

**CLEOPATRA HOSPITAL COMPANY “S.A.E.”**

**AUDITOR’S REPORT**  
**AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**31 DECEMBER 2023**

**CLEOPATRA HOSPITAL COMPANY “S.A.E.”**

**Consolidated 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 consolidated financial statements*

We have audited the accompanying consolidated financial statements of Cleopatra Hospital Company "S.A.E." (the "Company") and its subsidiaries (together the "Group") which comprise the statement of financial position as of 31 December 2023 and the 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 notes.

### *Management's responsibility for the consolidated financial statements*

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

### *Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated 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 the accounting estimates made by management, as well as the overall presentation of the consolidated 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 consolidated financial statements.



## *Auditor's report*

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#### *Opinion*

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

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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."**

**Consolidated statement of financial position as of 31 December 2023**

(All amounts are shown in Egyptian pounds)	Note	2023	2022
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	7	2,176,609,189	1,567,256,629
Right of use	8	133,173,560	149,161,936
Goodwill	9	355,192,334	369,263,334
Other intangible assets	9	52,113,825	54,183,109
Investments in associates	10	3,810,927	3,810,927
Paid under investment purchase account		-	4,201,975
<b>Total non-current assets</b>		<b>2,720,899,835</b>	<b>2,147,877,910</b>
<b>Current assets</b>			
Inventory	11	291,998,445	108,020,724
Trade receivables	12	648,472,394	486,330,387
Due from related parties	34	482,343	3,152,972
Debtors and other debit balances	13	468,277,071	172,817,945
Cash and cash equivalents	14	357,897,117	346,143,272
<b>Total current assets</b>		<b>1,767,127,370</b>	<b>1,116,465,300</b>
<b>Total assets</b>		<b>4,488,027,205</b>	<b>3,264,343,210</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Capital	20	722,717,101	800,000,000
Treasury shares	38	(5,051,601)	(766,026,840)
Retained earnings		1,435,625,265	1,517,369,788
Employee reward plan	21	16,076,585	8,383,763
Reserves	22	80,415,562	319,211,558
<b>Equity attributable to the Company's owners</b>		<b>2,249,782,912</b>	<b>1,878,938,269</b>
Non-controlling interests	23	196,467,097	148,412,296
<b>Total equity</b>		<b>2,446,250,009</b>	<b>2,027,350,565</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	19	85,882,660	155,459,030
Deferred tax liabilities	32	101,827,221	89,449,007
Loans	16	423,009,023	88,033,127
<b>Total non-current liabilities</b>		<b>610,718,904</b>	<b>332,941,164</b>
<b>Current liabilities</b>			
Bank overdrafts	15	252,992,341	244,464,052
Loans	16	65,923,233	-
Provisions	17	20,308,471	25,300,047
Trade and other payables	18	928,098,411	511,724,770
Other liabilities	37	42,490,000	35,580,000
Lease liabilities	19	45,673,809	38,983,371
Current income tax liabilities	31	75,572,027	47,999,241
<b>Total current liabilities</b>		<b>1,431,058,292</b>	<b>904,051,481</b>
<b>Total liabilities</b>		<b>2,041,777,196</b>	<b>1,236,992,645</b>
<b>Total equity and liabilities</b>		<b>4,488,027,205</b>	<b>3,264,343,210</b>

The accompanying notes from note 1 to 40 represent an integral part of the consolidated financial statements.

Mr. Adel Elmistikawi  
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.”**

**Consolidated statement of profit or loss  
For the financial year ended 31 December 2023**

(All amounts are shown in Egyptian pounds)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Revenues	24	3,595,299,364	2,584,032,374
(Less):			
Cost of obtaining revenues	25	<u>(2,386,677,071)</u>	<u>(1,718,764,570)</u>
Gross profit		<b>1,208,622,293</b>	<b>865,267,804</b>
Less:			
General and administrative expenses	26	(494,187,272)	(376,472,352)
Expected credit losses in the financial assets	28	(50,508,517)	(28,373,644)
Other expenses	17	(17,514,675)	(19,812,449)
Other revenues	29	6,732,718	5,511,144
Consulting expenses for acquisition activities		<u>(2,303,223)</u>	<u>(4,289,105)</u>
Operating profit		<b>650,841,324</b>	<b>441,831,398</b>
Finance income	30	27,795,203	45,496,791
Finance expenses	30	<u>(69,547,984)</u>	<u>(35,724,976)</u>
Profits for the year before income tax		<b>609,088,543</b>	<b>451,603,213</b>
Current tax	31	(123,148,254)	(85,730,245)
Deferred tax	31	<u>(12,378,214)</u>	<u>(7,639,167)</u>
Net profit for the year from continued operations		<b>473,562,075</b>	<b>358,233,801</b>
Results of discontinued operations	40	<u>(4,262,386)</u>	<u>(1,501,962)</u>
Net profit for the period after income tax		<b>469,299,689</b>	<b>356,731,839</b>
Profit attributable to:			
Shareholders of the Parent Company		418,180,515	325,762,928
Non-controlling interests	23	<u>51,119,174</u>	<u>30,968,911</u>
		<b>469,299,689</b>	<b>356,731,839</b>
<b>Earnings per share (basic/diluted)</b>	33	<b>0,22</b>	<b>0,17</b>
<b>Earnings per share from continued operations</b>	33	<u><b>0,22</b></u>	<u><b>0,17</b></u>

- The accompanying notes from note 1 to 40 represent an integral part of the consolidated financial statements.

**CLEOPATRA HOSPITAL COMPANY “S.A.E.”**

**Consolidated statement of comprehensive income  
For the financial year ended 31 December 2023**

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(All amounts are shown in Egyptian pounds)

	<u>2023</u>	<u>2022</u>
Profit for the year	469,299,689	356,731,839
Other comprehensive income items	-	-
<b>Comprehensive income for the year</b>	<b><u>469,299,689</u></b>	<b><u>356,731,839</u></b>
Profit attributable to:		
Shareholders of the Parent Company	418,180,515	325,762,928
Non-controlling interests	<u>51,119,174</u>	<u>30,968,911</u>
	<b><u>469,299,689</u></b>	<b><u>356,731,839</u></b>

- The accompanying notes from note 1 to 40 represent an integral part of the consolidated financial statements.

**CLEOPATRA HOSPITAL COMPANY “S.A.E.”**

**Consolidated statement of changes in equity  
For the financial year ended 31 December 2023**

(All amounts are shown in Egyptian pounds)

	<b>Capital</b>	<b>Treasury shares</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Employee reward plan</b>	<b>Total equity of the Parent Company</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
<b>Balance at 1 January 2022</b>	800,000,000	(4,152,742)	302,942,579	1,269,995,272	8,289,941	<b>2,377,075,050</b>	120,742,065	<b>2,497,817,115</b>
<b>Treasury shares</b>	-	(778,266,336)	-	-	-	<b>(778,266,336)</b>	-	<b>(778,266,336)</b>
<b>Dividends paid to the employees and the Board of Directors</b>	-	-	-	(62,408,742)	-	<b>(62,408,742)</b>	(4,659,818)	<b>(67,068,560)</b>
<b>Reserves</b>	-	-	16,268,979	(15,979,670)	-	<b>289,309</b>	1,361,138	<b>1,650,447</b>
<b>Employee reward plan</b>	-	16,392,238	-	-	93,822	<b>16,486,060</b>	-	<b>16,486,060</b>
<b>Comprehensive income for the year</b>	-	-	-	325,762,928	-	<b>325,762,928</b>	30,968,911	<b>356,731,839</b>
<b>Balance at 31 December 2022</b>	<b>800,000,000</b>	<b>(766,026,840)</b>	<b>319,211,558</b>	<b>1,517,369,788</b>	<b>8,383,763</b>	<b>1,878,938,269</b>	<b>148,412,296</b>	<b>2,027,350,565</b>
<b>Balance at 1 January 2023</b>	800,000,000	(766,026,840)	319,211,558	1,517,369,788	8,383,763	<b>1,878,938,269</b>	148,412,296	<b>2,027,350,565</b>
<b>Treasury shares</b>	(77,282,899)	750,584,719	(247,496,390)	(425,805,430)	-	-	-	-
<b>Dividends paid to the employees and the Board of Directors</b>	-	-	-	(61,746,137)	-	<b>(61,746,137)</b>	(4,154,969)	<b>(65,901,106)</b>
<b>Legal reserve</b>	-	-	10,862,677	(12,373,471)	-	<b>(1,510,794)</b>	1,510,794	-
<b>Other reserves</b>	-	-	(3,781,778)	-	-	<b>(3,781,778)</b>	-	<b>(3,781,778)</b>
<b>Employee reward plan</b>	-	10,390,520	1,619,495	-	7,692,822	<b>19,702,837</b>	-	<b>19,702,837</b>
<b>NCI’s share of acquisition of subsidiaries</b>	-	-	-	-	-	-	(420,198)	<b>(420,198)</b>
<b>Comprehensive income for the year</b>	-	-	-	418,180,515	-	<b>418,180,515</b>	51,119,174	<b>469,299,689</b>
<b>Balance at 31 December 2023</b>	<b>722,717,101</b>	<b>(5,051,601)</b>	<b>80,415,562</b>	<b>1,435,625,265</b>	<b>16,076,585</b>	<b>2,249,782,912</b>	<b>196,467,097</b>	<b>2,446,250,009</b>

- The accompanying notes from note 1 to 40 represent an integral part of the consolidated financial statements.

**CLEOPATRA HOSPITAL COMPANY “S.A.E.”**

**Consolidated 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>
<b>Cash flows from operating activities</b>			
Profit before tax from continuing operations		<b>609,088,543</b>	<b>451,603,213</b>
Profit before tax from discontinued operations		(1,414,724)	(1,938,015)
<b>Profit before tax Including discontinued operations</b>		<b>607,673,819</b>	<b>449,665,198</b>
Adjustments for the settlement of profit with cash flows from operating activities:			
Depreciation of fixed assets	7	152,394,135	133,124,003
Depreciation of right-of-use	8	26,812,142	25,956,681
(Profits) on disposal of fixed assets	29	4,270,104	428,331
Expected credit losses in the financial assets	28	50,508,517	28,373,644
Impairment of inventory	11	168,715	526,259
Impairment of accounts and other receivables	13	(1,310)	-
Provisions	17	17,390,062	22,396,400
Interests and commissions - credit facilities	30	53,445,041	20,442,311
Interests and commissions - leases	30	19,039,904	23,130,995
Interest income	30	(25,015,684)	(37,078,828)
Share in the results of the associates and joint ventures		-	(407,606)
Intangible assets amortisation	9	2,069,284	2,069,284
De-recognition of leases		(21,707,544)	-
Impairment of intangible assets	40	14,071,000	-
Other liabilities	37	6,910,000	13,820,001
Employee reward plan	21	22,333,057	16,486,060
Operating profits before change in assets and liabilities		<b>930,362,552</b>	<b>698,932,733</b>
<b>Change in assets and liabilities</b>			
Change in inventory		(184,146,436)	(57,039,845)
Changes in trade receivables		(206,394,991)	(60,249,867)
Change in due from related parties		2,670,629	(2,622,672)
Change in debtors and other debit balances		(274,757,146)	13,995,755
Change in creditors and other credit balances		414,068,212	48,622,525
Changes in working capital		<b>681,802,820</b>	<b>641,638,629</b>
Income tax paid	31	(98,423,130)	(103,493,806)
Used of ECLs in the financial assets	12	(3,035,962)	(69,258,483)
Utilised provisions	17	(22,381,638)	(19,013,851)
Payments of other liabilities	37	-	(10,000,000)
Net cash flows generated from operating activities		<b>557,962,090</b>	<b>439,872,489</b>
<b>Cash flows from investing activities</b>			
Payments to purchase fixed assets	7	(185,868,435)	(161,666,332)
Payments for projects in progress	7	(582,710,639)	(189,604,595)
Proceeds from sale of fixed assets		2,562,275	2,187,384
Payments under purchase of fixed assets account		(56,582,003)	(73,407,468)
Payments under long term investments account		-	1,471,025
Payments for investments in associates		-	(1,225,020)
Interest collected		25,015,684	37,078,828
<b>Net cash flows used in investing activities</b>		<b>(797,583,118)</b>	<b>(385,166,178)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank overdrafts		8,528,289	183,836,492
Proceeds from loans		400,899,129	88,033,127
Lease liability payments		(36,446,226)	(40,734,524)
Payments to purchase treasury shares		-	(778,266,336)
Proceeds from the sale of treasury shares		-	80,696,141
Paid interest and commissions		(53,445,041)	(20,442,311)
Payment of dividends		(64,867,679)	(67,919,500)
Net cash flows generated from (used in) financing activities		<b>254,668,472</b>	<b>(554,796,911)</b>
<b>Change in cash and cash equivalents during the year</b>		<b>15,047,444</b>	<b>(500,090,600)</b>
Cash and cash equivalents at the beginning of the year		347,434,402	847,525,002
Cash and cash equivalents at the end of the year	14	<b>362,481,846</b>	<b>347,434,402</b>

- The accompanying notes from note 1 to 40 represent an integral part of the consolidated financial statements.

## **CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

### **Notes to the consolidated financial statements For the financial year ended 31 December 2023**

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

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#### **1. Introduction**

Cleopatra Hospital Company (Lasheen and Partners “formerly”) was established as a Limited Partnership on 19 July 1979. The decision of the Chairman of Investment Authority No. 4092 of 2005 was issued on 27 June 2005 authorising the conversion of the legal entity of Cleopatra Hospital (Lasheen and Partners) from a "Limited Partnership" into Cleopatra Hospital Company "S.A.E." The Company was incorporated and located in the Arab Republic of Egypt. The Company is a public joint stock company and was incorporated in accordance with Law No.95 of 1992.

The Company is listed in 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.

##### **Registered address and workplace**

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

##### **Presentation currency**

The presentation currency is the Egyptian pound.

These consolidated financial statements of the Company and its subsidiary (together the “Group”) have been approved for issuance by the Company’s Board of Directors on **14 March 2024**.

#### **2. Operating environment of the Group**

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

For the purpose of measuring ECLs on the Group's financial assets, receivables and similar assets, the Group uses future data, mainly projections of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

#### **3. Significant accounting policies**

##### **3.1 Basis of preparation**

This consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws. In accordance with the historical cost convention, except for the following important items mentioned in the statement of financial position:

- The employee reward system is measured at fair value.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 3. Significant accounting policies (continued)

##### 3.1 Basis of preparation (continued)

The significant accounting policies applied in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied over the periods presented, unless otherwise stated.

The preparation of the consolidated financial statements in conformity 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 Group's accounting policies. Note (4) clarifies the most significant accounting estimates and judgements applied for the preparation of the consolidated financial statements.

New issues and amendments made to EASs

The Minister of Investment issued Resolutions No. 883 and 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 Group's management has evaluated the impact of applying these amendments to the financial statements, as shown in the following:

<b><u>Standard name</u></b>	<b><u>EAS (10) "Fixed assets and their depreciations"</u></b>
<b>Nature of the amendment</b>	<b>Scope of the standard</b> <ul style="list-style-type: none"><li>- The scope of the standards has been amended to include "Bearer plants"</li></ul> <b>Measurement</b> <ul style="list-style-type: none"><li>- An option to apply the re-evaluation model for fixed assets has been added.</li><li>- 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).</li><li>- 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.</li></ul>
<b>Impact</b>	<b>Disclosures</b> <ul style="list-style-type: none"><li>- Some new disclosures have been added to the re-evaluation model.</li></ul> There is no impact on the Company's consolidated financial statements for the financial year ended 31 December 2023.

**CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

**Notes to the consolidated financial statements  
For the financial year ended 31 December 2023**

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

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<b><u>Standard name</u></b>	<b><u>EAS (10) “Fixed assets and their depreciations”</u></b>
<b>Mandatory application date/ Implementation date by the Group</b>	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.
<b><u>Standard Name</u></b>	<b><u>EAS (23) - “Intangible assets”</u></b>
<b>Nature of the amendment</b>	<b>Scope of the standard</b> 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.  <b>Measurement</b> - 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).  <b>Disclosures</b> Some new disclosures have been added to the re-evaluation model.
<b>Impact</b>	There is no impact on the Company’s consolidated financial statements for the financial year ended 31 December 2023.
<b>Mandatory application date/ Implementation date by the Group</b>	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.
<b><u>Standard name</u></b>	<b><u>Amendments to EAS “Fixed assets” No. (10) and EAS No. (23) “Intangible assets” related to depreciation and amortization</u></b>
<b>Nature of the amendment</b>	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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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<b><u>Standard name</u></b>	<b><u>Amendments to EAS “Fixed assets” No. (10) and EAS No. (23) “Intangible assets” related to depreciation and amortization</u></b>
<b>Impact</b>	There is no impact on the Company’s consolidated financial statements for the financial year ended 31 December 2023, as the Company did not choose to apply the amendment to the financial statements.
<b>Mandatory application date/ Implementation date by the Company</b>	This standard is applied to the financial periods beginning on or after 1 January 2023.
<b><u>Standard Name</u></b>	<b><u>EAS No. (34) “Investment properties”</u></b>
<b>Nature of the amendment</b>	<b>Measurement</b> - An option to apply the fair value model for investment properties 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 the Financial Regulatory Authority (FRA).
<b>Impact</b>	There is no impact on the Company’s consolidated financial statements for the financial year ended 31 December 2023.
<b>Mandatory application date / Implementation date by the Group</b>	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.
<b><u>Standard Name</u></b>	<b><u>EAS No. (36) “Exploration and evaluation of mineral resources”</u></b>
<b>Nature of the amendment</b>	<b>Measurement</b> - An option to use the re-evaluation model has been added and it is processed in accordance with the re-evaluation model in EAS No. 10 "Fixed assets". - 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.  <b>Disclosures</b> Some new disclosures have been added to the re-evaluation model.
<b>Impact</b>	There is no impact on the Company’s consolidated financial statements for the financial year ended 31 December 2023.
<b>Mandatory application date / Implementation date by the Group</b>	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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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<b><u>Standard name</u></b>	<b><u>EAS No. (49) "Leases"</u></b>
<b>Nature of the amendment</b>	<b>Measurement</b> 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".  <b>Disclosures</b> Some new disclosures have been added to the re-evaluation model in accordance with EAS No. (10) "Fixed assets and their depreciation".
<b>Impact</b>	There is no impact on the Company's consolidated financial statements for the financial year ended 31 December 2023, as the Company did not choose to apply the amendment to the financial statements.
<b>Mandatory application date / Implementation date by the Group</b>	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.
<b><u>Standard name</u></b>	<b><u>EAS No. (47) "Financial instruments"</u></b>
<b>Nature of the amendment</b>	Granting some exceptions from the recognition and measurement of credit risk and ECLs for some assets and financial instruments based on their credit risk, their age, guarantees and the economic conditions surrounding them, in addition to the cost and effort required for the expected return from the measurement process.  These exceptions apply to the requirements for recognizing and measuring ECLs for debt instruments issued by the Egyptian government in local currency, and current accounts and deposits at banks operating in Egypt with a maturity of one month or less from the date of the financial position.  <b>Disclosures</b> The Company that uses the aforementioned exceptions must disclose such in the financial statements.
<b>Impact</b>	There is no impact on the Company's consolidated financial statements for the financial year ended 31 December 2023, as the Company did not choose to apply the amendment to the financial statements.
<b>Mandatory application date/ Implementation date by the Group</b>	The Company applies the amendments to financial periods beginning on or after 1 January 2023. changes in accounting estimates are accounted for in accordance with EAS No. (5).

## **CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

### **Notes to the consolidated financial statements For the financial year ended 31 December 2023**

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

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#### **3. Basis of preparation (continued)**

##### **3.2 Consolidated 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, it shall have the practical ability to exercise the right when decisions need to be made about the direction of the investee's relevant activities. The Group may have power over the investee. Whereas protection rights represent even when it owns less than the 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.

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 Group 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 as the difference between the fair value of the net assets of the acquiree out of the total consideration transferred for the acquiree, and the amount of non-controlling interests in the acquiree and the fair value of the interest in the acquiree held immediately prior to the date of acquisition, after the management reassesses whether it has identified all the assets acquired and 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.

All transactions, balances and unrealized profits relating to intra-group transactions are excluded. Unrealized losses are also excluded unless the cost can be recovered. The Company and all its subsidiaries use consolidated accounting policies that are consistent with the Group's policies.

Non-controlling interest is that part of the net results and equity of a subsidiary that is attributable to shares not owned, directly or indirectly, by the Group. Non-controlling interests consist a separate component of the Group's equity.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

#### 3. Basis of preparation (continued)

##### 3.2 Consolidated financial statements

###### (a) Subsidiaries

The financial statements of the Group consist of Cleopatra Hospital Company and the following companies:

	<b>Relationship with Cleopatra Hospital Company</b>	<b>Country of incorporation</b>	<b>Ownership percentage in 2023</b>	<b>Ownership percentage in 2022</b>
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 Sky Hospital S.A.E.	Subsidiary	Egypt	99,99%	99,99%
Cleopatra Heavens Hospital S.A.E.	Subsidiary	Egypt	99,99%	99,99%

###### Non-controlling interests' purchases and sales

The Group applies the economic entity model to account for transactions with non-controlling interests' owners in transactions that do not result in a loss of control. Any difference between the consideration of the purchase and the carrying amount of the non-controlling interests acquired is recorded as a capital transaction directly in equity. The Group recognizes the difference between the consideration of the sale and the carrying amount of the sold non-controlling interests as a capital transaction in the statement of changes in equity.

###### (b) Associates

Associates are all entities over which the Group 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 by using the equity method of accounting and are initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share in the profit or loss of the investee after the date of acquisition. Dividends received from the associates reduce the carrying amount of the investment in the associates. Other variables after acquisition in the Group's share of the net assets of the associate are recognized as follows: (i) the Group's share of the associates' profits or losses is recognized in the consolidated profit or loss for the year as a share in the associates' results, (ii) the Group's share of other comprehensive income is recognized in the other comprehensive income and presented separately, (iii); All other variables in the Group's share of the carrying amount of net assets of the associates are recognized in profit or loss in the associates' share of results.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 3. Basis of preparation (continued)

##### 3.2 Consolidated financial statements (continued)

###### (b) Associates (continued)

However, if the Group's share in the losses of an associate exceeds or is equal to its interest in that associate, including any other unsecured long-term debit balances, including any other unsecured receivables, the Group does not recognize any additional losses unless It has incurred liabilities or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are derecognised in the extent of the Group's interest in the associates. Unrealized losses are also derecognised unless the transaction provides evidence of an impairment in the transferred asset.

Associates are as follows:

	<b>Relationship with Cleopatra Hospital Company</b>	<b>Country of incorporation</b>	<b>Ownership percentage in 2023</b>	<b>Ownership percentage in 2022</b>
Egypt Healthcare Facilities Services for facility management	Associate	Egypt	49%	49%

##### 3.3 Foreign currency translation

###### (a) Functional and presentation currency

The functional currency of each of the Group's companies is the currency of the primary economic environment in which the Company operates. The functional and presentation currency of the Company and all of its subsidiaries is the national currency of the Arab Republic of Egypt, the Egyptian pound. The consolidated financial statements are presented in Egyptian pound, which is the Group's presentation currency.

###### (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 (CBE) 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 consolidated 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 profit or loss.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 3. Basis of preparation (continued)

##### 3.4 Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Historical cost includes all expenditures associated with acquiring the asset and bringing it 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 Group 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 recognised 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 on disposals are determined by comparing the sale proceeds with the carrying amount and are recognized in the statement of profit or loss for the year within "Other income/ (expenses)".

Depreciation of lands 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

The residual value of an asset is the estimated amount which the Group 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 value and useful lives are reviewed, and adjusted, if necessary.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 3. Basis of preparation (continued)

##### 3.5 Intangible assets

###### (a) Goodwill

Goodwill is stated at cost less impairment losses, if any. Goodwill is allocated to cash-generating units (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 Group monitors goodwill and are not larger than an operating segment.

The Group 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 Group 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 to acquire and use them.

Amortisation is recognized in the statement of income on a straight-line basis over the estimated useful life of the intangible asset, from the date it is available.

	<u>Useful lives in years</u>
Trade Name	Undefined
Non-competition agreement	7 years
Software licenses	3-5 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 consolidated financial statements For the financial year ended 31 December 2023

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

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#### 3. Basis of preparation (continued)

##### 3.6 Financial instruments

###### (1) Classification

The Group 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).
- Those measured at amortized cost. The Group'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 consolidated statement of profit or loss or the consolidated statement of other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition of the equity investment account at FVOCI.

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

###### (2) Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on the transaction date, the date on which the Group 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 Group has substantially transferred all risks and rewards of ownership.

###### (3) Measurement

Upon initial recognition, the Group 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 consolidated statement of profit or loss as expense.

#### 1- Debt instruments

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

**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 recognized directly in the consolidated statement of profit or loss and is presented in other profits (losses), in addition to foreign exchange gains and losses. Impairment losses are presented as a separate item in the consolidated statement of profit or loss.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 3. Basis of preparation (continued)

#### 3.6 Financial instruments (continued)

#### (3) Measurement (continued)

#### 1- Debt instruments (continued)

**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 recognized in the consolidated statement of profit or loss and is presented net within other profits (losses) in the period in which it arises.

#### 2- Equity instruments

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

#### Impairment of financial assets - credit loss provision for ECLs

The Group assesses, on a forward-looking basis, the ECL associated with debt instruments measured at AC. The Group measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECLs 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.

#### 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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### **3. Basis of preparation (continued)**

#### **3.6 Financial instruments (continued)**

#### **(3) Measurement (continued)**

#### **2- Equity instruments (continued)**

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 interest income and accrued interest expenses, including accrued coupon, discount or amortized premium (including deferred charges upon construction, if any), are not presented separately and are included in the carrying amounts of the related items in the consolidated statement of financial position.

#### Impairment of financial assets - credit loss provision for ECLs

The Group assesses, on a forward-looking basis, the ECL associated with debt instruments measured at AC. The Group measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECLs 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.

Debt instruments measured at amortised cost, trade and other receivables and contract assets are presented in the consolidated statement of financial position net of provision for ECL. For changes in amortised cost, net of provision of ECL, they are recognised in the profit or loss. The Group applies a simplified approach to impairment of financial assets.

#### Financial assets - de-recognition

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially 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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### **3. Basis of preparation (continued)**

#### **3.6 Financial instruments (continued)**

##### **(3) Measurement (continued)**

#### **2- Equity instruments (continued)**

##### 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 financial guarantee contracts and loan commitments.

##### Financial liabilities - de-recognition

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

#### **3.7 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.

#### **3.8 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.

#### **3.9 Trade and other payables**

These amounts represent liabilities to pay for goods and services provided to the Group 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.

#### **3.10 Loans and bank overdrafts**

Loans are initially recognized at fair value, net of transaction costs incurred. They 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 transaction costs of the loan 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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 3. Basis of preparation (continued)

##### 3.10 Loans and bank overdrafts (continued)

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 Group has an unconditional right to defer settlement of such liabilities for at least 12 months after the date of the financial statements.

##### 3.11 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 Group under the residual value guarantees.
- The price of exercising the option to purchase if the Group is reasonably certain of the practice of this option.
- Payments of lease termination fines, if the term of the lease reflects that the Group exercises this option.

Extension and termination options are included in a number of the Group's property and equipment leases. These terms are used to increase operational flexibility in terms of managing the assets used in the Group's operations. The majority of the maintained extension and termination options can only be exercised by the Group 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 Group's leases, the Group's incremental borrowing rate is used, which is the rate that the Group 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.

To determine the incremental borrowing rate, the Group shall:

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

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 3. Significant accounting policies (continued)

##### 3.11 Lease liabilities (continued)

The Group 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 Group initially estimates the amounts expected to be paid under the residual value guarantees and recognizes 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 Group 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, amended to reflect the actual residual values realized on the comparable assets and expectations about future prices.

##### Lease revenue

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

##### 3.12 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 consolidated 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 consolidated 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.

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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 3. Significant accounting policies (continued)

##### 3.12 Current and deferred income tax (continued)

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.

##### 3.13 Inventory

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 normal 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.

##### 3.14 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 is deducted from the equity attributable to the Company's owners, 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.

##### 3.15 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 Company's issued and paid-up capital. Whenever the reserve is less than such limit, the transfer should resume. Knowing that such reserve is non-distributable.

##### 3.16 Dividends

Dividends are included in the consolidated financial statements in the period in which the Shareholders' General Assembly of the Company approve these dividends, and the Company does not record dividends liabilities until the proposed dividends are approved by the General Assembly.

##### 3.17 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.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 3. Significant accounting policies (continued)

##### 3.18 Revenue recognition

Revenue is the revenue arising in Group's ordinary course of business. Revenue is recognised at the transaction price. The transaction price is the amount of the consideration that the Group expects to receive in exchange for transferring the control over 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 Group's normal course of business. The Group 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 Group fulfils the performance obligation. The Group fulfils the performance obligation and recognises revenue over time, if one of the following criteria is met:

- The patient receives at the same time the benefits provided by the Group's performance.

##### Medical services revenue

Revenue comprises fees charged for inpatient, day case and outpatient medical services. The Group renders several medical services, including surgeries, admission, medical supervision, analyses, investigations, x-rays and outpatient services. Inpatient and day case revenue is recognised as services are provided to patients. These services are typically rendered over a short period of time. Outpatient cases do not contain surgical procedures and revenue is recognised on an individual component basis when performance obligations are satisfied. Other revenue comprises non-medical services rendered to patients and third parties, including the rendering of restaurant services at the hospitals, corporate and site-based emergency service contracts and other third-party revenue.

Revenues are measured at the transaction price, which is the amount of consideration that the Group expects to be entitled to in exchange for the services provided. Fees charged for medical services are calculated and billed based on tariff agreements. In determining the transaction price, variable consideration in terms of EAS 48 exists in the form of discounts, tariff adjustments and rejected claims.

The business practice with insurers includes claims rejected for various technical or medical reasons. Accordingly, the Group expects an amount of consideration that is less than what was originally invoiced. These write-offs constitute variable consideration under EAS 48. Variable consideration is recognised as revenue to the extent that it is highly probable that a reversal of revenue will not occur. The rejected claims are calculated based on historical experience of outcomes to negotiations with insurers. This is regularly reassessed based on the actual outcome of negotiations. In accordance with EAS 48, these rejected claims are recognised as a reduction of revenue with a corresponding recognition within trade receivables.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### **3. Significant accounting policies (continued)**

##### **3.18 Revenue recognition (continued)**

###### Sale of medicine revenue

The Group sells medicines through the hospital's pharmacy or when it is provided to the inpatients in the hospital. The Group recognises the revenue of medicines when the control of goods is transferred, which normally happens when a patient receives the medicine or when the medicine is used for the treatment of inpatients - revenue is recognized at point of time.

##### **3.19 Earnings per share**

Preference shares are not redeemable and are considered to be participating shares. Earnings per share are determined by dividing the profit or loss attributable to Company's owners by the weighted average number of participating shares outstanding during the financial year.

##### **3.20 Employees' benefits**

###### **3.20.1 Pension and insurance plan**

The Group pays contributions to the Public Authority for Social Insurance Plans on a mandatory basis in accordance with the rules of Social Insurance Law. The Group had no further liabilities once it discharged its obligations. The regular contributions are recognised as periodic costs for the period in which they are due and as such are included in staff costs.

###### **3.20.2 Employee share ownership plan**

Share-based compensation benefits are provided to employees through "Employee share ownership plan", an employee share plan, the executive short-term incentive plan and share appreciation rights.

The fair value of options granted under the "Employee share ownership plan" is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions.
- Excluding the effect of any service and non-market performance maturity conditions.
- Including the effect of any non-maturity conditions.

The total expense is recognised over the maturity period, which is the period over which all of the specified maturity conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to be granted based on the non-market maturity and service conditions. It recognises the impact of the amendment to original estimates, if any, in profit or loss, with a corresponding amendment to 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 and its subsidiaries, by undertaking to sell shares, to be effective as at 1 July 2020, and the plan was approved by the FRA at 31 December 2020.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 3. Significant accounting policies (continued)

##### 3.20 Employees' benefits (continued)

##### 3.20.2 Employee share ownership plan (continued)

- Plan definition:

(a) 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.

(b) 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 as per the decision of the supervisory committee, with a maximum of five units.

(c) The shares allocated to the beneficiary are calculated in accordance with 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.

(1) The final number of shares allocated to each beneficiary shall be distributed over three years according to the allocation contract for each beneficiary.

(2) 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.

(3) 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.

(4) The fair value of these liabilities is recognised in the statement of profit or loss.

(5) The General Assembly may terminate this plan, provided that the approval of the FRA is obtained, in a manner that does not conflict with the rights of the beneficiaries.

## **CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

### **Notes to the consolidated financial statements For the financial year ended 31 December 2023**

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

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#### **3. Significant accounting policies (continued)**

##### **3.21 Segment reporting**

The operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief 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 revenue, 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 assessed 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 the circumstances. Management also makes certain judgements, apart from those involving estimates, in the process of applying accounting policies. Judgements that have a significant impact on the amounts recognized in the separate financial statements and estimates that could cause a significant 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 ECLs**

The measurement of ECLs is a critical 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, probability of default (PD), risk given default, and loss given default (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 are the GDP and the 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, that 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.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### **4. Significant accounting estimates and judgements in applying the accounting policies (continued)**

##### **4.4 Useful life of right-of-use assets**

Depreciation of right-of-use assets. In determining the lease term, the management considers all facts and circumstances that form 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 considers other factors including previous lease periods, costs and business disruption needed to replace the leased asset. 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.

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.

The contractual lease period for a building has not been taken into account, due to the Group being in the final stages of changing fundamental clauses in the contract that affect the measurement of the lease obligation and the right to use the asset.

##### **4.6 Provisions**

Provisions are recognised when there is a present (legal or constructive) obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount has been reliably estimated. The Group 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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 5. Financial risk management

##### 5.1 Financial risk factors

The risk management function within the Group 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 Group 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 with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base, which consists mainly of insured customers, corporate and government related entities. The financial situation of those clients shall be assessed in relation to their credit situation on an ongoing basis. The policy for uninsured patients that do not represent corporate clients or government entities is to require a preliminary payment instead.

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

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

Credit ratings issued by consolidated international rating agencies, such as S&P, Moody's and Fitch, are available for public use. Such ratings and the corresponding scope of PD apply to the following financial instruments: [Cash at banks.]

**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 Group uses: Probability of default (PD), impact of default, loss given default (LGD) 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 payment of principal and interest, and the expected withdrawal of the committed facilities.

For the purposes of measuring the PD, the Group 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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 5. Financial risk management (continued)

##### 5.1 Financial risk factors (continued)

For disclosure purposes, the Group 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 Group.

The Group makes assessments based on the external ratings of [cash at banks]

**Future information included in ECL models.** The calculation of ECL includes supportable future information. The Group 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 Group’s [management] and provide a best estimate of the expected macroeconomic development in the future.

The Group applies the simplified model to measure ECLs, which uses a lifetime expected loss provision for all trade and other receivables and due from related parties.

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 profiles of customers’ payments over a period of 36 months before the date of the 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 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 Group's investments in debt instruments at “amortised cost” are considered low risk investments. Therefore, the provision for loss recognised during the period is limited to 12-month expected losses. Management considers “low credit risk” for listed bonds to have investment grade credit rating with at least one major rating agency. Other instruments are considered to have low credit risk as they have a low risk of default, and the issuer has a strong ability to meet contractual cash flows obligations in the short term.

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

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

#### 5. Financial risk management (continued)

##### 5.1 Financial risk factors (continued)

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

	<u>ECL model</u>	<u>2023</u>	<u>2022</u>
Cash at banks	General	359,252,270	244,095,386
Trade receivables	Simplified	779,808,463	573,413,474
Employees' advances and loans and insurances with third parties	General	6,099,117	5,879,185
Due from related parties	General	482,343	3,152,972
Treasury bills	General	194,223	98,900,022
		<u><b>1,145,836,416</b></u>	<u><b>925,441,039</b></u>

Credit risk on debit balances 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 Group 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.

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 Group's exposure to foreign currency exchange risk at the end of the year:

	<u>At 31 December 2023</u>			<u>At 31 December 2022</u>		
	<u>Monetary financial assets</u>	<u>Monetary financial liabilities</u>	<u>Net position</u>	<u>Monetary financial assets</u>	<u>Monetary financial liabilities</u>	<u>Net position</u>
USD	18,665,179	-	<b>18,665,179</b>	27,618,407	-	<b>27,618,407</b>
EUR	1,245,575	-	<b>1,245,575</b>	650,340	-	<b>650,340</b>
GBP	106,459	-	<b>106,459</b>	3,845	-	<b>3,845</b>
Total	<u><b>20,017,213</b></u>	<u>-</u>	<u><b>20,017,213</b></u>	<u><b>28,272,592</b></u>	<u>-</u>	<u><b>28,272,592</b></u>

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

#### 5. Financial risk management (continued)

##### 5.1 Financial risk factors (continued)

##### 5.1.2 Market risk (continued)

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 Group, with all other variables held constant:

	<b>Impact on the profit or loss</b>	
	<b>2023</b>	<b>2022</b>
An increase by 60% in USD (2022: an increase by [10]%)	11,199,107	2,761,841
A decrease by 60% in USD (2022: a decrease by [10]%)	(11,199,107)	(2,761,841)
An increase by 60% in EUR (2022: an increase by [10]%)	747,345	65,034
A decrease by 60% in EUR (2022: a decrease by [10]%)	(747,345)	(65,034)
An increase by 60% in GBP (2022: an increase by [10]%)	63,875	385
A decrease by 60% in GBP (2022: a decrease by [10]%)	(63,875)	(385)

#### (1) Interest rate risks

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

	<b>Less than one year</b>	<b>More than one year</b>	<b>Total</b>
<b>31 December 2023</b>			
Total financial assets	357,897,117	-	<b>357,897,117</b>
Total financial liabilities	(318,915,574)	(423,009,023)	<b>(741,924,597)</b>
<b>Net interest sensitivity gap at 31 December 2023</b>	<b>38,981,543</b>	<b>(423,009,023)</b>	<b>(384,027,480)</b>
<b>31 December 2022</b>			
Total financial assets	346,143,272	-	<b>346,143,272</b>
Total financial liabilities	(244,464,052)	(88,033,127)	<b>(332,497,179)</b>
<b>Net interest sensitivity gap at 31 December 2022</b>	<b>101,679,220</b>	<b>(88,033,127)</b>	<b>13,646,093</b>

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 23,041,648 (2022: EGP 136,460), mainly due to decrease of interest expenses on variable interest liabilities.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

#### 5. Financial risk management (continued)

##### 5.1 Financial risk factors (continued)

##### 5.1.1 Market risk (continued)

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 23,041,648 (2022: EGP 136,460), mainly due to decrease of interest expenses on variable interest liabilities.

The Group monitors the interest rates of its financial instruments. The table below summarizes 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:

	2023		2022	
	EGP	USD	EGP	USD
Assets				
Cash and cash equivalents - current accounts	12%	3%	10% - 10,5%	-
Cash and cash equivalents - Term deposits	-	3,25%	-	2,5% - 3,25%
Investments in treasury bills	-	-	11,20% - 11,40%	-
<b>Liabilities</b>	-	-	-	-
<b>Bank overdrafts</b>	20,35%	-	17,35%	-
<b>Loans</b>	20,90%	-	-	-

##### 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 Group is exposed to daily calls for its available cash resources. Liquidity risk is managed by the Group's Finance Department. Management monitors the monthly periodic forecasts of the Group's cash flows.

The Group seeks to maintain a stable financing base consisting primarily of loans and trade and other payables. The Group invests funds in different portfolios of liquid assets, in order to be able to respond quickly and easily to unexpected liquidity requirements. The Group's liquidity portfolio comprises 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 the 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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

#### 5. Financial risk management (continued)

##### 5.1 Financial risk factors (continued)

##### 5.1.3 Liquidity risk (continued)

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:

	<b>Less than one year</b>	<b>More than one year</b>	<b>More than 2 years</b>	<b>Total</b>
Liabilities				
Bank overdrafts	252,992,341	-	-	<b>252,992,341</b>
Trade payables	928,098,411	-	-	<b>928,098,411</b>
Loans	131,758,568	116,991,763	421,690,559	<b>670,440,890</b>
Lease liabilities	45,673,809	31,693,464	93,476,053	<b>170,843,326</b>
<b>Total future payments, including future payments of principal and interest</b>	<b>1,358,523,129</b>	<b>148,685,227</b>	<b>515,166,612</b>	<b>2,022,374,968</b>

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

	<b>Less than one year</b>	<b>More than one year</b>	<b>More than 2 years</b>	<b>Total</b>
Liabilities				
Bank overdrafts	244,464,052	-	-	<b>244,464,052</b>
Trade payables	511,724,770	-	-	<b>511,724,770</b>
Loans	-	28,256,023	113,024,094	<b>141,280,117</b>
Lease liabilities	38,983,371	40,528,180	265,024,461	<b>344,536,012</b>
<b>Total future payments, including future payments of principal and interest</b>	<b>795,172,193</b>	<b>68,784,203</b>	<b>378,048,555</b>	<b>1,242,004,951</b>

The Group's objectives when managing the capital are to safeguard the Group's ability to continue as a going concern in order to increase returns for shareholders and provide benefits for stakeholders 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 Group'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 consolidated statement of financial position.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

#### 5. Financial risk management (continued)

##### 5.1 Financial risk factors (continued)

##### 5.1.3 Liquidity risk (continued)

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	914,393,779	502,971,026
Bank overdrafts	252,992,341	244,464,052
Lease liabilities	131,556,469	194,442,401
Loans	488,932,256	88,033,127
Less: Cash and cash equivalents	(362,481,846)	(347,434,402)
Net debt	<u>1,425,392,999</u>	<u>682,476,204</u>
Total equity	<u>2,446,250,009</u>	<u>2,027,350,565</u>
Total invested capital	<u>3,871,643,008</u>	<u>2,709,826,769</u>
<b>Net debt to total invested capital</b>	<u><b>36,82%</b></u>	<u><b>25,19%</b></u>

Loans include specific covenants. Covenants are monitored by the management, during 2023, no non-compliance with any of these covenants was observed.

##### 5.2 Fair value of financial instruments estimates

Fair value is the price that would be received from the sale of an asset or a payment against any liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption that the transaction of selling the asset or paying the liability occurs either:

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

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

The table below shows the financial assets and liabilities at fair value in the consolidated 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:

<u>Recurring fair value measurement</u> <u>At 31 December 2023</u>	<u>Note</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Financial assets</b>					
Employee reward plan at FVTPL	21	16,076,585	-	-	<u>16,076,585</u>
<b>Total financial assets</b>		<u>16,076,585</u>	-	-	<u>16,076,585</u>

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

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#### 5. Financial risk management (continued)

##### 5.1 Financial risk factors (continued)

##### 5.2 Fair value of financial instruments estimates (continued)

###### 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>
<b>Financial assets</b>					
Employee reward plan at FVTPL	21	8,383,763	-	-	<b>8,383,763</b>
<b>Total financial assets</b>		<b>8,383,763</b>	-	-	<b>8,383,763</b>

- 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 the liability.

The Group has on the date of preparing the consolidated financial statements, financial assets at FVTPL, that are listed under Level 1. The Group 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 Group 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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

#### 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 Group. Senior management is represented on the Group's Executive Management Committee. Segment reporting is provided to the Group 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 Company	Cairo Specialised Hospital	Nile Badrawy Hospital	Al Shrouk Hospital	CHG Medical Services	CHG Pharma for Pharmacy Management	CHG for Hospitals Company	Queens Hospital	ElKateb Hospital	Bedaya El Gedida Company for Medical Centers and Hospitals	CHG SKY Hospital	Cleopatra Heaven	Consolidation entries	Total
<b>Statement of financial position</b>														
Non-current assets	1,872,969,981	434,856,918	420,320,848	320,312,023	26,427,833	2,481,746	-	-	158,048,240	101,853,492	187,824,715	81,049,634	(885,245,595)	<b>2,720,899,835</b>
Current assets	566,689,510	390,112,362	235,667,437	249,189,041	34,116,023	23,410,492	32,640,658	56,745,478	37,339,642	74,219,920	233,055,550	62,068,295	(228,127,038)	<b>1,767,127,370</b>
Total assets	<b>2,439,659,491</b>	<b>824,969,280</b>	<b>655,988,285</b>	<b>569,501,064</b>	<b>60,543,856</b>	<b>25,892,238</b>	<b>32,640,658</b>	<b>56,745,478</b>	<b>195,387,882</b>	<b>176,073,412</b>	<b>420,880,265</b>	<b>143,117,929</b>	<b>(1,113,372,633)</b>	<b>4,488,027,205</b>
Current liabilities	670,084,210	249,222,256	161,922,995	117,595,001	98,366,160	30,733,501	1,415,937	-	63,376,146	74,846,168	115,355,228	91,227,168	(243,086,478)	<b>1,431,058,292</b>
Non-current liabilities	122,299,483	88,094,424	133,656,184	30,235,282	20,680,940	2,938,359	-	-	3,622,778	3,093,700	159,316,092	<b>1,943,497</b>	44,838,165	<b>610,718,904</b>
Total liabilities	<b>792,383,693</b>	<b>337,316,680</b>	<b>295,579,179</b>	<b>147,830,283</b>	<b>119,047,100</b>	<b>33,671,860</b>	<b>1,415,937</b>	-	<b>66,998,924</b>	<b>77,939,868</b>	<b>274,671,320</b>	<b>93,170,665</b>	<b>(198,248,313)</b>	<b>2,041,777,196</b>
<b>Statement of profit or loss:</b>														
Revenue	1,296,153,142	774,207,367	537,520,242	586,254,495	114,751,141	64,840,518	-	-	134,607,628	83,581,861	-	64,564,557	(61,181,587)	<b>3,595,299,364</b>
Cost of obtaining revenue	(743,687,879)	(524,473,406)	(400,369,621)	(403,166,678)	(88,770,212)	(61,689,257)	-	-	(108,712,460)	(48,928,272)	-	(67,848,349)	60,969,063	<b>(2,386,677,071)</b>
Gross profit	<b>552,465,263</b>	<b>249,733,961</b>	<b>137,150,621</b>	<b>183,087,817</b>	<b>25,980,929</b>	<b>3,151,261</b>	-	-	<b>25,895,168</b>	<b>34,653,589</b>	-	<b>(3,283,792)</b>	<b>(212,524)</b>	<b>1,208,622,293</b>
Other income and expenses	(276,821,842)	(135,050,652)	(101,203,569)	(109,500,630)	(18,421,557)	(3,344,679)	(300,248)	(4,262,386)	(23,550,171)	(37,688,092)	(193,168)	(26,768,943)	(2,216,667)	<b>(739,322,604)</b>
Profit for the year	<b>275,643,421</b>	<b>114,683,309</b>	<b>35,947,052</b>	<b>73,587,187</b>	<b>7,559,372</b>	<b>(193,418)</b>	<b>(300,248)</b>	<b>(4,262,386)</b>	2,344,997	<b>(3,034,503)</b>	<b>(193,168)</b>	<b>(30,052,735)</b>	<b>(2,429,191)</b>	<b>469,299,689</b>
<b>Other items</b>														
Capital expenditures	181,677,275	114,137,138	161,062,422	38,906,652	1,724,489	52,308	-	-	20,029,950	18,476,855	187,824,715	49,181,270	-	<b>768,579,074</b>
Fixed assets depreciation	41,050,384	30,569,114	25,277,755	31,347,270	296,259	22,432	-	1,135,751	7,320,115	5,593,182	-	2,451,636	7,330,237	<b>152,394,135</b>

\* Consolidation entries mainly present the derecognition of investment in subsidiaries and inter-companies balances and transactions.

- Based on the Board of Directors' decision on 6 July 2023, all operations and operating activities of Queens Hospital were closed and suspended, and were disposed from the Company and considered part of discontinued operations.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 6. Segment reporting (continued)

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 Group. Senior management is represented on the Group's Executive Management Committee. Segment reporting is provided to the Group 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 2022 for each segment:

	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawy Hospital	Al Shrouk Hospital	CHG Medical Services	CHG Pharma for Pharmacy Management	CHG for Hospitals Company	Queens Hospital	ElKateb Hospital	Bedaya El Gedida Company for Medical Centers and Hospitals	CHG SKY Hospital	Consolidation entries	Total
<u>Statement of financial position</u>													
Non-current assets	1,644,670,640	351,715,466	288,891,045	314,891,373	33,580,003	3,163,143	-	64,974,500	143,338,304	91,548,692	6,569,114	(795,464,370)	<b>2,147,877,910</b>
Current assets	318,405,463	190,785,262	207,844,535	178,251,501	23,149,902	14,570,552	32,640,658	77,328,280	26,180,904	59,066,363	82,710,545	(94,468,665)	<b>1,116,465,300</b>
Total assets	<b>1,963,076,103</b>	<b>542,500,728</b>	<b>496,735,580</b>	<b>493,142,874</b>	<b>56,729,905</b>	<b>17,733,695</b>	<b>32,640,658</b>	<b>142,302,780</b>	<b>169,519,208</b>	<b>150,615,055</b>	<b>89,279,659</b>	<b>(889,933,035)</b>	<b>3,264,343,210</b>
Current liabilities	530,083,858	134,265,495	97,518,839	109,512,367	90,690,373	21,457,970	1,115,689	28,264,647	39,928,098	15,469,717	1,266,247	(165,521,819)	<b>904,051,481</b>
Non-current liabilities	20,985,896	25,604,134	69,951,018	27,269,432	32,102,148	3,861,929	-	69,948,933	3,547,149	33,260,609	-	46,409,916	<b>332,941,164</b>
Total liabilities	<b>551,069,754</b>	<b>159,869,629</b>	<b>167,469,857</b>	<b>136,781,799</b>	<b>122,792,521</b>	<b>25,319,899</b>	<b>1,115,689</b>	<b>98,213,580</b>	<b>43,475,247</b>	<b>48,730,326</b>	<b>1,266,247</b>	<b>(119,111,903)</b>	<b>1,236,992,645</b>
<u>Statement of profit or loss:</u>													
Revenue	1,014,052,500	525,559,329	378,418,379	439,722,048	87,646,799	48,036,184	-	-	48,998,403	68,886,213	-	(27,287,481)	<b>2,584,032,374</b>
Cost of obtaining revenue	(573,406,102)	(358,271,371)	(286,979,023)	(314,547,047)	(67,173,514)	(45,405,318)	-	-	(57,778,172)	(39,401,570)	-	24,197,547	<b>(1,718,764,570)</b>
Gross profit	440,646,398	167,287,958	91,439,356	125,175,001	20,473,285	2,630,866	-	-	<b>(8,779,769)</b>	<b>29,484,643</b>	-	<b>(3,089,934)</b>	865,267,804
Other income and expenses	(198,300,228)	(97,034,893)	(64,950,868)	(76,466,648)	(18,544,032)	(3,319,523)	(359,336)	(1,501,962)	(14,810,906)	(32,450,276)	513,413	(1,310,706)	<b>(508,535,965)</b>
Profit for the year	<b>242,346,170</b>	<b>70,253,065</b>	<b>26,488,488</b>	<b>48,708,353</b>	<b>1,929,253</b>	<b>(688,657)</b>	<b>(359,336)</b>	<b>(1,501,962)</b>	<b>(23,590,675)</b>	<b>(2,965,633)</b>	<b>513,413</b>	<b>(4,400,640)</b>	<b>356,731,839</b>
<u>Other items</u>													
Capital expenditures	77,648,177	85,100,844	58,558,885	102,561,496	459,680	80,782	-	365,942	11,914,328	8,011,679	6,569,114	-	<b>351,270,927</b>
Fixed assets depreciation	39,036,628	26,723,229	21,032,836	24,207,781	224,983	15,548	-	3,300,858	5,408,666	4,597,951	-	8,575,523	<b>133,124,003</b>

\* Consolidation entries mainly present the derecognition of investment in subsidiaries and inter-companies balances and transactions.

**CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

**Notes to the consolidated financial statements**

**For the financial year ended 31 December 2023**

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

**7. Fixed assets**

	<b>Lands</b>	<b>Machinery, equipment and devices</b>	<b>Furniture</b>	<b>Buildings</b>	<b>Transportations</b>	<b>Computers</b>	<b>Projects in progress</b>	<b>Total</b>
At 1 January 2022								
Cost	173,240,262	675,007,435	134,976,073	658,603,504	20,518,537	136,484,247	122,618,821	<b>1,921,448,879</b>
Accumulated depreciation	-	(304,249,103)	(50,127,080)	(135,487,954)	(10,196,264)	(69,663,056)	-	<b>(569,723,457)</b>
Net carrying amount	<b>173,240,262</b>	<b>370,758,332</b>	<b>84,848,993</b>	<b>523,115,550</b>	<b>10,322,273</b>	<b>66,821,191</b>	<b>122,618,821</b>	<b>1,351,725,422</b>
At 31 December 2022								
Opening net carrying amount	173,240,262	370,758,332	84,848,993	523,115,550	10,322,273	66,821,191	122,618,821	<b>1,351,725,422</b>
Additions	-	128,830,449	16,777,434	1,513,754	-	14,544,695	189,604,595	<b>351,270,927</b>
Disposals	-	(9,980,156)	(4,193,733)	(220,000)	(1,606,042)	(718,334)	-	<b>(16,718,265)</b>
Transferred from projects in progress	-	1,265,886	19,565,319	72,275,065	-	4,025,101	(97,131,371)	-
Depreciation for the year	-	(59,282,606)	(18,654,591)	(24,419,422)	(4,255,730)	(26,511,654)	-	<b>(133,124,003)</b>
Accumulated depreciation of disposal	-	8,673,706	3,998,126	-	757,917	672,799	-	<b>14,102,548</b>
At 31 December 2022	<b>173,240,262</b>	<b>440,265,611</b>	<b>102,341,548</b>	<b>572,264,947</b>	<b>5,218,418</b>	<b>58,833,798</b>	<b>215,092,045</b>	<b>1,567,256,629</b>
Cost	173,240,262	795,123,614	167,125,093	732,172,323	18,912,495	154,335,709	215,092,045	<b>2,256,001,541</b>
Accumulated depreciation	-	(354,858,003)	(64,783,545)	(159,907,376)	(13,694,077)	(95,501,911)	-	<b>(688,744,912)</b>
Net carrying amount at the end of the year	<b>173,240,262</b>	<b>440,265,611</b>	<b>102,341,548</b>	<b>572,264,947</b>	<b>5,218,418</b>	<b>58,833,798</b>	<b>215,092,045</b>	<b>1,567,256,629</b>
At 31 December 2023								
Opening net carrying amount	<b>173,240,262</b>	<b>440,265,611</b>	<b>102,341,548</b>	<b>572,264,947</b>	<b>5,218,418</b>	<b>58,833,798</b>	<b>215,092,045</b>	<b>1,567,256,629</b>
Additions	-	108,638,527	22,670,658	2,264,060	29,510,000	22,785,190	582,710,639	<b>768,579,074</b>
Disposals	-	(8,612,523)	(1,411,463)	(512,208)	(6,107,298)	(2,715,222)	-	<b>(19,358,714)</b>
Write off	-	-	-	-	-	(26,700)	(2,669,840)	<b>(2,696,540)</b>
Cost adjustments	-	5,060,080	(7,574,926)	2,201,230	(60,499)	374,115	-	-
Transferred from projects in progress	-	43,846,382	12,253,242	132,922,924	-	265,865	(189,288,413)	-
Depreciation for the year	-	(72,267,621)	(21,003,202)	(27,294,544)	(3,581,949)	(28,246,819)	-	<b>(152,394,135)</b>
Accumulated depreciation of disposal	-	7,175,613	1,165,109	126,483	5,182,514	1,558,173	-	<b>15,207,892</b>
Accumulated depreciation of write-off	-	-	-	-	-	14,983	-	<b>14,983</b>
Adjustments on accumulated depreciation	-	(111,866)	2,812,900	(2,506,132)	51,505	(246,407)	-	-
Balance at 31 December 2023	<b>173,240,262</b>	<b>523,994,203</b>	<b>111,253,866</b>	<b>679,466,760</b>	<b>30,212,691</b>	<b>52,596,976</b>	<b>605,844,431</b>	<b>2,176,609,189</b>
Cost	173,240,262	944,056,080	193,062,604	869,048,329	42,254,698	175,018,957	605,844,431	<b>3,002,525,361</b>
Accumulated depreciation	-	(420,061,877)	(81,808,738)	(189,581,569)	(12,042,007)	(122,421,981)	-	<b>(825,916,172)</b>
Net carrying amount at the end of the year	<b>173,240,262</b>	<b>523,994,203</b>	<b>111,253,866</b>	<b>679,466,760</b>	<b>30,212,691</b>	<b>52,596,976</b>	<b>605,844,431</b>	<b>2,176,609,189</b>

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 8. Right-of-use

##### EAS No. (49) "Leases" was applied in two stages as follows:

Stage 1 relates to leases that were subject to Law (95) of 1995, starting 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 leases using straight line basis.

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 the carrying amount as if the standard had been applied since the beginning of the lease, but discounted using the lending rate of the lessee on the date of application. They are subsequently depreciated over the life of the lease using straight line basis.

	<u>2023</u>	<u>2022</u>
Machinery and equipment		
opening balance of the year	14,702,650	16,818,578
Depreciation for the year	(2,115,928)	(2,115,928)
<b>Total - machinery and equipment</b>	<b><u>12,586,722</u></b>	<b><u>14,702,650</u></b>
<b>Buildings</b>		
opening balance of the year	134,459,286	157,873,037
Adjustments	(555,757)	(4,157,171)
Additions for the year	67,470,075	5,369,594
Disposals for the year	(56,090,552)	(785,421)
Depreciation for the year	(23,697,178)	(18,381,421)
Results of discontinued operations	(999,036)	(5,459,332)
Total	<b><u>120,586,838</u></b>	<b><u>134,459,286</u></b>
	<b><u>133,173,560</u></b>	<b><u>149,161,936</u></b>

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 the lessee shall pay to borrow the funds needed for the acquisition of an equivalent value asset in a similar economic environment with similar terms and conditions. An average interest rate of 11,5% was used.

#### 9. Goodwill and other intangible assets

<u>Cost</u>	<u>Non-competition agreement</u>	<u>Name Commercial</u>	<u>Total</u>	<u>Goodwill</u>
<b>Balance at 1 January 2023</b>	<b>9,829,109</b>	<b>44,354,000</b>	<b>54,183,109</b>	<b>369,263,334</b>
Amortisation for the year	(2,069,284)	-	(2,069,284)	-
Impairment of goodwill	-	-	-	(14,071,000)
Balance at 31 December 2023	<b><u>7,759,825</u></b>	<b><u>44,354,000</u></b>	<b><u>52,113,825</u></b>	<b><u>355,192,334</u></b>

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 9. Goodwill and other intangible assets (continued)

Cost	Non-competition agreement	Name Commercial	Total	Goodwill
<b>Balance at 1 January 2022</b>	<b>11,898,393</b>	<b>44,354,000</b>	<b>56,252,393</b>	<b>369,263,334</b>
Amortisation for the year	(2,069,284)	-	(2,069,284)	-
<b>Balance at 31 December 2022</b>	<b>9,829,109</b>	<b>44,354,000</b>	<b>54,183,109</b>	<b>369,263,334</b>

#### Goodwill is as follows:

	2023	2022
ElKateb Hospital Business	158,516,300	158,516,300
Al Shorouk Hospital Company "S.A.E"	120,823,014	120,823,014
Nile Badrawy Hospital	75,853,020	75,853,020
Queens Hospital Business	-	14,071,000
<b>Total</b>	<b>355,192,334</b>	<b>369,263,334</b>

#### Goodwill

To calculate goodwill, Nile Badrawy Hospital Company S.A.E, Alshrouk Hospital S.A.E, Queens Hospital and AlKatib Hospital were considered as a separate CGU, and the goodwill resulting from the acquisition was allocated.

Recoverable amount of CGU 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.

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.

Based on the Board of Directors' decision on 6 July 2023, all operations and operating activities of Queens Hospital were closed and suspended, and were disposed from the Company and considered part of discontinued operations.

The following table sets out the key assumptions for CGUs that have significant goodwill allocated thereto:

2023	ElKateb Hospital Business	Al Shorouk Hospital Company "S.A.E"	Nile Badrawy Hospital
Average sales growth rate	31%	34%	37%
Discount rate before tax	28,8%	28,8%	28,8%
Long-term discount rate	17,3%	17,3%	17,3%

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 9. Goodwill and other intangible assets (continued)

2022	<u>ElKateb Hospital Business</u>	<u>Al Shorouk Hospital Company "S.A.E"</u>	<u>Nile Badrawy Hospital</u>	<u>Queens Hospital Business</u>
Average sales growth rate	55,00%	12,10%	12,00%	34,10%
Discount rate before tax	18,90%	18,90%	18,90%	18,90%
Long-term discount rate	14,90%	14,90%	14,90%	14,90%

Management has determined the values assigned to each of the above key assumptions as follows:

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

#### Trade Name

The fair value of the trade name is estimated using the exemption of royalty method. This method determines the value with reference to the nominal royalty payments, which are presented when the asset is acquired in comparison to the licensing of the asset and trade name by another party.

The management has assessed the impairment of goodwill and intangible assets at the date of the financial statements using the adjusted cash flow that reflects the actual data until the date of the financial statements and expected changes in the next periods, including revenues and operating and capital expenses, which did not result in any impact on impairment of goodwill or intangible assets.

#### Bedaya El Gedida Company for Medical Centers and Hospitals

On September 2020, Cleopatra Hospital Company signed an agreement to transfer the assets and activities of Bedaya Hospital Company, owned by its founder, Dr. Ismail Aboul Fotouh. Under the new agreement, the assets and activities of Bedaya Hospital will be transferred to a new company - Bedaya El Gedida Company for Medical Centers and Hospitals - at the beginning of October 2020.

The transaction value comprising medical equipment, assets, and real estates was estimated at approximately EGP 105 million, which were paid as capital in the new company. As a part of the transaction, on the final settlement date Dr. Aboul Fotouh shall be entitled to receive a consideration equivalent to 40% of the capital of Bedaya Hospital Company, provided that the appointment agreement remains effective and certain conditions are fulfilled. The remuneration is accounted for in accordance with EAS No. 39 as a share-based compensation to be settled in cash. The remainder of the transaction value shall be determined and paid based on the results of the new company's business during 2021 and 2022 and is accounted for as employee benefits under EAS No. 38. The final settlement date of the transaction will be in June 2024.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 9. Goodwill and other intangible assets (continued)

The present value of the cash portion of the remainder of the transaction value at the transaction date was estimated at EGP 14,485,000, and an amount of EGP 10,000,000 of this balance was paid to Dr. Ismail Aboul Fotouh in 2022. The fair value of the share-based payments based on a part of the transaction (which is equivalent to 40% of the shares of Bedaya Hospital Company) was estimated at the acquisition date at an amount of EGP 38,005,000. The share-based compensation is due in June 2023 and has certain conditions, unrelated to maturity, specified in the transfer agreement. Remunerations expenses amounting to EGP 6,910,000 of the share-based payments was recognised in 2023. The total liability due to Dr. Ismail Aboul Fotouh at 31 December 2023 was EGP 42,490,000 (EGP 35,580,000 at 31 December 2022), which is included within other liabilities balance in the statement of financial position.

The fair value of the net business assets acquired at the date of acquisition, which represents other assets other than tangible non-current assets, was estimated at the date of acquisition. Net acquired assets and goodwill was as follows:

	<u>EGP</u>
<b>Acquisition Costs</b>	
Cash paid	105,000,000
Investment creditors purchases	14,485,000
<b>Total acquisition costs</b>	<b>119,485,000</b>
<b>Fair value of acquired assets</b>	
Buildings	60,000,000
Machinery and Equipment	15,099,000
Furniture	789,000
Computers	145,000
Inventory	3,967,000
Cash	25,000,000
Fair value of acquired assets	<b>105,000,000</b>
Non-competition agreement	<b>14,485,000</b>
Accumulated depreciation	(6,725,175)
<b>Balance as of 31 December 2023</b>	<b>7,759,825</b>

#### 10. Investments in associates

	<u>2023</u>	<u>2022</u>
Egypt Healthcare Facilities Services for facility management	3,810,927	3,810,927
	<b>3,810,927</b>	<b>3,810,927</b>
<b>Amounts recognised in the profit or loss:</b>		
Egypt Healthcare Facilities Services for facility management	-	407,606
	-	<b>407,606</b>

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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 10. Investments in associates (continued)

<u>Name of the Company</u>	<u>Head office place/ Country of incorporation</u>	<u>Measurement</u>	<u>Group shareholding</u>
Healthcare facilities services in Egypt for facilities management	Egypt	Equity method	49%

Below are the summarised financial information of associates as at 31 December 2023:

	<u>Total assets</u>	<u>Total equity</u>	<u>Total revenue</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

Below are the summarised financial information of associates as at 31 December 2022:

	<u>Total assets</u>	<u>Total equity</u>	<u>Total revenue</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	181,580,364	64,489,857
Medicine inventory	104,023,338	39,735,167
Stationery inventory	2,582,345	1,752,880
Hospitality supplies inventory	2,459,418	1,548,385
Maintenance and spare parts inventory	1,533,706	1,092,657
Foodstuff and beverage inventory	777,270	191,059
	<u>292,956,441</u>	<u>108,810,005</u>
Less: Impairment of inventory	(957,996)	(789,281)
	<u>291,998,445</u>	<u>108,020,724</u>

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 11. Inventory (continued)

The movement of the impairment is as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	789,281	468,972
Formed during the year	379,325	686,895
No longer required during the year	(210,610)	(160,636)
Utilised during the year	-	(205,950)
<b>Balance at the end of the year</b>	<b><u>957,996</u></b>	<b><u>789,281</u></b>

#### 12. Trade receivables

	<u>2023</u>	<u>2022</u>
Due from customers	753,513,328	560,057,458
Revenue from inpatients	26,295,135	13,356,016
	<b><u>779,808,463</u></b>	<b><u>573,413,474</u></b>
<b>Less:</b>		
ECLs of trade receivables	(131,336,069)	(87,083,087)
	<b><u>648,472,394</u></b>	<b><u>486,330,387</u></b>

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 Group applies the EAS (47) simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the profiles of customers' payments over a period of 36 months before the date of the 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.

**CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

**Notes to the consolidated financial statements**

**For the financial year ended 31 December 2023**

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

**12. Trade receivables (continued)**

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.

	<b>2023</b>			
	<b>Loss rate</b>	<b>Gross carrying amount</b>	<b>Lifetime ECL</b>	<b>Net carrying amount</b>
<b>Trade receivables</b>				
- Current until default for less than 30 days	0,3%	507.013.240	1,423,414	<b>505,589,826</b>
- Default for a period from 30 to 60 days	3%	58.624.652	1,515,086	<b>57,109,566</b>
- Default for a period from 61 to 90 days	6%	27.699.700	1,639,243	<b>26,060,457</b>
- Default for a period from 91 to 120 days	9%	16.059.023	1,520,283	<b>14,538,740</b>
- Default for a period from 121 to 360 days	27%	57.821.627	15,876,394	<b>41,945,233</b>
- Default for a period from 361 to 720 days	49%	6.319.602	3,091,030	<b>3,228,572</b>
- Default for a period more than 720 days	100%	106.270.619	106,270,619	-
<b>Total</b>		<b><u>779.808.463</u></b>	<b><u>131,336,069</u></b>	<b><u>648,472,394</u></b>
<b>2022</b>				
	<b>Loss rate</b>	<b>Gross carrying amount</b>	<b>Lifetime ECL</b>	<b>Net carrying amount</b>
<b>Trade receivables</b>				
- Current until default for less than 30 days	0,3%	377,019,272	981,582	<b>376,037,690</b>
- Default for a period from 30 to 60 days	2%	43,908,049	976,967	<b>42,931,082</b>
- Default for a period from 61 to 90 days	4%	20,589,638	775,431	<b>19,814,207</b>
- Default for a period from 91 to 120 days	8%	12,943,079	1,055,967	<b>11,887,112</b>
- Default for a period from 121 to 360 days	28%	40,768,725	11,419,488	<b>29,349,237</b>
- Default for a period from 361 to 720 days	44%	11,199,388	4,888,329	<b>6,311,059</b>
- Default for a period more than 720 days	100%	66,985,323	66,985,323	-
<b>Total</b>		<b><u>573,413,474</u></b>	<b><u>87,083,087</u></b>	<b><u>486,330,387</u></b>

The movement of ECLs of trade receivables is as follows:

	<b>2023</b>	<b>2022</b>
<b>Balance at the beginning of the year</b>	<b>87,083,087</b>	<b>129,839,577</b>
Formed during the year	49,126,221	34,825,615
Utilised during the year	(3,035,962)	(69,258,483)
No longer required during the year	(1,911,314)	(6,197,609)
Results of discontinued operations	74,037	(2,126,013)
<b>Balance at the end of the year</b>	<b><u>131,336,069</u></b>	<b><u>87,083,087</u></b>

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements For the financial year ended 31 December 2023

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

#### 13. Debtors and other debit balances

	<u>2023</u>	<u>2022</u>
Advances to suppliers	366,922,517	131,893,622
Prepaid expenses	18,184,768	14,790,848
Withholding tax	9,632,606	11,072,891
Insurances with third parties	5,761,123	5,699,554
Accrued revenue	485,561	365,584
Employees' advances and loans	337,994	179,631
Other receivables	66,953,976	8,818,599
	<u>468,278,545</u>	<u>172,820,729</u>
Less: Impairment of debtors and other debit balances	(1,474)	(2,784)
	<u>468,277,071</u>	<u>172,817,945</u>

The movement in impairment is as follows:

	<u>2023</u>	<u>2022</u>
Balance at 1 January	2,784	2,784
Utilised during the year	(1,310)	-
	<u>1,474</u>	<u>2,784</u>

#### 14. Cash and cash equivalents

	<u>2023</u>	<u>2022</u>
Current accounts	352,725,550	222,933,856
Term deposits	6,526,720	21,161,530
Cash in hand	3,035,353	4,438,994
Financial assets at amortised cost - Treasury bills	194,223	98,900,022
<b>Less:</b>		
ECLs of cash and cash equivalents	(4,584,729)	(1,291,130)
	<u>357,897,117</u>	<u>346,143,272</u>

The movement of ECLs of cash is as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	1,291,130	1,545,489
Formed during the year	3,938,375	1,548,434
No longer required	(644,776)	(1,802,793)
Balance at the end of the year	<u>4,584,729</u>	<u>1,291,130</u>

Term deposits amounting to EGP 6,191,720 at 31 December 2023 (2022: EGP 21,161,530) 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%.

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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 14. Cash and cash equivalents (continued)

Current accounts deposited in Egyptian pounds are subject to a fixed annual rate of 12% (2022: 10% to 10,5%). For the purpose of preparing the statement of cash flows, cash and cash equivalents comprises of:

	<u>2023</u>	<u>2022</u>
Cash and balances at banks before deducting ECLs	362,287,623	248,534,380
Treasury bills with maturities of 3 months or less	194,223	98,900,022
Total	<u><b>362,481,846</b></u>	<u><b>347,434,402</b></u>

#### Financial assets at amortised cost - Treasury bills

	<u>2023</u>	<u>2022</u>
Treasury bills (31 days maturity)	200,000	50,000,000
Treasury bills (61 days maturity)	-	50,000,000
Less: Unrealised revenues	(5,777)	(1,099,978)
	<u><b>194,223</b></u>	<u><b>98,900,022</b></u>

Treasury bills are due at a fixed annual return rate of 13% after tax at 31 December 2023 (2022: 11,20% and 11,40%).

The fair value of the treasury bills is not substantially different from the carrying amount, as all the maturities of treasury bills are short-term.

- The credit risk rating for treasury bills is B.

The table below shows an analysis of liabilities from financing activities and movements in the Group's liabilities from financing activities for each of the periods presented. The terms 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	362,481,846	347,434,402
<b>Less:</b>		
Lease liabilities	(131,556,469)	(194,442,401)
Bank overdrafts	(252,992,341)	(244,464,052)
Loans	(488,932,256)	(88,033,127)
Total	<u><b>(510,999,220)</b></u>	<u><b>(179,505,178)</b></u>

**CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

**Notes to the consolidated financial statements**

**For the financial year ended 31 December 2023**

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

**14. Cash and cash equivalents (continued)**

	<b>Leases</b>	<b>Cash at banks</b>	<b>Bank overdrafts</b>	<b>Loans</b>	<b>Net</b>
<b>Net debt at 31 December 2022</b>	<b>194,442,401</b>	<b>(347,434,402)</b>	<b>244,464,052</b>	<b>88,033,127</b>	<b>179,505,178</b>
Cash flows	(35,042,060)	(15,047,444)	8,528,289	400,899,129	<b>359,337,913</b>
Change in leases	(46,883,776)	-	-	-	<b>(46,883,776)</b>
Interest expense	19,039,904	-	-	-	<b>19,039,904</b>
<b>Net debt at 31 December 2023</b>	<b>131,556,469</b>	<b>(362,481,846)</b>	<b>252,992,341</b>	<b>488,932,256</b>	<b>510,999,220</b>
	<b>Leases</b>	<b>Cash at banks</b>	<b>Bank overdrafts</b>	<b>Loans</b>	<b>Net</b>
<b>Net debt at 31 December 2021</b>	<b>211,458,082</b>	<b>(847,525,002)</b>	<b>60,627,560</b>	-	<b>(575,439,360)</b>
Cash flows	(40,734,524)	500,090,600	164,514,246	86,913,062	<b>710,783,384</b>
Change in leases	587,848	-	-	-	<b>587,848</b>
Interest expense	23,130,995	-	19,322,246	1,120,065	<b>43,573,306</b>
<b>Net debt at 31 December 2022</b>	<b>194,442,401</b>	<b>(347,434,402)</b>	<b>244,464,052</b>	<b>88,033,127</b>	<b>179,505,178</b>

**15. Bank overdrafts**

The Group has obtained total credit limits in the form of bank overdrafts to finance the 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 value of these credit limits at 31 December 2023 amounted to EGP 252,992,341 (EGP 244,464,052 at 31 December 2022).

**16. Loans**

	<b>31 December 2023</b>		
	<b>Current portion</b>	<b>Non-current portion</b>	<b>Total</b>
Loans	65,923,233	423,009,023	<b>488,932,256</b>
<b>Total</b>	<b>65,923,233</b>	<b>423,009,023</b>	<b>488,932,256</b>
	<b>31 December 2022</b>		
	<b>Current portion</b>	<b>Non-current portion</b>	<b>Total</b>
Loans	-	88,033,127	<b>88,033,127</b>
<b>Total</b>	<b>-</b>	<b>88,033,127</b>	<b>88,033,127</b>

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

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#### 16. Loans (continued)

- 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 Specialised Hospital Company signed an appendix to the loan contract from Ahli United Bank. 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 Specialised Hospital	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 redistributed among the companies as follows, provided that the maximum available financing limit is EGP 340 million, and the mentioned amount is not exceeded at any time throughout the contract term.

Cleopatra Hospital Company	EGP 100 million
Cairo Specialised Hospital	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 availability period 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. In the event that the entire financing amount is not withdrawn during the aforementioned availability period, the unwithdrawn portion shall 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 pay the total financing amount in 20 quarterly instalments. The first instalment shall begin on 31 December 2024.

#### - **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 Company shall not exceed 1.
- Debt service rate shall not fall below 1,3.
- Liquidity rate shall not fall below 1.

Loans include specific covenants. A future breach of these covenants may lead to renegotiation. The covenants are monitored by management, in case of potential breach, actions are taken by management to ensure compliance. During 2023, the Group had no breaches of any of these covenants.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 17. Provisions

	<u>2023</u>	<u>2022</u>
Provision for human resources	12,265,339	16,519,753
Claims provision	<u>8,043,132</u>	<u>8,780,294</u>
	<b><u>20,308,471</u></b>	<b><u>25,300,047</u></b>

Provision 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	16,519,753	30,019,829	(17,300,669)	(16,848,961)	(124,613)	12,265,339
Claims provision	8,780,294	4,343,807	(5,080,969)	-	-	8,043,132
<b>Total</b>	<b><u>25,300,047</u></b>	<b><u>34,363,636</u></b>	<b><u>(22,381,638)</u></b>	<b><u>(16,848,961)</u></b>	<b><u>(124,613)</u></b>	<b><u>20,308,471</u></b>

	<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	11,151,619	26,547,067	(11,116,375)	(12,646,509)	2,583,951	16,519,753
Claims provision	10,765,879	6,367,770	(7,897,476)	(455,879)	-	8,780,294
<b>Total</b>	<b><u>21,917,498</u></b>	<b><u>32,914,837</u></b>	<b><u>(19,013,851)</u></b>	<b><u>(13,102,388)</u></b>	<b><u>2,583,951</u></b>	<b><u>25,300,047</u></b>

#### Provision for human resources

Other provisions for human resources include provisions for restructuring the Company's employees, a provision for employees leaves, and a 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. The Company has not disclosed usual information on the provisions made in accordance with accounting standards, as the management believes that doing so may seriously affect the outcome of negotiations with such entities and authorities. The management reviews those provisions annually and adjusts the amount provided based on the latest updates, discussions and agreements with third parties.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 18. Trade and other payables

	<u>2023</u>	<u>2022</u>
Trade and notes payable	569,780,930	253,631,129
Accrued expenses	273,462,075	214,648,351
Social insurances	13,704,632	8,753,744
Other creditors	71,150,774	34,691,546
	<u><b>928,098,411</b></u>	<u><b>511,724,770</b></u>

#### 19. Lease liabilities

Lease liabilities represent the present value of lease liabilities related to medical equipment (Stage 1 - Note 8), entered into by one of the Group's companies, and premises leases (Stage 2). It was measured at the present value of the contractual lease payments discounted at an implicit rate of return of a range between 11,15% and 16,65%.

	<u>2023</u>	<u>2022</u>
During the year	45,673,809	38,983,371
More than one year	125,169,517	305,552,641
	<u><b>170,843,326</b></u>	<u><b>344,536,012</b></u>

#### The present value of lease liabilities is as follows:

During the year	45,673,809	38,983,371
More than one year	85,882,660	155,459,030
<b>Balance</b>	<u><b>131,556,469</b></u>	<u><b>194,442,401</b></u>

	<u>2023</u>	<u>2022</u>
Lease liabilities are presented as follows:		
Lease liabilities as at 31 December 2022	194,442,401	211,458,082
Settlements during the year	848,408	(3,589,929)
Add: Additions during the year	31,470,078	5,142,778
Add: Interest charged during the year	16,832,659	15,282,665
Add: Results of discontinued operations	2,207,245	7,848,330
(Less): Disposals during the year	(77,798,096)	(965,001)
(Less): Payments during the year	(36,446,226)	(40,734,524)
<b>Lease liabilities as at December 31, 2023</b>	<u><b>131,556,469</b></u>	<u><b>194,442,401</b></u>

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 20. Share capital

The Company's paid-up capital is EGP 722,717,101 distributed over 1,445,434,202 shares

The shareholders structure at 31 December 2023 is as follows:

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

The shareholders structure at 31 December 2022 is as follows:

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

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

#### 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.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 22. Other reserves

Movement of the reserves during the year is as follows:

	31 December 2023		
	Balance at the beginning of the year	Formed / (utilised) during the year	Balance at the end of the year
Legal reserve	99,777,675	10,862,677	110,640,352
Special reserve	49,090,006	-	(49,090,006)
Acquisition Reserve	(89,475,574)	(3,781,778)	(93,257,352)
Other reserves	259,819,451	(245,876,895)	13,942,556
Total	<u>319,211,558</u>	<u>(238,795,996)</u>	<u>80,415,562</u>

  

	31 December 2022		
	Balance at the beginning of the year	Formed during the year	Balance at the end of the year
Legal reserve	85,159,143	14,618,532	99,777,675
Special reserve	49,090,006	-	49,090,006
Acquisition Reserve	(89,475,574)	-	(89,475,574)
Other reserves	258,169,004	1,650,447	259,819,451
Total	<u>302,942,579</u>	<u>16,268,979</u>	<u>319,211,558</u>

#### 22.1 Legal reserve

In accordance with the Law No. 159 of 1981 and the Company's Articles of Association, 5% of the net profit for the year shall be transferred to the legal reserve. According to the proposal of the Board of Directors, this transfer may be partially discontinued if the legal reserve reaches 50% of the issued capital. This legal reserve is not distributable to the shareholders.

#### 22.2 Acquisition reserve

This reserve represents the difference between the acquisition value by Cleopatra Hospital Company S.A.E. and the carrying amount of the net assets and liabilities of Cairo Specialised Hospital Company S.A.E at the acquisition date, as the two companies are under common control. The reason for the acquisition is the reorganization of the group companies. Therefore, the assets and liabilities of the subsidiary have been transferred at historical cost. Cleopatra Hospital Company S.A.E acquired 85,428 additional shares from the non-controlling interests of Cairo Specialised Hospital Company "S.A.E" which led to adding EGP 7,688,520 to the acquisition reserve represented in the difference between the fair value of the shares EGP 100 per share and nominal value EGP 10 per share. During 2023, the Company acquired 42,020 additional shares from the non-controlling interests of Cairo Specialised Hospital "S.A.E". Which led to adding 3,781,778 to the acquisition reserve, represented by the difference between the fair value of the shares, EGP 110 per share, and the nominal value, EGP 10 per share.

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

## 22. Other reserves (continued)

### 22.3 Special reserve

The special reserve represents the amount due to Care Healthcare Limited. (Shareholder), in an amount of EGP 47,379,722 under a letter issued by the Company on 12 April 2016, the parties agreed to claim this amount only in the event that the Company is dissolved or liquidated, either voluntarily or for any other legal reason. In this case, the amount due must be divided among the new shareholders of the company upon liquidation or dissolution in the same amount as their shares in the capital of the company to the total number of issued shares. Accordingly, this amount has been recognised as a special reserve in equity. In addition to the settlement resulting from the treasury shares of Cairo Specialised Hospital (subsidiary) at a value of EGP 1,710,284.

### 22.4 Other reserves

The amount represents the amount transferred from the issue 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.

## 23. Non-controlling interests

	Share capital	Reserves	Retained earnings	Ratio of non-controlling interests in adjustments of acquisition	Total
Balance at 1 January 2022	34,074,639	8,717,409	77,829,833	120,184	<b>120,742,065</b>
Employees' dividends	-	-	(4,659,818)	-	<b>(4,659,818)</b>
Legal reserve	-	1,361,138	-	-	<b>1,361,138</b>
Comprehensive income for the year	-	-	30,968,911	-	<b>30,968,911</b>
Balance at 31 December 2022	<b>34,074,639</b>	<b>10,078,547</b>	<b>104,138,926</b>	<b>120,184</b>	<b>148,412,296</b>
Balance at 1 January 2023	<b>34,074,639</b>	<b>10,078,547</b>	<b>104,138,926</b>	<b>120,184</b>	<b>148,412,296</b>
Minority's share of acquisition of subsidiaries	(420,198)	-	-	-	<b>(420,198)</b>
Employees' dividends	-	-	(4,154,969)	-	<b>(4,154,969)</b>
Legal reserve	-	1,510,794	-	-	<b>1,510,794</b>
Comprehensive income for the year	-	-	51,119,174	-	<b>51,119,174</b>
Balance at 31 December 2023	<b>33,654,441</b>	<b>11,589,341</b>	<b>151,103,131</b>	<b>120,184</b>	<b>196,467,097</b>

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 23. Non-controlling interests (continued)

Below is a summary of the financial information for each subsidiary that has significant non-controlling interests to the Group. The amounts disclosed to each subsidiary are prior to consolidation entries between companies:

	<b>Cairo Specialised Hospital Company "S.A.E"</b>	<b>Nile Badrawy Hospital Company "S.A.E"</b>	<b>AI Shorouk Hospital Company "S.A.E"</b>	<b>CHG Pharma for Pharmacy Management "S.A.E"</b>	<b>CHG Medical Services "S.A.E"</b>
<b>2023</b>					
Summarized financial position					
Current assets	390,112,362	235,667,437	249,189,041	23,410,492	34,116,023
Current liabilities	249,222,256	161,922,995	117,595,001	30,733,501	98,366,160
<b>Net current assets</b>	<b>140,890,106</b>	<b>73,744,442</b>	<b>131,594,040</b>	<b>(7,323,009)</b>	<b>(64,250,137)</b>
Non-current assets	434,856,918	420,320,848	320,312,023	2,481,746	26,427,833
Non-current liabilities	88,094,424	133,656,184	30,235,282	2,938,359	20,680,940
<b>Net non-current assets</b>	<b>346,762,494</b>	<b>286,664,664</b>	<b>290,076,741</b>	<b>(456,613)</b>	<b>5,746,893</b>
Equity	<b>487,652,600</b>	<b>360,409,106</b>	<b>421,670,781</b>	<b>(7,779,622)</b>	<b>(58,503,244)</b>
Non-controlling interests	<b>42,99%</b>	<b>0,01%</b>	<b>0,01%</b>	<b>2,00%</b>	<b>40,00%</b>
	<b>Cairo Specialised Hospital Company "S.A.E"</b>	<b>Nile Badrawy Hospital Company "S.A.E"</b>	<b>AI Shorouk Hospital Company "S.A.E"</b>	<b>CHG Pharma for Pharmacy Management "S.A.E"</b>	<b>CHG Medical Services "S.A.E"</b>
<b>2022</b>					
Summarized financial position					
Current assets	190,785,262	207,844,535	178,251,501	14,570,552	23,149,904
Current liabilities	134,265,492	97,518,839	109,512,367	21,457,970	90,690,169
<b>Net current assets</b>	<b>56,519,770</b>	<b>110,325,696</b>	<b>68,739,134</b>	<b>(6,887,418)</b>	<b>(67,540,265)</b>
Non-current assets	351,715,466	288,891,045	314,891,373	3,163,143	41,043,573
Non-current liabilities	25,604,134	69,951,018	27,269,432	3,861,929	39,565,924
<b>Net non-current assets</b>	<b>326,111,332</b>	<b>218,940,027</b>	<b>287,621,941</b>	<b>(698,786)</b>	<b>1,477,649</b>
Equity	<b>382,631,102</b>	<b>329,265,723</b>	<b>356,361,075</b>	<b>(7,586,204)</b>	<b>(66,062,616)</b>
Non-controlling interests	<b>43,54%</b>	<b>0,01%</b>	<b>0,01%</b>	<b>40%</b>	<b>2%</b>

**CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

**Notes to the consolidated financial statements**

**For the financial year ended 31 December 2023**

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

**23. Non-controlling interests (continued)**

	<b>Cairo Specialised Hospital Company “S.A.E”</b>	<b>Nile Badrawy Hospital Company “S.A.E”</b>	<b>Al Shorouk Hospital Company “S.A.E”</b>	<b>CHG Pharma for Pharmacy Management “S.A.E”</b>	<b>CHG Medical Services “S.A.E”</b>
<b>2023</b>					
Summary of profit or loss					
Revenues	774,207,367	537,520,242	586,254,495	64,840,518	114,751,141
Profit for the year	114,683,309	35,947,052	73,587,187	(193,418)	7,559,372
Other comprehensive income	-	-	-	-	-
<b>Total income</b>	<b>114,683,309</b>	<b>35,947,052</b>	<b>73,587,187</b>	<b>(193,418)</b>	<b>7,559,372</b>
<b>Non-controlling interests</b>	<b>49,304,648</b>	<b>3,954</b>	<b>7,359</b>	<b>(3,868)</b>	<b>3,023,749</b>
<b>2022</b>					
Summary of profit or loss					
Revenues	525,559,329	378,418,379	439,722,048	48,036,184	87,646,799
Profit/ loss for the year	70,253,065	26,488,488	48,708,353	(688,657)	1,929,253
Other comprehensive income	-	-	-	-	-
<b>Total income</b>	<b>70,253,065</b>	<b>26,488,488</b>	<b>48,708,353</b>	<b>(688,657)</b>	<b>1,929,253</b>
<b>Non-controlling interests</b>	<b>30,203,198</b>	<b>2,899</b>	<b>4,871</b>	<b>(13,773)</b>	<b>771,701</b>
<b>2023</b>					
Summary of cash flows					
Cash flows from operating activities	128,350,082	91,185,278	24,818,508	2,733,709	18,286,736
Cash flows from investing activities	(118,283,408)	(158,189,709)	(36,202,713)	276,619	(1,425,181)
Cash flows from financing activities	67,201,169	80,257,955	(11,753,595)	(1,061,695)	(11,157,639)
<b>Net in cash and cash equivalents</b>	<b>77,267,843</b>	<b>13,253,524</b>	<b>(23,137,800)</b>	<b>1,948,633</b>	<b>5,703,916</b>

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### 23. Non-controlling interests (continued)

2022	Cairo Specialised Hospital Company "S.A.E"	Nile Badrawy Hospital Company "S.A.E"	AI Shorouk Hospital Company "S.A.E"	CHG Pharma for Pharmacy Management "S.A.E"	CHG Medical Services "S.A.E"
Summary of cash flows					
Cash flows from operating activities	43,673,281	12,093,136	66,643,320	715,967	11,218,273
Cash flows from investing activities	(66,519,594)	(83,507,023)	(92,076,324)	62,441	(412,537)
Cash flows from financing activities	1,142,031	37,509,203	(10,669,172)	(1,198,888)	(13,991,204)
<b>Net decrease in cash and cash equivalents</b>	<b>(21,704,282)</b>	<b>(33,904,684)</b>	<b>(36,102,176)</b>	<b>(420,480)</b>	<b>(3,185,468)</b>

#### 24. Revenue

	2023	2022
Residency and medical supervision revenue	768,252,930	514,500,789
Surgeries revenue	757,121,255	559,698,599
Outpatient clinics revenue	376,626,783	300,292,279
Laboratories revenue	338,991,808	277,450,987
Cardiac catheterization revenue	284,497,571	183,902,580
Service revenue*	265,734,288	184,141,649
Pharmacy revenue	219,528,692	143,383,952
Radiology revenue	211,662,942	177,755,166
Emergency revenue	123,312,834	91,480,118
Physiotherapy revenue	98,148,643	32,460,936
Oncology center revenue	39,008,242	36,499,537
Fluoroscopes revenue	34,524,796	30,541,573
Cardiac tests revenue	32,820,574	21,154,373
Other divisions revenues	30,187,066	15,725,828
Dental revenue	14,880,940	15,044,008
	<b>3,595,299,364</b>	<b>2,584,032,374</b>

\* "Service fees" are not a separate performance obligation but rather a fixed percentage incremental cost applied to all flows of revenue except medicines sales.

All types of revenue are recognised at a certain point in time, except for residency and medical supervision, which are recognised over time as follows:

	2023	2022
At a certain point in time	2,827,046,434	2,069,531,585
recognised over time	768,252,930	514,500,789
	<b>3,595,299,364</b>	<b>2,584,032,374</b>

#### 25. Cost of obtaining revenue

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

	<u>2023</u>	<u>2022</u>
Medical and pharmaceutical supplies	781,520,585	501,110,023
Doctors' fees	571,135,437	441,335,655
Employees' wages, salaries and benefits	570,858,303	442,349,236
Maintenance, spare parts and energy expenses	123,259,933	82,517,842
Fixed assets depreciation	120,453,092	102,562,734
Consumables costs	75,306,654	51,128,414
External services from third parties	68,576,021	37,775,460
Right of use depreciation	16,315,652	15,193,754
Miscellaneous expenses	59,251,394	44,791,452
	<u><b>2,386,677,071</b></u>	<u><b>1,718,764,570</b></u>

#### 26. General and administrative expenses

	<u>2023</u>	<u>2022</u>
Employees' wages, salaries and benefits	221,456,476	188,342,707
External services from third parties	38,768,933	24,116,547
Fixed assets depreciation	30,805,291	27,260,412
Professional and consulting fees	28,611,101	32,440,516
Maintenance, spare parts and energy expenses	28,211,031	21,988,237
Right of use depreciation	9,497,456	5,303,595
Amortisation of intangible asset	8,979,284	15,889,284
Consumables costs	4,546,492	2,552,325
Miscellaneous expenses	123,311,208	58,578,729
	<u><b>494,187,272</b></u>	<u><b>376,472,352</b></u>

#### 27. Expenses by nature

	<u>2023</u>	<u>2022</u>
Salaries, wages and benefits	792,314,779	630,691,943
Medical and pharmaceutical supplies	781,520,585	501,110,023
Doctor fees	571,135,437	441,335,655
Fixed assets depreciation	151,258,383	129,823,146
Maintenance, spare parts and energy expenses	151,470,964	104,506,079
Service from others	107,344,954	61,892,007
Consumables costs	79,853,146	53,680,739
Right of use depreciation	25,813,108	20,497,349
Intangible assets amortization	8,979,284	15,889,284
Other expenses	211,173,703	135,810,697
	<u><b>2,880,864,343</b></u>	<u><b>2,095,236,922</b></u>

#### 28. Expected credit losses s in financial assets

**CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

**Notes to the consolidated financial statements**

**For the financial year ended 31 December 2023**

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

	<u>2023</u>	<u>2022</u>
Impairment of trade receivables	47,214,918	28,628,003
(Reversal) of impairment in cash	3,293,599	(254,359)
	<u><b>50,508,517</b></u>	<u><b>28,373,644</b></u>

**29. Other revenue**

	<u>2023</u>	<u>2022</u>
Lease	1,851,963	2,023,618
Capital losses	(320,720)	208,540
Revenue of capital profits of finance leasing	(496,945)	-
Other revenue	5,698,420	3,278,986
	<u><b>6,732,718</b></u>	<u><b>5,511,144</b></u>

**30. Finance income / expenses**

	<u>2023</u>	<u>2022</u>
<b>Finance income</b>		
Interest income	25,015,684	37,078,828
Foreign currency valuation	2,779,519	8,417,963
<b>Total finance income</b>	<u><b>27,795,203</b></u>	<u><b>45,496,791</b></u>
<b>Finance expenses</b>		
Interests receivable - credit facilities	(53,445,041)	(20,442,311)
Interests receivable - leases	(16,832,659)	(15,282,665)
Interests receivable - leases	729,716	-
<b>Total finance expenses</b>	<u><b>(69,547,984)</b></u>	<u><b>(35,724,976)</b></u>
<b>Net finance income / expenses</b>	<u><b>(41,752,781)</b></u>	<u><b>9,771,815</b></u>

**31. Income taxes**

	<u>2023</u>	<u>2022</u>
Current income tax	125,995,916	85,278,093
Current income tax from discontinued operations (Note 40)	(2,847,662)	452,152
Current income tax from continued operations	<u><b>123,148,254</b></u>	<u><b>85,730,245</b></u>
Deferred tax (Note 32)	12,378,214	7,639,167
	<u><b>135,526,468</b></u>	<u><b>93,369,412</b></u>

**31. Income taxes (continued)**

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

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 Company's profits as follows:

	<b>2023</b>	<b>2022</b>
Profit before tax from continued operations	609,088,543	451,603,213
Profit before tax from discontinued operations (Note 40)	(1,414,724)	(1,938,015)
<b>Net profit before tax</b>	<b>607,673,819</b>	<b>449,665,198</b>
Income tax calculated at the applicable local tax rate	136,726,609	101,174,670
Add (less):		
Expenses not recognised	10,024,163	8,558,608
Non-taxable revenue	(18,735,293)	(17,509,992)
Unrecognised deferred tax assets	7,510,989	1,146,126
<b>Income tax</b>	<b>135,526,468</b>	<b>93,369,412</b>
<b>Effective tax rate</b>	<b>22,77%</b>	<b>20,67%</b>
	<b>2023</b>	<b>2022</b>
<u>Current income tax liabilities</u>		
Balance at 1 January	<b>47,999,241</b>	<b>66,198,856</b>
Payments during the year	(33,321,721)	(52,794,758)
Tax for the year	125,995,916	85,294,191
Paid under tax account	(65,101,409)	(50,699,048)
	<b>75,572,027</b>	<b>47,999,241</b>

### 32. Deferred tax

The change in tax assets and liabilities during the year is as follows:

	Balance at 1 January 2023 (Liability)	(Expense) charged to the statement of profit or loss during the year	Balance at 31 December 2023 (Liability)
<b><u>Liabilities</u></b>			
Fixed assets	(54,769,511)	(12,959,882)	(67,729,393)
Fixed assets - fair value impact	(36,430,057)	1,571,745	(34,858,312)
Intangible assets - fair value impact	(9,979,650)	-	(9,979,650)
<b>Total liabilities</b>	<b>(101,179,218)</b>	<b>(11,388,137)</b>	<b>(112,567,355)</b>
<b><u>Assets</u></b>			
Provisions (excluding claims provision)	4,266,639	(990,077)	3,276,562
Accumulated losses of subsidiary	7,463,572	-	7,463,572
<b>Net deferred tax - liability</b>	<b>(89,449,007)</b>	<b>(12,378,214)</b>	<b>(101,827,221)</b>

### 32. Deferred tax (continued)

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

	Balance at 1 January 2022 (Liability)	(Expense) charged to the statement of profit or loss during the year	Balance at 31 December 2022 (Liability)
<u>Liabilities</u>			
Fixed assets	(44,281,274)	(10,488,237)	(54,769,511)
Fixed assets - fair value impact	(38,359,550)	1,929,493	(36,430,057)
Intangible assets - fair value impact	(9,979,650)	-	(9,979,650)
<b>Total liabilities</b>	<b>(92,620,474)</b>	<b>(8,558,744)</b>	<b>(101,179,218)</b>
<u>Assets</u>			
Provisions (excluding claims provision)	3,347,063	919,576	4,266,639
Accumulated losses of subsidiary	7,463,572	-	7,463,572
<b>Net deferred tax - liability</b>	<b>(81,809,839)</b>	<b>(7,639,168)</b>	<b>(89,449,007)</b>

### 33. 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 the derecognition of employees' dividends.

	2023	2022
Profit for the year from continued operations	418,180,515	325,762,928
<b>(Less):</b>		
Dividends of employees and the Board of Directors	(98,600,926)	(67,950,544)
	<b>319,579,589</b>	<b>257,812,384</b>
The weighted average number of ordinary shares for basic earnings per share purposes	1,441,509,083	1,514,721,828
The weighted average number of ordinary shares for the purpose of employee reward plan	2,298,783	2,246,395
<b>The weighted average number of ordinary shares for diluted earnings per share purposes</b>	<b>1,443,807,866</b>	<b>1,516,968,223</b>
<b>Basic earnings per share</b>	<b>0,22</b>	<b>0,17</b>
<b>Diluted earnings per share</b>	<b>0,22</b>	<b>0,17</b>

The weighted average number of shares is adjusted to take into account the shares held under the reward and incentive plan for employees, managers, and executive Board members.

### 34. Related parties' transactions

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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During the year, the Group 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

<u>Related parties</u>	<u>Nature of transaction</u>	<u>Balance due from / (to) related parties in 2023</u>	<u>Balance due from / (to) related parties in 2022</u>
Other parties	Expenses paid on behalf of the Company	482,343	3,152,972
		<u>482,343</u>	<u>3,152,972</u>

- The transactions with the related parties are the Group's transactions with the Parent Companies, whether by selling, buying or exchanging services. Prices, policies and conditions related to these operations are approved by the Group's management and are on the same basis as dealing with others.

### 35. Tax position

#### 35.1 Cleopatra Hospital Company

##### First: Fund corporates tax

- Inspection was made until 31 December 2019, and the settlement and full payment were made.
- In 2020, the inspection, and the payment were made, and the settlement is in progress.
- Tax return for the years 2021 and 2022 have been submitted at the legal deadlines

##### Second: Salaries tax

- Inspection was made until 31 December 2019, and the settlement and full payment were made.
- The year 2020 was inspected and the principal tax was paid
- Salaries settlements and models 4 (salaries) for the years 2021 and 2022 have been submitted at the legal deadlines

##### Third: Stamp duty 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.

### 35. Tax position (continued)

## **CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

### **Notes to the consolidated financial statements**

#### **For the financial year ended 31 December 2023**

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

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### **35.2 Cairo Specialised Hospital Company**

#### First: Fund corporates tax

- Inspection was made until 31 December 2019, and the settlement and full payment were made.
- In 2020, the inspection, and the payment were made, and the settlement is in progress.
- Tax return for the years 2021 and 2022 have been submitted at the legal deadlines

#### Second: Salaries tax

- Inspection was made until 31 December 2018, and the settlement and full payment were made.
- The years 2019 and 2020 were inspected, the principal tax was paid, and settlement is in progress
- Salaries settlements and models 4 (salaries) for the years 2021 and 2022 have been submitted at the legal deadlines

#### Third: Stamp duty tax

- Inspection and payment were made until 31 December 2016.
- The years from 2017 to 2019 were inspected and the payment was made and the settlement is in progress
- 2020 is being inspected.

#### Fourth: Value added tax

- The inspection was made from 2016 to 2020, and the tax differences are being paid and the settlement is in progress.
- Monthly returns are submitted within the legal deadlines.

### **35.3 Nile Badrawy Hospital Company**

#### First: Fund corporates tax

- Inspection was made until 31 December 2020, and the settlement and full payment were made.
- Tax return for the years 2021 and 2022 have been submitted at the legal deadlines

#### Second: Salaries tax

- Inspection was made until 31 December 2020, and the settlement and full payment were made.
- Salaries settlements and models 4 (salaries) for the years 2021 and 2022 have been submitted at the legal deadlines

#### Third: Stamp duty tax

- Inspection was made until 2019, and the settlement and full payment were made.

#### Fourth: Value added tax

- Monthly returns are submitted within the legal deadlines.

### **35. Tax position (continued)**

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

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#### 35.6 Al Shrouk Hospital Company

##### First: Fund corporates tax

- Inspection was made until 31 December 2019, and the settlement and full payment were made.
- In 2020, the inspection, and the payment were made, and the settlement is in progress.
- Tax return for the years 2021 and 2022 have been submitted at the legal deadlines

##### Second: Salaries tax

- Inspection was made until 31 December 2014, and the settlement and full payment were made.
- Inspection was made for the years from 2015 to 2020 and the principal tax was paid.
- Salaries settlements and models 4 (salaries) for the years 2021 and 2022 have been submitted at the legal deadlines

##### Third: Stamp duty tax

- Inspection was made until 31 December 2019, and the settlement and full payment were made.
- Inspection was made until 31 December 2020, and settlement is in progress.

##### Fourth: Value added tax

- Inspection was made from 2016 to November 2020, and the principal tax was paid.
- The years from 2021 to 2022 are being inspected
- Monthly returns are submitted within the legal deadlines.

#### 36. Commitments

##### Capital Commitments:

Capital commitments at the end of the financial year, that are not yet due, amounted to EGP 499,515,071 (2022: EGP 1,110,636,050) represented in commitments related to purchasing fixed assets and projects in progress.

#### 37. Other liabilities

The present value of the cash portion of the remainder of the transaction value at the transaction date was estimated at EGP 14,485,000, and an amount of EGP 10,000,000 of this balance was paid to Dr. Ismail Aboul Fotouh in 2022. The fair value of the share-based payments based on a part of the transaction (which is equivalent to 40% of the shares of Bedaya Hospital Company) was estimated at the acquisition date at an amount of EGP 38,005,000. The share-based compensation is due in June 2023 and has certain conditions, unrelated to maturity, specified in the transfer agreement. Remunerations expenses amounting to EGP 6,910,000 of the share-based payments was recognised in 2023. The total liability due to Dr. Ismail Aboul Fotouh at 31 December 2023 was EGP 42,490,000 (EGP 35,580,000 at 31 December 2022), which is included within other liabilities balance in the statement of financial position.

#### 38. Treasury shares

## **CLEOPATRA HOSPITAL COMPANY (S.A.E.)**

### **Notes to the consolidated financial statements**

#### **For the financial year ended 31 December 2023**

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

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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 Board of Directors' decision, the Company purchased 160,737,312 shares of its shares from the stock exchange market for a total amount of EGP 766,026,840, and they were offered by deduction from the equity of treasury shares. On 6 December 2022, the Board of Directors agreed to the write-off 154,565,797 treasury shares, and on 25 January 2023, the Company's General Assembly approved to write-off the shares. On 6 July 2023, It was unanimously approved at a meeting of the Company's Board of Directors to transfer 2,298,784 shares of treasury shares owned to the Company into reward and incentive plan shares, total of 10,862,676, in order to enable the Company to meet its obligations to beneficiaries of the plan and distribute them thereto in accordance with the regulations.

### **39. Significant 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 Company, 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 favour of Cleopatra Hospital. It has been agreed on a waiver between the General Authority for River Transport and the Nile Badrawi Hospital Company regarding the disputes 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 Company 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 consideration of the appeal has been deferred pending response to the defence memorandum. The pronouncement of the judgement has been adjourned to 26 March 2024.

#### **b) Movements in exchange rates for the Egyptian pound**

The Company's functional and presentation currency 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.

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

### **39. Significant events (continued)**

## CLEOPATRA HOSPITAL COMPANY (S.A.E.)

### Notes to the consolidated financial statements

#### For the financial year ended 31 December 2023

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

#### c) Impact of the conflict in Gaza

The conflict in Gaza, which erupted on 7 October 2023, had a significant impact on the Egyptian economy as well as consumers trends. The management conducted an assessment of the key impacts of the conflict on the economy, which included a level of disruptions in the supply chain due to the conflict's impact on navigational routes in the Red Sea. This led to a general increase in shipping prices because of to the increase in insurance and shipping costs. The Company was mildly affected by supply chain disruptions during 2023, as there was a low reliance on the shipment 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 total impact in the medium and long term is undetermined.

#### 40. Discontinued operations

Based on the Board of Directors' decision on 6 July 2023, all operations and operating activities of Queens Hospital were closed and suspended and were disposed from the Company and considered part of discontinued operations. Following is a detailed statement of the results of those operations.

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