starting point, adjusted to reflect changes in financing terms since the third-party financing was received.

4.6 Provisions

Provisions are recognised when there is a present (legal or constructive) liability as a result of past event. It is expected that an outflow of resources embodying economic benefits required to settle the liability, and the liability can be reliably estimated. The Company reviews the provision at the date of each statement of financial position and adjusts it to show the best present estimate after taking the appropriate advice.

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5. Financial risk management

5.1 Financial risk factors

The risk management function within the Company develops plans to address financial, operational and legal risks. Financial risk includes market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary function of financial risk management is to set risk limits and to ensure that any exposure to risks remains within these limits. Operational and legal risk management functions aim to ensure the proper functioning of internal policies and procedures to reduce operational and legal risks.

5.1.1 Credit risk. The Company exposes itself to credit risk, which is the risk of exposing one party to the financial instruments to financial losses to the other party through non-performance of its obligations.

Trade receivables are presented net of provisions for ECLs. Credit risk in respect of trade receivables is limited due to the large number of customers who form the Company's customer base, which mainly consists of insured customers, companies and relevant government authorities. The financial situation of those clients shall be assessed in relation to their credit situation on an ongoing basis. The policy for uninsured patients who are not companies' clients or government authorities are required to provide an initial prepayment instead.

The Company's maximum exposure to credit risk is shown in the carrying amounts of financial assets in the separate statement of financial position.

Credit risk management: Credit risk is one of the biggest risks to the Company's business. Therefore management carefully manages potential credit risks.

Measurement of ECL. ECL is a probability-weighted estimate of the present value of future cash deficit (i.e., the weighted average of credit losses, with the relevant risk of default occurring in a particular time period used as weights). The measurement of ECL is unbiased and is determined by evaluating a range of potential outcomes. The measurement of ECL is based on four components that a Company uses: Probability of default, impact of default, and loss given default and discount rate.

Risk given default is an estimate of the PD at a future date, taking into consideration the expected changes in the risk after the financial period, including the repayment of principal and interest, and the expected withdrawal of the committed facilities.

For the purposes of measuring the PD, the Company defines default as a situation in which the exposure meets one or more of the following criteria:

For trade and other receivables:

- The customer meets the unwillingness to pay criteria listed below:
- Evidence of the customer's inability to pay.
- Bouncing of customer's cheques.

For disclosure purposes, the Company has fully conformed the definition of default with the definition of credit impaired assets. The definition of default mentioned above is applied to all types of financial assets of the Company.

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5. Financial risk management (continued)

5.1 Financial risk factors (continued)

Future information included in ECL models. The calculation of ECL includes supportable future information. The Company has identified certain key economic variables that are associated with developments in credit risk and ECL. Forecasts of economic variables (“basic economic scenario”) are provided by the Company’s [management] and provide a best estimate of the expected macroeconomic development in the future.

To measure ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles for customers over a period of 36 months before the date of each statement of financial position and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the debit balances. The Company has identified the GDP and unemployment rate in Egypt to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in such factors.

Trade receivables are written-off when there is no reasonable expectation of recovery. Provision of credit loss for trade receivables are presented as net impairment losses within operating profit. Recoverable amounts that were previously written-off are subsequently included against the same item.

Debt investments

The Company's investments in debt instruments at 'amortized cost' are considered low risk investments and therefore the loss provision recognized during the period is limited to expected losses for a period of 12 months. Management considers “low credit risk” listed bonds to have investment grade credit ratings with at least one major rating agency. Other instruments are considered low credit risk as they have a low risk of default and the issuer has a strong ability to meet contractual cash flow liabilities in the near term.

The Company currently does not have any debt instruments with a maturity exceeds one year.

The Company regularly reviews its methodology and assumptions to reduce any difference between estimated and actual credit loss.

The following are the balances exposed to credit risk before deducting ECLs:

	ECL model	2023	2022
Cash at banks	General	72,555,517	47,623,610
Trade receivables	Simplified	265,676,683	202,846,307
Other receivables	General	22,022,239	17,315,166
Due from related parties	General	90,876,120	54,795,914
		451,130,559	322,580,997

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5. Financial risk management (continued)

5.1 Financial risk factors (continued)

Credit risk on receivables and bank balances is limited as follows:

- Cash balances and term deposits are held with reputable banks in Egypt that have a strong financial position, as all banks in Egypt are guaranteed by the Central Bank of Egypt (CBE).
- The carrying amount of the financial assets represents the maximum limit for credit risk.

5.1.2 Market risk

The Company is exposed to market risk. Market risk arises from open positions in (a) currency, (b) interest rates and (c) equity instruments, all of which are subject to general and specific market movements. Management sets limits on the amount of risk that can be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside these limits in the event of more significant movements in the market.

(a) Currency risk

With regard to currency risk, management sets limits on the level of exposure to risks by currency and in aggregate for both one day positions and daily positions, which are monitored daily.

The table below summarizes the Company's exposure to foreign exchange risks at the end of the year:

	2023			2022		
	Monetary financial assets	Monetary financial liabilities	Net financial position	Monetary financial assets	Monetary financial liabilities	Net financial position
USD	11,587,727	-	11,587,727	21,641,048	-	21,641,048
EUR	111,822	-	111,822	3,845	-	3,845
GBP	9,173	-	9,173	596,289	-	596,289
Total	11,708,722	-	11,708,722	22,241,182	-	22,241,182

The following table presents the change degree in the profit or loss and equity for reasonably possible changes in the exchange rates applicable at the end of the year in relation to the functional currency of the companies of the concerned Company, with all other variables held constant:

	Impact on the profit or loss	
	2023	2022
An increase by 60% in USD (2022: Increase by [10%])	6,952,636	2,164,105
A decrease by 60% in USD (2022: Decrease by [10%])	(6,952,636)	(2,164,105)
Increase by 60% in EUR (2022: Increase by [10%])	67,093	385
Decrease by 60% in EUR (2022: Decrease by [10%])	(67,093)	(385)
Increase by 60% in GBP (2022: Increase by [10%])	5,504	59,629
Decrease by 60% in GBP (2022: Decrease by [10%])	(5,504)	(59,629)

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5. Financial risk management (continued)

5.1.2 Market risk (continued)

(b) Interest rate risk

The Company is exposed to the risk effects of fluctuations in the prevailing levels of market interest rates on its financial position and its cash flows. Interest margins may increase as a result of such changes, but may reduce or cause losses if unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch in interest rate re-pricing that can be made.

The table below summarizes the Company's exposure to the interest rate risk. The table shows the separate amounts of the Company's financial assets and liabilities at carrying amounts, categorized by contractual interest re-pricing or maturity dates, whichever is earlier:

	<u>Less than 1 year</u>	<u>More than one year</u>	<u>Total</u>
31 December 2023			
Total financial assets	73,897,240	-	73,897,240
Total financial liabilities	(272,492,341)	(78,000,000)	(350,492,341)
Net interest sensitivity gap at 31 December 2023	(198,595,101)	(78,000,000)	(276,595,101)
31 December 2022			
Total financial assets	48,904,942	-	48,904,942
Total financial liabilities	(244,464,052)	(26,649,316)	(271,113,368)
Net interest sensitivity gap at 31 December 2022	(195,559,110)	(26,649,316)	(222,208,426)

On 31 December 2023, if interest rates on such date are 600 basis points lower (2022: [100] basis points lower) with all other variables held constant, the profit for the year will be higher by EGP 4,910,311 (2022: EGP 930,686), mainly due to decrease of interest expenses on variable interest liabilities.

On 31 December 2023, if interest rates on such date are 600 basis points higher (2022: [100] basis points higher) with all other variables held constant, the profit for the year will be lower by EGP 4,910,311 (2022: EGP 930,686), mainly due to increase of interest expenses on variable interest liabilities.

The Company monitors the interest rates of its financial instruments. The table below summarises the interest rates at the relevant financial statements date based on the reports reviewed by key management personnel. For securities, interest rates represent returns until maturity based on market price offers at the date of the financial statements:

	<u>2023</u>		<u>2022</u>	
	<u>EGP</u>	<u>USD</u>	<u>EGP</u>	<u>USD</u>
Assets				
Cash and cash equivalents - current accounts	12%	3%	10% - 10,5%	-
Cash and cash equivalents - Term deposits	-	-	-	2,5% - 3,25%
Liabilities				
Bank overdrafts	20,35%	-	17,35%	-
Loans	20,90%	-	17,90%	-

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5. Financial risk management (continued)

5.1.3 Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its obligations associated with financial liabilities. The Company is exposed to daily demands for its available cash resources. Liquidity risks are managed by the Company's Financial Department. Management monitors the monthly periodic forecasts of the Company's cash flows.

The Company seeks to maintain a stable funding base consisting primarily of loans and trade and other payables. The Company invests funds in diversified portfolios of liquid assets, in order to be able to meet quickly and easily the unexpected liquidity requirements. The Company's liquidity portfolio consists of cash and cash equivalents (Note 14). Management estimates that cash liquidity portfolio and bank deposits can be realised in cash within a day in order to meet unexpected liquidity requirements.

The liquidity position is monitored and liquidity stress is tested regularly in accordance with a variety of scenarios covering both normal and risky market conditions by the Finance Department.

The table below shows the liabilities at 31 December 2023 through remaining contractual maturity. The amounts disclosed in the accrual table are the contractual undiscounted cash flows, including total finance lease liabilities (before future finance fees are deducted) and total loan commitments and financial guarantees. These undiscounted cash flows differ from the amount in the statement of financial position, because the amount of the statement of financial position depends on the discounted cash flows. Financial derivatives are included in the contractual amounts that should be paid or received, unless the Company expects to close the financial derivative position before its maturity date, in such case the derivatives are included based on the expected cash flows. For the purposes of maturity analysis, embedded derivatives are not separated from mixed (separate) financial instruments.

When the amount due is not fixed, the disclosed amount is determined by reference to the terms at the end of the financial period. Foreign currency payments are transferred using the spot exchange rate at the end of the financial period.

The following is the analysis of the maturity of financial liabilities as at 31 December 2023:

	Less than 1 year	More than one year	Total
Liabilities			
Bank overdrafts	252,992,341	-	252,992,341
Loans	38,974,000	112,216,000	151,190,000
Due to related parties	30,255,108	-	30,255,108
Trade payables	283,231,914	-	283,231,914
Lease liabilities	12,282,431	54,812,050	67,094,481
Total future payments, including future payments of principal and interest	617,735,794	167,028,050	784,763,844

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5. Financial risk management (continued)

5.1.3 Liquidity risk (continued)

The following is the analysis of the maturity of financial liabilities as at 31 December 2022:

	<u>Less than 1 year</u>	<u>From 1 year to 2 years</u>	<u>Total</u>
Liabilities			
Bank overdrafts	244,464,052	-	244,464,052
Loans	-	26,649,316	26,649,316
Due to related parties	2,955,658	-	2,955,658
Trade payables	171,528,700	-	171,528,700
Lease liabilities	9,986,330	215,976,141	225,962,471
Total future payments, including future payments of principal and interest	<u>428,934,740</u>	<u>242,625,457</u>	<u>671,560,197</u>

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to increase returns for shareholders and provide benefits for parties who use financial statements, and to maintain an optimal capital structure to reduce the cost of capital, as consistent with other companies operating in the same field.

The Company's management monitors the capital structure using the gearing ratio, which is calculated based on net debt to the total loans ratio, advances, notes payables and due to related parties, net of cash. Total capital represents total net debt plus equity as shown in the separate statement of financial position.

Net debt to total invested capital ratio as at 31 December 2023 and 31 December 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Creditors and other credit balances	283,231,914	171,528,700
Bank overdrafts	252,992,341	244,464,052
Loans	97,500,000	26,649,316
Lease liabilities	49,943,749	100,949,301
Due to related parties	30,255,108	2,955,658
Less: Cash and cash equivalents	<u>(73,897,240)</u>	<u>(48,904,942)</u>
Net debt	<u>640,025,872</u>	<u>497,642,085</u>
Total equity	1,832,410,234	1,582,139,510
Total invested capital	<u>2,472,436,106</u>	<u>2,079,781,595</u>
Net debt to total invested capital	<u>25,89%</u>	<u>23,93%</u>

Loans contain certain covenants. Covenants are monitored by the management, during 2023, and the management did not notice any act of non-compliance to any of these covenants.

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5. Financial risk management (continued)

5.4 Fair value of financial instruments estimates

Fair value is the price that would be received from sale of asset or payment to settle a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption that the transaction to sell the asset or pay the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market for the asset or the liability.

The Company should be able to have access to the principal market or the most advantageous market, In the absence of principal market, the Company does not need to conduct a thorough search of all possible markets to determine the principal or the most advantageous market. However, the Company takes into consideration all information reasonably available.

The table below shows the financial assets and liabilities at fair value in the separate financial statements at 31 December 2023 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

Recurring fair value measurement

At 31 December 2023

	<u>Note</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets					
Employee reward plan at FVTPL	21	16,076,585	-	-	16,076,585
Total financial assets		16,076,585	-	-	16,076,585

Recurring fair value measurement

At 31 December 2022

	<u>Note</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets					
Employee reward plan at FVTPL	21	8,383,763	-	-	8,383,763
Total financial assets		8,383,763	-	-	8,383,763

- Level 1 - Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities, to which the Company can have access at the date of measurement.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs of the asset or liability.

The Company has, on the date of preparing the separate financial statements, financial assets at fair value through profit and loss, that are listed under Level 3. The Company determines in case of necessary transfers between levels within the hierarchy for fair value measurement through the revaluation of the classification (based on the lowest input levels that are material to the fair value measurement as a whole). The Company did not make any transfers between the levels during the year.

The fair value of the current financial assets and liabilities approximate their carrying amount, after considering any impairment.

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6. Segment reporting

Business segments are reported in line with the reports provided internally to senior management, which makes decisions about allocation of resources and assessment of segment performance in the Company. Senior management is represented on the Company's Executive Management Committee. Segment reporting is provided to the Company based on each company, whereas each subsidiary is considered a separate business segment.

Below is a summary of each segment, which is presented for the year ended 31 December 2023 for each segment:

	Cleopatra Hospital	Queens Hospital	El Kateb Hospital	Consolidation restrictions	Total
<u>Statement of financial position</u>					
Non-current assets	1,872,969,981	-	158,048,240	-	2,031,018,221
Current assets	623,434,988	-	37,339,642	(78,909,810)	581,864,820
Total assets	2,496,404,969	-	195,387,882	(78,909,810)	2,612,883,041
Current liabilities	670,084,210	-	63,376,146	(78,909,810)	654,550,546
Non-current liabilities	122,299,483	-	3,622,778	-	125,922,261
Total liabilities	792,383,693	-	66,998,924	(78,909,810)	780,472,807
<u>Statement of profit or loss:</u>					
Operating income	1,296,153,142	-	134,607,628	-	1,430,760,770
Cost of obtaining revenue	(743,687,879)	-	(108,712,460)	-	(852,400,339)
Gross profit	552,465,263	-	25,895,168	-	578,360,431
Other income and expenses	(276,821,842)	(4,262,386)	(23,550,172)	-	(304,634,400)
Profit for the year	275,643,421	(4,262,386)	2,344,996	-	273,726,031
<u>Other items</u>					
Capital expenditures	181,677,275	-	20,029,950	-	201,707,225
Depreciation of fixed assets	41,050,384	1,135,751	7,320,115	-	49,506,250

* - Consolidation restrictions are mainly represented in de-recognition of balances and transactions between cash-generating units.

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6. Segment reporting (continued)

Below is a summary of each segment, which is presented for the year ended 31 December 2022 for each segment:

	<u>Cleopatra Hospital</u>	<u>Queens Hospital</u>	<u>El Kateb Hospital</u>	<u>Consolidation restrictions</u>	<u>Total</u>
<u>Statement of financial position</u>					
Non-current assets	1,644,670,640	64,974,500	143,338,304	-	1,852,983,444
Current assets	331,835,210	77,328,280	26,180,904	(86,189,774)	349,154,620
Total assets	<u>1,976,505,850</u>	<u>142,302,780</u>	<u>169,519,208</u>	<u>(86,189,774)</u>	<u>2,202,138,064</u>
Current liabilities	512,418,605	28,264,647	39,928,098	(86,189,774)	494,421,576
Non-current liabilities	52,080,896	69,948,933	3,547,149	-	125,576,978
Total liabilities	<u>564,499,501</u>	<u>98,213,580</u>	<u>43,475,247</u>	<u>(86,189,774)</u>	<u>619,998,554</u>
<u>Statement of profit or loss:</u>					
Operating income	1,014,052,500	-	48,998,403	-	1,063,050,903
Cost of obtaining revenue	(573,406,102)	-	(57,778,172)	-	(631,184,274)
Gross profit	<u>440,646,398</u>	<u>-</u>	<u>(8,779,769)</u>	<u>-</u>	<u>431,866,629</u>
Other income and expenses	(198,300,228)	(1,501,962)	(14,810,906)	-	(214,613,096)
Profit for the year	<u>242,346,170</u>	<u>(1,501,962)</u>	<u>(23,590,675)</u>	<u>-</u>	<u>217,253,533</u>
<u>Other items</u>					
Capital expenditures	77,648,177	365,943	11,914,328	-	89,928,448
Depreciation of fixed assets	39,036,628	3,300,860	5,408,666	-	47,746,154

* - Consolidation restrictions are mainly represented in de-recognition of balances and transactions between cash-generating units.

- According to the decision of the Board of Directors at 6 July 2023, all operations and operating activities of Queens Hospital were closed and suspended, and it was derecognised from the Company and considered as discontinuous operations.

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7. Fixed assets

	Lands	Machinery, equipment & devices	Tools & equipment	Furniture	Buildings	Transportations	Computers	Leasehold improvements	Projects in progress	Total
At 1 January 2022										
Cost	82,878,000	231,990,326	12,579,286	24,081,380	89,339,559	13,920,365	51,527,577	41,506,471	4,379,390	552,202,354
Accumulated depreciation	-	(101,292,893)	(6,722,167)	(10,538,971)	(32,520,130)	(5,654,191)	(25,927,788)	(10,696,266)	-	(193,352,406)
Net carrying amount	82,878,000	130,697,433	5,857,119	13,542,409	56,819,429	8,266,174	25,599,789	30,810,205	4,379,390	358,849,948
Year ended 31 December 2022										
Net carrying amount at the beginning of the year	82,878,000	130,697,433	5,857,119	13,542,409	56,819,429	8,266,174	25,599,789	30,810,205	4,379,390	358,849,948
Additions	-	18,150,466	3,244,359	5,599,840	-	-	5,713,750	1,224,682	55,995,351	89,928,448
Disposals	-	(1,039,530)	(36,855)	(595,764)	-	(1,600,000)	(99,210)	-	-	(3,371,359)
Transferred from projects in progress	-	75,000	122,610	645,675	3,146,304	-	2,481,190	41,569	(6,512,348)	-
Depreciation for the year	-	(19,774,278)	(1,167,435)	(3,701,675)	(3,525,727)	(3,695,418)	(10,605,085)	(5,276,536)	-	(47,746,154)
Accumulated depreciation of disposals	-	669,530	36,855	590,764	-	751,875	62,386	-	-	2,111,410
Balance at 31 December 2022	82,878,000	128,778,621	8,056,653	16,081,249	56,440,006	3,722,631	23,152,820	26,799,920	53,862,393	399,772,293
At 31 December 2022										
Cost	82,878,000	249,176,262	15,909,400	29,731,131	92,485,863	12,320,365	59,623,307	42,772,722	53,862,393	638,759,443
Accumulated depreciation	-	(120,397,641)	(7,852,747)	(13,649,882)	(36,045,857)	(8,597,734)	(36,470,487)	(15,972,802)	-	(238,987,150)
Net carrying amount at the end of the year	82,878,000	128,778,621	8,056,653	16,081,249	56,440,006	3,722,631	23,152,820	26,799,920	53,862,393	399,772,293
Year ended 31 December 2023										
Net carrying amount at the beginning of the year	82,878,000	128,778,621	8,056,653	16,081,249	56,440,006	3,722,631	23,152,820	26,799,920	53,862,393	399,772,293
Additions	-	33,428,041	6,154,744	5,101,187	-	21,130,000	4,969,873	-	130,923,380	201,707,225
Disposals	-	(3,158,670)	(319,987)	(335,682)	-	(5,495,220)	(2,107,711)	(125,312)	-	(11,542,582)
Write off	-	-	-	-	-	-	-	-	(2,669,840)	(2,669,840)
Transferred from projects in progress	-	-	-	221,080	4,576,086	-	265,866	-	(5,063,032)	-
Depreciation for the year	-	(21,018,894)	(2,276,830)	(3,995,233)	(3,830,009)	(2,495,207)	(10,688,661)	(5,201,416)	-	(49,506,250)
Accumulated depreciation of disposals	-	3,158,670	113,735	271,647	-	4,807,144	1,153,277	70,488	-	9,574,961
Balance at 31 December 2023	82,878,000	141,187,768	11,728,315	17,344,248	57,186,083	21,669,348	16,745,464	21,543,680	177,052,901	547,335,807
Cost	82,878,000	279,445,633	21,744,157	34,717,716	97,061,949	27,955,145	62,751,336	42,647,406	177,052,901	826,254,243
Accumulated depreciation	-	(138,257,865)	(10,015,842)	(17,373,468)	(39,875,866)	(6,285,797)	(46,005,872)	(21,103,726)	-	(278,918,436)
Net carrying amount at the end of the year	82,878,000	141,187,768	11,728,315	17,344,248	57,186,083	21,669,348	16,745,464	21,543,680	177,052,901	547,335,807

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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8. Right-of-use

EAS (49) "Leases" was applied in two stages as follows:

Stage 1 relates to leases that were subject to Law (95) of 1995 that starts on or after 1 January 2019, which are leases related to medical equipment and were measured at the beginning of the contract at a value equal to the value of lease liabilities in addition to lease expenses, and were subsequently depreciated over the life of the leases using straight line method.

Stage 2 represents leases related to buildings that were subject to Law (95) of 1995 that starts on or after 1 January 2021 and were measured at carrying amount as if the standard had been applied since the beginning of the lease, but discounted using the lending rate to the lessee on the date of application, and were subsequently depreciated over the life of the lease using straight line method.

	<u>2023</u>	<u>2022</u>
Buildings		
Opening balance at the beginning of the year	78,025,016	93,348,683
Adjustments	-	(3,945,777)
Additions for the year	28,701,815	-
Disposals for the year	(56,090,553)	(636,871)
Depreciation for the year	(9,571,963)	(5,281,687)
Results of discontinued operations	(999,036)	(5,459,332)
Total	<u>40,065,279</u>	<u>78,025,016</u>

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the lessee's borrowing rate is used, which is the rate that shall be paid by the lessee to borrow the funds needed for the acquisition of an equivalent value asset in a similar economic environment with similar terms and conditions. The average interest rate of 11,15% was used.

9. Business combinations and goodwill

	<u>2023</u>	<u>2022</u>
The cost of goodwill - El Kateb Hospital	158,516,300	158,516,300
The cost of goodwill - Queens Hospital	14,071,000	14,071,000
Impairment of intangible assets (Note 39)*	(14,071,000)	-
	<u>158,516,300</u>	<u>172,587,300</u>

Goodwill

To calculate goodwill, Queens Hospital and El Kateb Hospital were considered as a separate cash-generating unit, and the goodwill resulting from the acquisition was allocated.

Recoverable amount of cash-generating unit is estimated by calculating the value in use, using pre-tax cash flows based on financial budgets approved by management, which cover a period of five years maximum. The management determines the specific assumptions of cash flow forecasts based on revenues, past experience and expectations of the market.

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9. Business combinations and goodwill (continued)

Estimates have been made in terms of sales growth, operating costs and expected total profit. Future capital expenditures for future renovation plans have been taken into consideration for the same existing assets. The discount rate and the long-term growth rate have been used to reflect the specific risks associated with the activity and sector of the economy.

*According to the decision of the Board of Directors at 6 July 2023, all operations and operating activities of Queens Hospital were closed and suspended, and it was derecognised from the Company and considered as discontinuous operations.

The following table describes the key assumptions regarding the separate cash-generating units that have goodwill thereof:

2023	El Kateb Hospital Business	
Average sales growth rate		31%
Discount rate before tax		28,8%
Long-term discount rate		17,3%
2022	El Kateb Hospital Business	Queens Hospital Business
Average sales growth rate	55,00%	34,10%
Discount rate before tax	18,90%	18,90%
Long-term discount rate	14,90%	14,90%

The management has determined the value assigned to each of the above key assumptions as follows:

Assumption	The approach used to determine values
Sales growth rate	Average annual growth rate over the five-year assumption period; based on past performance and management's expectations for market development.
Discount rates before tax	The discount rate, i.e. Weighted Average Cost of Capital (WACC), is applied to specific business fields based on assumptions regarding interest rates, tax rates and risk premiums and is recalculated to a pre-tax rate ("pre-tax discount rate").

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(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

10. Investments in associates and subsidiaries

10.a Investments in subsidiaries

	Investment %	Country of origin	2023	2022
Nile Badrawi Hospital Company S.A.E.	99,99%	Egypt	380,004,947	380,004,947
Al-Shorouk Hospital Company S.A.E.	99,99%	Egypt	374,142,000	374,142,000
Cairo Specialised Hospital Company S.A.E.	57,01%	Egypt	153,712,998	149,511,023
CHG SKY Hospital S.A.E.	99,99%	Egypt	145,000,700	87,499,700
Bedaya El Gedida Company for Medical Centers and Hospitals S.A.E.	99,99%	Egypt	119,482,000	119,482,000
Cleopatra Hievin Company S.A.E.	99,99%	Egypt	80,000,700	54,999,700
CHG for hospitals S.A.E.	99,99%	Egypt	30,000,000	30,000,000
CHG Pharma for Pharmacies Management Company S.A.E.	98%	Egypt	245,000	245,000
CHG for Medical Services Company S.A.E.	20% (preferred shares)	Egypt	62,500	62,500
			1,282,650,845	1,195,946,870

Below are the significant summarised financial information of the subsidiaries at 31 December 2023:

31 December 2023	Total Assets	Total equity	Total Revenues	Profit (loss) for the year
Nile Badrawi Hospital Company S.A.E.	655,988,285	360,409,106	537,520,242	35,947,052
Al-Shorouk Hospital Company S.A.E.	569,501,064	421,670,781	586,254,495	73,587,187
Cairo Specialised Hospital Company S.A.E.	824,969,280	487,652,600	774,207,367	114,683,309
CHG SKY Hospital S.A.E.	420,880,265	146,208,945	-	(193,168)
Bedaya El Gedida Company for Medical Centers and Hospitals S.A.E.	176,073,412	98,133,544	83,581,861	(3,034,503)
Cleopatra Hievin Company S.A.E.	144,797,929	51,627,265	64,564,557	(28,372,735)
CHG for hospitals S.A.E.	32,640,658	31,224,721	-	(300,248)
CHG Pharma for Pharmacies Management Company S.A.E.	25,892,238	(7,779,622)	64,840,518	(193,418)
CHG for Medical Services Company S.A.E.	68,007,632	(58,503,244)	114,751,141	7,559,372

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(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

10. Investments in associates and subsidiaries

10.a Investments in subsidiaries

<u>31 December 2022</u>	<u>Total Assets</u>	<u>Total equity</u>	<u>Total Revenues</u>	<u>Profit (loss) for the year</u>
Nile Badrawi Hospital Company S.A.E.	496,735,580	329,265,723	378,418,379	26,488,488
Al-Shorouk Hospital Company S.A.E.	493,142,874	356,361,075	439,722,048	48,708,353
Cairo Specialised Hospital Company S.A.E.	542,500,728	382,631,099	525,559,329	70,253,065
CHG SKY Hospital S.A.E.	89,279,659	88,013,412	-	513,412
Bedaya El Gedida Company for Medical Centers and Hospitals S.A.E.	150,615,055	101,884,729	68,886,213	(2,965,633)
CHG for hospitals S.A.E.	32,640,658	31,524,969	-	(359,336)
CHG Pharma for Pharmacies Management Company S.A.E.	17,733,695	(7,586,204)	48,036,184	(688,657)
CHG for Medical Services Company S.A.E.	56,729,905	(66,062,616)	87,646,799	1,929,253

10.b Investments in associates

	<u>2023</u>	<u>2022</u>
Egypt Healthcare Facilities Services for facility management	2,449,990	2,449,990
	2,449,990	2,449,990
Amounts recognized in the profit or loss:		
Egypt Healthcare Facilities Services for facility management	-	-
	-	-

The statement below shows the Company's associates at 31 December 2023, and the capital of the below associates consists of ordinary shares only, in which the Company contributes directly.

<u>Name of the Company</u>	<u>Head office place/ Country of incorporation</u>	<u>Measurement</u>	<u>%</u>
Egypt Healthcare Facilities Services for facility management	Egypt	Cost	49%

Below are the summarised financial information of associates as at:

<u>31 December 2023</u>	<u>Total Assets</u>	<u>Total Equity</u>	<u>Total revenues</u>	<u>Profits for the year</u>
Egypt Healthcare Facilities Services for facility management	27,814,824	10,556,558	96,517,034	2,537,472

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(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

10. Investments in associates and subsidiaries (continued)

10.b Investments in associates (continued)

31 December 2022	<u>Total Assets</u>	<u>Total Equity</u>	<u>Total revenues</u>	<u>Profits for the year</u>
Egypt Healthcare Facilities				
Services for facility management	16,041,958	8,019,086	54,260,997	832,003

The Company's main activity is providing medical cleaning services.

11. Inventory

	<u>2023</u>	<u>2022</u>
Medical supply inventory	65,022,871	23,646,850
Medicine inventory	34,555,578	12,378,589
Maintenance and spare parts inventory	1,199,755	1,000,827
Stationery inventory	614,306	761,810
Hospitality inventory	601,699	372,568
Food and beverage inventory	410,498	128,152
	102,404,707	38,288,796
Less: Impairment of inventory	(100,248)	(123,400)
	102,304,459	38,165,396

The movement in impairment is as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	123,400	133,581
Formed during the year	39,065	59,637
No longer required during the year	(62,217)	(69,818)
Balance at the end of the year	100,248	123,400

12. Trade receivables

	<u>2023</u>	<u>2022</u>
Due from customers	257,218,905	198,616,092
Revenue from inpatients	8,457,778	4,230,215
	265,676,683	202,846,307
Less:		
ECLs of trade receivables	(40,969,078)	(33,074,154)
	224,707,605	169,772,153

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

12. Trade receivables (continued)

Revenue from inpatients includes revenue that has not been billed at the financial position date for their residency while the medical services' procedures have not been completed. This revenue is calculated after deducting the amounts collected in advance during their residency.

The Company applies the EAS 47 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles for customers over a period of 36 months before the date of each statement of financial position and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the debit balances. The Group has identified the GDP and the unemployment rate in countries in which it sells its goods and services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Credit loss provision for trade receivables is determined according to the provision matrix presented in the table below. The provision matrix is based on the number of days an asset is past due, while being adjusted.

	Loss rate	31 December 2023		
		Gross carrying amount	Lifetime ECL	Net Carrying amount
<u>Trade receivables</u>				
- Current until a default for less than 30 days	0,2%	174,812,090	350,731	174,461,359
-Default for a period from 30 to 60 days	2%	20,680,160	328,944	20,351,216
-Default for a period from 61 to 90 days	4%	7,726,120	339,909	7,386,211
-Default for a period from 91 to 120 days	9%	5,034,457	458,516	4,575,941
-Default for a period from 121 to 360 days	25%	21,500,889	5,341,166	16,159,723
- Default for a period from 361 to 720 days	40%	2,946,029	1,172,874	1,773,155
- Default for a period more than 720 days	100%	32,976,938	32,976,938	-
Total		265,676,683	40,969,078	224,707,605

	Loss rate	31 December 2022		
		Gross carrying amount	Lifetime ECL	Net Carrying amount
<u>Trade receivables</u>				
- Current until a default for less than 30 days	0,4%	129,625,841	505,365	129,120,476
-Default for a period from 30 to 60 days	3%	18,411,548	486,942	17,924,606
-Default for a period from 61 to 90 days	5%	4,985,966	269,480	4,716,486
-Default for a period from 91 to 120 days	11%	5,128,565	573,141	4,555,424
-Default for a period from 121 to 360 days	34%	19,175,662	6,499,989	12,675,673
- Default for a period from 361 to 720 days	58%	1,859,226	1,079,738	779,488
- Default for a period more than 720 days	100%	23,659,499	23,659,499	-
Total		202,846,307	33,074,154	169,772,153

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12. Trade receivables (continued)

The movement of ECL of trade receivables balances is as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	33,074,154	45,848,863
Formed during the year	12,098,971	9,986,763
Utilised during the year	(3,035,958)	(18,026,765)
No longer required during the year	(1,242,126)	(2,608,694)
Results of discontinued operations	74,037	(2,126,013)
Balance at the end of the year	<u>40,969,078</u>	<u>33,074,154</u>

13. Debtors and other debit balances

	<u>2023</u>	<u>2022</u>
Advances to suppliers	62,198,411	13,926,625
Prepaid expenses	7,031,743	6,434,183
Insurances with third parties	4,871,706	4,856,706
Withholding tax	1,631,450	9,132,678
Employees' advances and loans	12,898	5,009
Other receivables	15,506,185	3,320,773
	<u>91,252,393</u>	<u>37,675,974</u>

14. Cash at banks and on hand

	<u>2023</u>	<u>2022</u>
Current accounts	72,555,517	26,627,080
Cash in hand	1,341,723	1,281,332
Term deposits	-	20,996,530
Less:		
ECLs of cash at banks	(1,172,997)	(159,759)
	<u>72,724,243</u>	<u>48,745,183</u>

The movement of ECL of cash at banks is as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	159,759	407,575
Formed during the year	1,445,385	234,664
No longer required during the year	(432,147)	(482,480)
Balance at the end of the year	<u>1,172,997</u>	<u>159,759</u>

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14. Cash at banks and on hand (continued)

Term deposits amounting to EGP Nil 31 December 2023 (2022: EGP 20,996,530) denominated in local banks in US dollars and paid within one of the deposit date and subject to a fixed annual return of 2,5% to 3,25%.

Current accounts deposited in Egyptian pounds are subject to a fixed annual rate of 12% (2022: From 10% to 10,5%).

Classification within cash and cash equivalents

Term deposits are held at banks and presented as cash and cash equivalents if they are matured within three months or less from the date of placement and are repayable within 24 hours notice without loss of interest. Treasury bills listed under cash and cash equivalents have original maturities not exceeding three months from the date of acquisition, and are readily convertible into known cash amounts and are subject to insignificant risks of changes in value.

The Company's cash and balances at banks are held with reputable financial institutions with credit ratings of Moody's and Standard & Poor's, from B and up to B2.

The table below shows an analysis of liabilities from finance activities and movements in the Company's liabilities from finance activities for each of the periods presented. The items of these liabilities are those that are recorded as finance in the statement of cash flows:

Net debt settlement

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	73,897,240	48,904,942
Less:		
Lease liabilities	(49,943,749)	(100,949,301)
Bank overdrafts	(252,992,341)	(244,464,052)
Loans	(97,500,000)	(26,649,316)
Total	(326,538,850)	(323,157,727)

	<u>Leases</u>	<u>Cash at banks</u>	<u>Bank overdrafts</u>	<u>Loans</u>	<u>Net</u>
Net debt at 31 December 2022	100,949,301	(48,904,942)	244,464,052	26,649,316	323,157,727
Cash flows	(11,158,301)	(24,992,298)	8,528,289	70,850,684	43,228,374
Change in leases	(49,096,281)	-	-	-	(49,096,281)
Interest expense	9,249,030	-	-	-	9,249,030
Net debt at 31 December 2023	49,943,749	(73,897,240)	252,992,341	97,500,000	326,538,850

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15. Loans

	31 December 2023		
	Current portion	Non-current portion	Total
Loans	19,500,000	78,000,000	97,500,000
Total	19,500,000	78,000,000	97,500,000

	31 December 2022		
	Current portion	Non-current portion	Total
Loans	-	26,649,316	26,649,316
Total	-	26,649,316	26,649,316

- On 27 October 2021, Cleopatra Hospital Company signed a contract for a medium-term loan with Ahli United Bank, with a total amount of EGP 145 million, with a return of 0,65%, in addition to the lending rate announced by the Central Bank of Egypt.
- On 10 August 2022, Cleopatra Hospital Company, Nile Badrawy Hospital Company, and Cairo Specialized Hospital Company signed an appendix to the loan contract from Ahli United Bank. The following are the most significant contracting terms:
- Increasing the financing amount to EGP 285 million, and it will be divided among the companies as follows:

Cleopatra Hospital Company	EGP 45 million
Cairo Specialized Hospital Company	EGP 90 million
Nile Badrawy Hospital Company	EGP 150 million

The purpose of the loan is to finance and/or refinance the capital needs and renovate the Group's specialized hospitals starting from 2021, including medical equipment, medical beds, medical and non-medical furniture, as well as internal development of movables (final finishes, electromechanical equipment and power station).

On 10 May 2023, the financing amount was redivided among the companies as follows, provided that the maximum amount of financing available amounts to EGP 340 million, and the aforementioned amount shall not be exceeded at any time throughout the contract period.

Cleopatra Hospital Company	EGP 100 million
Cairo Specialized Hospital Company	EGP 90 million
Nile Badrawy Hospital Company	EGP 150 million

- This contract shall take effect for a period of six years and six months from the date of signing the finance contract on 27 October 2021, with the group being granted a period of availability of a maximum of one year and six months ending on 31 December 2023, and a grace period (applied to payment of the asset) of one year and six months ending on 31 January 2024, and in the event that the entire financing amount is not withdrawn during the aforementioned availability period, the unwithdrawn portion will be automatically cancelled and the bank is not obligated to lend the Group any other amounts other than what has been withdrawn from the financing amount.
- The Group is committed to paying the total financing amount in 20 quarterly instalments, with the first instalment starting on 31 December 2024.

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15. Loans (continued)

Financial ratios

According to the contract terms, the Company shall achieve the following financial ratios:

- The financial leverage of the Group shall not exceed 0,7, and the Nile Badrawy Hospital shall not exceed 1.
- Debt service rate should not fall below 1,3.
- Liquidity rate should not fall below 1.

Loans contain certain covenants. Breaching of these covenants in the future may lead to renegotiation. The administration monitors covenants, and in the event of a potential breach, the administration takes the necessary measures to ensure compliance. During 2022, the Company did not breach any of these covenants.

16. Bank overdrafts

	<u>2023</u>	<u>2022</u>
Bank overdrafts	252,992,341	244,464,052

The Company has obtained total credit limits in the form of bank overdrafts to finance working capital at an interest rate of 0,1% in addition to the lending rate announced by the Central Bank of Egypt. The total available credit limits amounted to EGP 330 million and the used amount of these credit limits at 31 December 2023 amounted to EGP 252,992,341 (EGP 244,464,052 at 31 December 2022).

17. Provisions

	<u>2023</u>	<u>2022</u>
Provision for human resources	6,532,685	8,650,047
Claims provision	3,015,836	2,485,836
	<u>9,548,521</u>	<u>11,135,883</u>

Provisions movement during the year is as follows:

	<u>2023</u>					
	<u>Balance at the beginning of the year</u>	<u>Formed during the year</u>	<u>Utilised During the year</u>	<u>Provisions no longer required</u>	<u>Results of discontinued operations</u>	<u>Balance at the end of the year</u>
Provision for human resources	8,650,047	14,697,353	(9,300,995)	(7,389,107)	(124,613)	6,532,685
Claims provision	2,485,836	668,144	(138,144)	-	-	3,015,836
Total	<u>11,135,883</u>	<u>15,365,497</u>	<u>(9,439,139)</u>	<u>(7,389,107)</u>	<u>(124,613)</u>	<u>9,548,521</u>

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17. Provisions (continued)

	2022					
	Balance at the beginning of the year	Formed during the year	Utilised During the year	Provisions no longer required	Results of discontinued operations	Balance at the end of the year
Provision for human resources	6,501,775	14,429,660	(8,420,143)	(6,445,196)	2,583,951	8,650,047
Claims provision	1,655,742	2,072,628	(1,242,534)	-	-	2,485,836
Total	8,157,517	16,502,288	(9,662,677)	(6,445,196)	2,583,951	11,135,883

Provision for human resources

Other provisions for human resources include provisions for restructuring the Company's employees, provision for employee leave, and provision for benefits for employees over the age of 60 in accordance with the law.

Claims provision

Other provisions represent the provisions for contingent liabilities of expected claims from some entities and parties with respect to the Company's activities. Usual information about the provisions made according to accounting standards was not disclosed, as the management believes that doing so may seriously affect the outcome of negotiations with such entities and authorities. The management reviews these provisions on a yearly basis, and the allocated amount is adjusted according to the latest updates, discussions and agreements with external parties.

18. Trade and other payables

	2023	2022
Trade and notes payable	179,710,499	81,478,106
Accrued expenses	85,996,692	77,015,693
Social insurances	2,111,018	2,501,304
Other creditors	15,413,705	10,533,597
	283,231,914	171,528,700

19. Lease liabilities

The Company has applied EAS 49 for leases as at 1 January 2021. The Company has applied the standard using the revised retrospective approach, and comparative figures have not been restated.

The weighted average of the incremental borrowing rate applied on the recognized lease liabilities at 1 January 2021 amounted to 11,15%.

Lease liabilities represent the present value of lease liabilities related to medical equipment acquired by one of the companies of the Company for leases and leases of premises, measured at the present value of the contractual lease payments discounted at an implicit rate of return of 11,15%.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - for the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

19. Lease liabilities (continued)

The following is the undiscounted amount of the liabilities	2023	2022
Within 1 year	12,282,431	9,986,330
More than one year	54,812,050	215,976,141
	67,094,481	225,962,471
Present value		
Within 1 year	12,282,431	9,986,330
More than one year	37,661,318	90,962,971
	49,943,749	100,949,301

The lease liabilities are presented as follows:

	2023	2022
Lease liabilities as at 31 December	100,949,301	108,476,311
Settlements during the year	1,404,168	(3,978,225)
Additions during the year	28,701,815	-
De-recognitions during the year	(77,798,096)	(842,981)
Lease liabilities on 1 January	53,257,188	103,655,105
Add: Interest charged during the year	7,041,785	3,932,563
Add: Results of discontinued operations	2,207,245	7,848,329
(Less): Payments during the year	(12,562,469)	(14,486,696)
Lease liabilities on 31 December	49,943,749	100,949,301

20. Capital

The Company's paid-up capital amounts to EGP 722,717,101, distributed over 1,445,434,202 shares. The shareholder structure at 31 December 2023 is as follows:

Name	<u>Ownership percentage</u>	<u>Number of shares</u>	<u>Nominal value</u>
Care Health Care	32,10%	464,000,000	232,000,000
MCI Capital partners for healthcare	30,77%	444,688,538	222,344,269
Other shareholders	37,13%	536,745,664	268,372,832
Total	100%	1,445,434,202	722,717,101

The shareholder structure at 31 December 2022 is as follows:

Name	<u>Ownership percentage</u>	<u>Number of shares</u>	<u>Nominal value</u>
Care Health Care	29%	464,000,000	232,000,000
MCI Capital partners for healthcare	27,79%	444,688,538	222,344,269
Other shareholders	43,21%	691,311,462	345,655,731
Total	100%	1,600,000,000	800,000,000

The Company purchased treasury shares during the year, and the outstanding balance on 31 December 2023 amounts to EGP 5,051,601.

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

21. Employee reward plan

The employee share ownership plan balance is calculated on the basis of the difference between the weighted average price for the month prior to the date the units are granted and the month prior to the unit maturity date which is one year after the granting. The difference is multiplied by the number of units granted to each beneficiary and then divided by the price at maturity, which results the final shares of the beneficiary.

The estimated current value of the incentive and bonus program for a period of three years is EGP 48,229,755 (the estimated dues per year are EGP 16,076,585), and the estimated value for the period recorded in equity is EGP 16,076,585.

22. Reserves

	<u>2023</u>	<u>2022</u>
Legal reserve	110,640,352	99,777,675
Special reserve	47,379,722	47,379,722
Other reserves	13,942,555	259,819,450
Total	<u>171,962,629</u>	<u>406,976,847</u>

22.1 Legal reserve

In accordance with the companies' law number 159 of 1981 and the Company's Articles of Association, 5% of the net profit for the year is transferred to the legal reserve account. Based on a proposal by the Board of Directors, this transfer may be partially discontinued if the legal reserve reaches 50% of the capital. The legal reserve is not distributable to shareholders.

The following is a statement of the legal reserve movement during the year:

	<u>2023</u>		
	<u>Balance at the beginning of the year</u>	<u>Formed during the year</u>	<u>Balance at the end of the year</u>
Legal reserve	99,777,675	10,862,677	110,640,352
Total	<u>99,777,675</u>	<u>10,862,677</u>	<u>110,640,352</u>
	<u>2022</u>		
	<u>Balance at the beginning of the year</u>	<u>Formed during the year</u>	<u>Balance at the end of the year</u>
Legal reserve	85,159,143	14,618,532	99,777,675
Total	<u>85,159,143</u>	<u>14,618,532</u>	<u>99,777,675</u>

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

Notes to the separate financial statements - for the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

22. Reserves (continued)

22.2 Special Reserve

The special reserve represents the amount due to CARE Healthcare (shareholder) under its commitment letter issued on 12 April 2016, both parties agreed that this amount will not be claimed unless the Company is dissolved or liquidated voluntarily or for any other legal reason. In that case, the debt amount is divided among the outstanding shareholders of the Company upon liquidation or dissolution each in proportion of what they own of shares in the capital of the Company to the total number of issued shares. Accordingly, this amount was recorded as a special reserve within equity.

The following is a statement of the special reserve movement during the year:

	31 December 2023		
	Balance at the beginning of the year	Formed during the year	Balance at the end of the year
Special reserve	47,379,722	-	47,379,722
Total	47,379,722	-	47,379,722

	31 December 2022		
	Balance at the beginning of the year	Formed during the year	Balance at the end of the year
Special reserve	47,379,722	-	47,379,722
Total	47,379,722	-	47,379,722

22.3 Other reserves

The amount represents the transferred value of the premium in accordance with the requirements of Law No. 159 of 1981. In addition to the difference between the purchase price of treasury shares and the sale price.

The following is a statement of the other reserves movement during the year:

	2023			
	Balance at the beginning of the year	Formed during the year	Used during the year	Balance at the end of the year
Other reserves	259,819,450	1,619,495	(247,496,390)	13,942,555
	259,819,450	1,619,495	(247,496,390)	13,942,555

	2022			
	Balance at the beginning of the year	Formed during the year	Used during the year	Balance at the end of the year
Other reserves	258,169,004	1,650,446	-	259,819,450
	258,169,004	1,650,446	-	259,819,450

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

23. Revenue

	<u>2023</u>	<u>2022</u>
Residency and medical supervision revenue	301,451,162	201,602,688
Surgeries revenue	291,600,732	222,613,130
Outpatient clinics revenue	165,267,075	139,024,894
Laboratories revenue	145,246,906	128,942,960
Cardiac catheterization revenue	101,863,917	63,664,207
Services revenue*	101,036,994	73,244,972
Radiology revenue	90,323,903	79,438,448
Pharmacy revenue	88,095,300	57,146,275
Emergency revenue	71,115,453	52,864,842
Physiotherapy revenue	19,170,802	10,830,448
Cardiac tests revenue	16,924,573	11,472,536
Binoculars revenue	15,357,100	10,312,890
Dentist revenue	11,072,100	9,221,105
Other divisions revenue	12,234,753	2,671,508
	<u>1,430,760,770</u>	<u>1,063,050,903</u>

*The Service Fee does not represent a separate performance obligation but rather an incremental cost with fixed percentage applied to all revenue flows except the sale of medicines.

All types of revenues are recognized at a point in time except for residency and medical supervision, which are recognized over time, as shown as follows:

	<u>2023</u>	<u>2022</u>
At a certain point in time	1,129,309,608	861,448,215
It is recognized over time.	301,451,162	201,602,688
	<u>1,430,760,770</u>	<u>1,063,050,903</u>

24. Cost of obtaining revenue

	<u>2023</u>	<u>2022</u>
Medical and pharmaceutical supplies	278,501,418	173,857,727
Doctors' fees	226,619,304	187,925,369
Employees' wages, salaries and benefits	214,767,800	165,821,124
Depreciation of fixed assets	33,847,152	29,643,544
Maintenance, spare parts and energy expenses	30,671,887	22,770,237
Consumables costs	23,390,859	15,820,929
Services from others	21,186,015	12,497,735
Depreciation of right-of-use	1,148,578	928,068
Miscellaneous expenses	31,802,340	21,919,541
Less: The quota of the Group's companies in the Company's expenses	(9,535,014)	-
	<u>852,400,339</u>	<u>631,184,274</u>

CLEOPATRA HOSPITAL COMPANY (S.A.E.)

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(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

25. General and administrative expenses

	<u>2023</u>	<u>2022</u>
Employees' wages, salaries and benefits	139,355,269	121,725,474
Maintenance, spare parts and energy expenses	18,419,590	14,801,753
Depreciation of fixed assets	14,523,346	14,736,417
Services from others	12,847,484	10,751,677
Professional fees and consultations	10,535,750	11,122,677
Depreciation of right of use	8,423,385	4,353,619
Consumables costs	1,780,634	939,184
Miscellaneous expenses	33,876,866	19,780,043
Less: The quota of the Group's companies in the Company's expenses	<u>(66,958,697)</u>	<u>(63,186,418)</u>
	<u>172,803,627</u>	<u>135,024,426</u>

26. Expected credit losses - financial assets

	<u>2023</u>	<u>2022</u>
Impairment of trade receivables	10,856,845	7,378,069
Impairment (reversal of Impairment) of cash	1,013,238	(247,816)
	<u>11,870,083</u>	<u>7,130,253</u>

27. Other revenues

	<u>2023</u>	<u>2022</u>
Gains (losses) on sale of fixed assets	81,977	(416,985)
Losses on de-recognition of leases	(496,945)	-
Leases	853,504	1,208,145
Miscellaneous revenues	2,224,326	2,404,404
	<u>2,662,862</u>	<u>3,195,564</u>

28. Finance income /(expenses)

	<u>2023</u>	<u>2022</u>
Finance income		
Interest income	5,846,447	18,656,026
Foreign currency valuation	4,185,469	7,775,750
Total finance income	<u>10,031,916</u>	<u>26,431,776</u>
Finance expenses		
Interests receivable - credit facilities	(52,822,956)	(20,017,452)
Interests receivable - Leases	(7,041,785)	(3,932,563)
Interests receivable - De-recognition of Leases	729,716	-
Total finance expenses	<u>(59,135,025)</u>	<u>(23,950,015)</u>
Net finance income/ expenses	<u>(49,103,109)</u>	<u>2,481,761</u>

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Notes to the separate financial statements - for the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

29. Income tax

	<u>2023</u>	<u>2022</u>
Current tax	56,682,192	62,002,590
Deferred tax	2,296,252	284,993
	<u>58,978,444</u>	<u>62,287,583</u>

The tax on profit before tax theoretically differs from the amount expected to be earned by applying the average tax rate that is applicable to the profits of the Company as follows:

	<u>2023</u>	<u>2022</u>
Net profit before tax	<u>335,552,137</u>	<u>279,105,063</u>
Income tax calculated at the applicable local tax rate	75,499,231	62,798,639
Add (less):		
Expenses not recognized	4,725,428	4,049,303
Non-taxable revenues	(18,398,553)	(4,996,411)
Income tax	<u>61,826,106</u>	<u>61,851,531</u>
Effective tax rate	<u>18,43%</u>	<u>22,16%</u>

	<u>2023</u>	<u>2022</u>
<u>Current income tax liabilities</u>		
Balance at 1 January	49,865,953	62,042,330
Payments during the year	(25,505,665)	(38,386,307)
Tax for the year	59,529,854	61,566,538
Paid under tax account	(41,634,911)	(35,356,608)
	<u>42,255,231</u>	<u>49,865,953</u>

30. Deferred tax

	<u>2023</u>	<u>2022</u>
<u>Deferred tax assets</u>		
Provisions (other than claims provision)	1,469,854	1,946,261
<u>Deferred tax liabilities</u>		
Depreciation of fixed assets	(11,730,797)	(9,910,952)
Deferred tax - liability	<u>(10,260,943)</u>	<u>(7,964,691)</u>

The movement on the deferred tax account is as follows:

	<u>2023</u>	<u>2022</u>
Deferred tax assets		
Balance at 1 January	1,946,261	1,462,900
Charged to the statement of profit or loss	(476,407)	483,361
Balance at the end of the year	<u>1,469,854</u>	<u>1,946,261</u>
Deferred tax liabilities		
Balance at 1 January	(9,910,952)	(9,142,598)
Charged to the statement of profit or loss	(1,819,845)	(768,354)
Balance at the end of the year	<u>(11,730,797)</u>	<u>(9,910,952)</u>
Net deferred tax liabilities	<u>(10,260,943)</u>	<u>(7,964,691)</u>

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31. Earnings per share

Basic earnings per share for the year is calculated by dividing the net profit of the Company's shareholders for the year by the weighted average number of shares outstanding during the year after derecognising employees' dividends.

	<u>2023</u>	<u>2022</u>
Profit for the year from continued operations	277,988,417	218,755,495
(Less): Dividends of employees and the Board of Directors	(68,838,866)	(43,658,144)
	<u>209,149,551</u>	<u>175,097,351</u>
Weighted average number of ordinary shares for the purpose of basic earnings of the share.	1,441,509,083	1,514,721,828
The weighted average number of ordinary shares for the purpose of the employee reward plan	2,298,783	2,246,395
Weighted average number of ordinary shares for the purpose of diluted earnings of the share.	<u>1,443,807,866</u>	<u>1,516,968,223</u>
Basic earnings per share	0,14	0,12
Diluted earnings per share	<u>0,14</u>	<u>0,12</u>

Weighted average number of shares shall be adjusted to take into account shares held under the bonus and incentive plan for employees, directors and executive members of the Board of Directors

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32. Transactions with related parties

During the year, the Company made transactions with certain related parties. The balances with related parties at the date of the financial statements, as well as transactions during the year are as follows:

Statement of financial position balances

Name of the Company	Nature of transaction	Value of transaction	Balance due From (to) 31 December 2023	Balance due From (to) 31 December 2022
Nile Badrawy Hospital Company (Subsidiary)	The quota of the Group's companies in the Company's expenses *	20,407,618	-	-
	Medical activity revenues	1,193,606	-	-
	Medical activity expenses	1,365,604	-	-
Cairo Specialized Hospital Company (subsidiary)	The quota of the Group's companies in the Company's expenses	29,387,376	-	-
	Medical activity expenses	5,581,053	-	-
	Medical activity revenues	5,631,984	-	-
Al Shorouk Hospital (subsidiary)	The quota of the Group's companies in the Company's expenses *	22,700,550	-	-
	Medical activity expenses	5,944,991	-	-
	Medical activity revenues	2,174,540	-	-
	Amounts paid on behalf of the Company	(27,299,450)	(27,299,450)	-
CHG Medical Services (subsidiary)	Amounts paid on behalf of the Company	(2,957,728)	47,404,490	50,362,218
	Medical activity revenues	13,050,282	-	-
	Medical activity expenses	8,838,227	-	-
CHG Pharma for Pharmacies Management (Subsidiary)	Amounts paid on behalf of the Company	975,710	975,710	-
Other parties	Expenses paid on behalf of related parties	-	482,342	482,342
CHG for Hospitals Company	Management fees	-	(2,955,658)	(2,955,658)
New Beginning Hospital Management Company	Expenses paid on behalf of the Company	8,170,422	8,752,798	582,376
	The quota of the Group's companies in the Company's expenses *	3,998,167	-	-
CHG SKY Hospital S.A.E	Expenses paid on behalf of the Company	(590,672)	298,028	888,700
Cleopatra Hievin Company S.A.E.	Expenses paid on behalf of the Company	30,482,473	32,962,752	2,480,278
			60,621,012	51,840,256

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Notes to the separate financial statements - for the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

32. Transactions with related parties (continued)

- During 2017, Cleopatra Hospital Company signed an agreement with its subsidiaries. Under this contract, the Company distributes the costs of joint activities to the Group companies according to the percentages related to the revenues achieved by each company.
- This agreement was approved by the Group's subsidiaries boards of directors and their General Assemblies.
- Transactions with related parties are represented through the sale, purchase or exchange of services. Prices, policies and conditions related to these operations are approved by the Company's management and are on the same basis as dealing with others.

33. Tax position

Cleopatra Hospital Company

First: Fund corporates tax

- The inspection was made till 31 December 2019, and the settlement and the full payment were made.
- In 2020, the inspection and the payment were made, and the settlement is in progress.
- The tax return for the years 2021 and 2022 was submitted on the legally specified dates.

Second: Salaries tax

- The inspection was made till 31 December 2019, and the settlement and the full payment were made.
- The year 2020 was inspected and the principal tax was paid.
- Salaries adjustments and 4 salary models for the years 2021 and 2022 were submitted on the legally specified dates.

Third: Stamp tax

- Inspection and payment were made until 31 July 2006.
- The inspection and payment were made till the year 2020 and the settlement is in progress.

Fourth: Value added tax

- The inspection was made till 31 December 2004.
- Sales tax for the years from 2005 to 2020 was inspected and the inspection differences were paid.
- Monthly returns are submitted within the legal deadlines.

34. Commitments

Capital Commitments:

Capital commitments at the end of the financial year, which have not yet due, amounted to EGP 9,948,520 (2022: EGP 54,037,583) represented in commitments related to the purchase of fixed assets and projects in progress.

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35. Other liabilities

The present value of the cash portion of the remaining transaction value on the date of the transaction was estimated at EGP 14,485,000 and EGP 10,000,000 of this balance to be repaid to Dr. Ismail Aboul Fotouh in 2022.

36. Treasury shares

On 24 February 2022, the Board of Directors unanimously approved that the Company purchases treasury shares from the open market, provided that implementation takes place based on the price of the security during the trading sessions. It was also unanimously approved that the purchase transaction will be self-funded from the Company's resources, and provided that the implementation takes place as of the session held on 27 February 2022, until the purchase of treasury shares amounting to a maximum of 10% of the total shares of the Company, without the contribution of any of the main or internal shareholders and their associated groups in accordance with the law.

Based on the decision of the Board of Directors, the company purchased 160,737,312 shares of its stock exchange market for a total amount of EGP 766,026,840, and it was offered at a discount from the equity of treasury shares, and on December 6, 2022, the Board of Directors approved the disposal. By executing 154,565,797 treasury shares, and on 25 January 2023, the company's General Assembly approved the disposal of the shares, and on 6 July 2023, it was agreed upon unanimously at the company's Board of Directors meeting to transfer 2,298,784 shares of treasury shares owned by the company to special shares under the reward and incentive plan, with a total amount of EGP 10,862,676, so that the company can meet its obligation towards the beneficiaries of the plan and distribute it into them in accordance with the regulating rules.

37. Significant and subsequent events

a) A settlement agreement regarding the land of the Nile Badrawi Hospital

On 13 February 2020, Cleopatra Hospital Company, the General Authority for River Transportation, the Nile Badrawi Hospital, and the inheritors of the Engineer Hassan Badrawy signed a comprehensive and final settlement agreement, according to which it was agreed to resolve, settle, and end all disputes and claims related to the land on which the Nile Badrawy Hospital was built. The total settlement amounted to EGP 36 million, noting that part of the settlement falls within the limits of the amounts deducted from the selling price of Nile Badrawy Hospital shares in favor of Cleopatra Hospital. It has been agreed upon a waiver of disputes between the General Authority for River Transportation Company and the Nile Badrawy Hospital that each of them raises concerning the land subject to settlement. On 31 March 2021, the Administrative Court issued a ruling that the case was accepted in form and rejected in substance. Cairo Governorate and the Nile Badrawy Hospital appealed the aforementioned ruling before the Supreme Administrative Court, and a hearing was determined on 21 September 2022, for both parties to submit settlement contracts executed between the parties. The consideration of the appeal has been deferred to a hearing on 7 February 2024, to take intervention procedures of the heirs of the late Hassan Badrawi, and to review notes for whomever wants. The appeal has been postponed until response the defence memorandum. It was postponed to 26 March 2024 for ruling.

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Notes to the separate financial statements - for the financial year ended 31 December 2023

(All amounts in the notes are shown in Egyptian pounds unless otherwise stated)

37. Significant and subsequent events (continued)

b) Movements in exchange rates for the Egyptian pound

The functional and presentation currency of the Company witnessed significant movements in 2023, as the Egyptian pound has decreased by 24,4% against foreign currencies. These movements are part of the ongoing liberalisation of the Exchange Rate Regime by the Central Bank of Egypt (CBE).

The Monetary Policy Committee of the Central Bank of Egypt decided to raise the deposit and borrowing interest rates by 200 basis points on 1 February 2024, then by 600 basis points on 6 March 2024. The credit and discount rates were also raised by 600 basis points on 6 March 2024.

c) Impact of the conflict in Gaza

The conflict in Gaza that broke out on 7 October 2023 had a fundamental impact on the Egyptian economy as well as consumer trends. The Department assessed the major impacts of the conflict on the economy, which included a level of disruption in the supply chain due to the impact of the conflict on shipping lanes in the Red Sea. This has led to a general increase in freight rates due to higher insurance and shipping costs. The company was slightly affected by supply chain disruptions during 2023 as there was decreased reliance on shipping coming through the Red Sea.

The management has taken steps to ensure the Company is not affected in the short term, but due to the uncertainty and liquidity of the situation, the overall impact in the medium and long term is undetermined.

38. Discontinued operations

* According to the decision of the Board of Directors at 6 July 2023, all operations and operating activities of Queens Hospital were closed and suspended, and it was derecognised from the Company and considered as discontinuous operations. Below is a detailed statement of the results of these operations.

(All amounts are shown in Egyptian pounds)	<u>2023</u>	<u>2022</u>
Revenues	-	30,388,796
(Less):		
Cost of obtaining revenue	(1,939,553)	(22,341,515)
Gross profit	(1,939,553)	8,047,281
(Less) add:		
General and administrative expenses	(793,802)	(4,730,793)
Impairment of intangible assets	(14,071,000)	-
ECLs of financial assets	(74,037)	2,126,013
Other expenses	124,613	(2,583,951)
Other income	(59,542,994)	(636,857)
Finance income	20,914	3,835,464
Finance expenses	74,861,135	(7,995,172)
Profits for the year before income tax	(1,414,724)	(1,938,015)
Tax on the results of discontinued operations	(2,847,662)	452,152
(Losses) after income tax	(4,262,386)	(1,485,863)