AL - Naeem Holding for investments
(S.A.E – free zone)
Consolidated Financial Statements
For the year ended 31 December 2022
with Auditor's Report

AL - NAEEM Holding for investments (S.A.E– free zone)
Consolidated financial statements For the year ended December 31, 2022

bakertilly
MOHAMED HILAL & WAHID ABDEL GHAFFAR

Translation of Auditor's report
originally issued in Arabic

Opinion

In our opinion, the consolidated financial statements referred to above, give a true and fair view, in all material respects, of the financial position **of NAEEM HOLDING COMPANY FOR INVESTMENTS (S,A,E – FREE ZONE),** as of 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Emphasis of matter

Without qualifying our opinion

- Based on the minutes of the extraordinary general assembly of Bedaya Company For Real Estate Investments (subsidiary), as held on March 27, 2013, it was approved to freeze the company's activity via suspending that activity completely, as of March 31, 2013. Whereupon, the company's tax card was submitted to the taxation authorities (note no. 2).
- According to the resolution issued by the board of directors of the Egyptian Financial Supervisory Authority, at the session held on July 23, 2011 Company for Real Estate Finance (subsidiary) was prevented from practicing the activity of real estate finance, pursuant to article (42) of the Real Estate Finance Law No. 148 of the year 2001, due to the company failure to complete the amount of its issued capital Note No.(32).

Cairo: 28 February 2023

Auditor
Yousry Ahmed Ibrahim

Baker Tilly Mohamed Hilal
&Wahid Abdel Ghaffar.
Accountants and Consultants

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Translation of Audit report
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AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NAEEM HOLDING COMPANY FOR INVESTMENTS (S,A,E – FREE ZONE)

Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NAEEM HOLDING COMPANY FOR INVESTMENTS (S,A,E – FREE ZONE), represented in the consolidated balance sheet as of 31 December 2022, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This 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 financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

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

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

Translation of Financial Statements

originally issued in Arabic

AL Naeem Holding for investments (S.A.E– free zone)

Consolidated Statement of Financial Position as of 31 December 2022

(All amounts in US Dollar)

	Note	31/12/2022	31/12/2021
Assets			
Non -current assets			
Fixed assets	(4)	11 901 989	10 964 518
Right of use assets		50 950	---
Projects under construction	(5)	2 654 686	1 996 894
Investments at fair value through OCI	(6)	110 124 142	120 569 815
Long-term investments	(7)	597 676	978 009
Notes receivables		2 344 708	6 196 719
Real Estate Investments	(9)	3 414 432	3 417 414
Investments in associates	(8)	3 942 621	5 280 329
Deferred tax assets		33 423	30 006
Goodwill	(11)	54 890 059	54 890 059
Total non - current Assets		189 954 686	204 323 763
Current assets			
Cash & Cash Equivalents	(12)	3 984 038	5 665 838
Investments at fair value through profit or loss	(13)	5 681 336	11 519 752
Trade receivables	(14)	4 178 910	5 577 068
Work in progress	(15)	10 833 255	25 494 872
Debitors and other debit balances	(16)	11 702 823	16 642 339
Due from related parties		22 019 275	23 229 835
Finished units	(17)	5 141 166	4 267 603
Total current assets		63 540 803	92 397 307
Total assets		253 495 489	296 721 070
Owner's Equity			
Issued and paid up capital	(18)	245 290 246	245 290 246
Legal reserve		8 506 431	8 506 431
General reserve		19 389 651	19 389 651
General reserve - Treasury stock reserve	(19)	5 824 305	5 824 305
Reserve of Unrealized gain from available for sale investments		6 311 086	7 461 486
Foreign Currency Translation Differences		(39 863 251)	(23 160 789)
Retained losses	(20)	(56 488 271)	(55 359 564)
Net Profits for the year		597 223	1 571 131
The owner's equity of the holding company		189 567 420	209 522 897
Non - controlling interest		35 029 158	33 208 543
Total The shareholders' equity and non - controlling interest		224 596 578	242 731 440
Non - current liabilities			
Long-term liabilities	(21)	2 613 876	4 488 484
Deferred tax liabilities		172 138	315 924
Total non - current liabilities		2 786 014	4 804 408
Current liabilities			
Provisions	(22)	26 279	30 957
Bank facilities	(23)	9 474 771	11 136 035
Customers – credit balances		2 744 102	5 642 528
Due to related parties		--	186 785
Creditors and other credit balances	(24)	13 867 745	32 188 917
Total current liabilities		26 112 897	49 185 222
Total liabilities		28 898 911	53 989 630
Total equity and liabilities		253 495 489	296 721 070

-The accompanying notes is an integral part of these consolidated financial statements.

Auditor's Report " Attached "

CFO	Managing Director	Chairman
Ahmed Mahmoud ElGammal	Youssef Medhat El Far	Hussein Shoukry

Translation of Financial Statements

originally issued in Arabic

Naeem Holding for investments (S.A.E– free zone)

Consolidated Income Statement For the year ended 31 December 2022

(All amounts in US Dollar)	Note	For the year ended 31/12/2022	31/12/2021
Revenues			
Fees, commissions and investments managing revenues		2 804 578	3 651 036
Sales and rent revenue of finished units		14 584 990	11 211 464
Coupon revenue		384 904	424 983
cost of units sold		(7 539 780)	(3 686 145)
(Loss) from sale of Investments at Fair Value through profits or losses		28 544	(733 543)
Unrealized (Loss)/ profit from revaluation of investments at fair value through profit or loss		(1 655 781)	92 829
Loss from sale of Investments in subsidiaries		---	(217 578)
Credit interest		124 934	191 089
Capital gain (Real estate)		---	4 400 850
Foreign currency exchange		3 358 603	(27 765)
Company's share of profit/ (losses) in associated companies		(268 184)	270 142
Other income		1 497 331	1 562 652
Total Revenues		13 320 139	17 140 014
Deduct / Add			
General and administrative expenses		(6 383 706)	(7 399 742)
Marketing expenses and management fees		(73 325)	(149 285)
Finance lease expenses		(235 618)	(440 946)
Provision	(23)	---	(7 640)
Debit interests		(2 451 620)	(1 794 406)
Real estate depreciation	(9)	(2 982)	(21 657)
Right of use amortisation		---	(2 484)
Fixed assets depreciation	(4)	(531 911)	(782 504)
Expected credit loss		(10 940)	(50 405)
Total expenses		(9 690 102)	(10 649 069)
Net Profits for the year before taxes		3 630 037	6 490 945
Deduct / Add			
Income tax		(1 333 773)	(1 665 542)
Deferred income taxes		121 574	(123 214)
Net Profits for the year after tax		2 417 838	4 702 189
Represented in:			
Shareholders' equity of the Holding Company		597 223	1 571 131
Non- controlling interest		1 820 615	3 131 058
		2 417 838	4 702 189

-The accompanying notes is an integral part of these consolidated financial statements.

CFO	Managing Director	Chairman
Ahmed Mahmoud ElGammal	Youssef Medhat El Far	Hussein Shoboksh

Translation of Financial Statements

originally issued in Arabic

Naeem Holding for investments (S.A.E– free zone)

Consolidated Statement of Comprehensive Income For the year ended 31December 2022

(All amounts in US Dollar)

	For the year ended	
	31/12/2022	31/12/2021
Net Profits / (Loss) for the year after tax	2 417 838	4 702 189
(Loss) / Profit Revaluation of Investments at fair value through OCI	(1 150 400)	2 330 754
Consolidated translation (loss) / exchange	(16 702 462)	(277 246)
Total comprehensive income	(15 435 024)	6 755 697

-The accompanying notes is an integral part of these consolidated financial statements.

CFO	Managing Director	Chairman
Ahmed Mahmoud ElGammal	Youssef Medhat El Far	Hussein Shoboksh

Translation of Financial Statements

originally issued in Arabic

Naeem Holding for Investments (S.A.E- free zone)

Consolidated Statement of changes in equity For the year ended 31 December 2022

(All amounts in US Dollar)

	Issued and paid up capital	Treasury stock	Legal reserve	General reserve	- General reserve Treasury stock reserve	Reserve of Unrealized gain from available for sale investments	Foreign Currency Translation Differences	Retained losses	Profit for the year	Total	Non - controlling interest	Total
Balance as at 1/1/2021 (issued)	264 499 820	(20 619 163)	8 506 431	19 389 651	7 233 894	5 130 732	(22 883 543)	(53 860 040)	(1 380 008)	206 017 774	30 237 003	236 254 777
Effect of applying a standard (47)	--	--	--	--	--	--	--	(80 413)	--	(80 413)	(163 265)	(243 678)
Balance as of 1 January 2021 (adjust)	264 499 820	(20 619 163)	8 506 431	19 389 651	7 233 894	5 130 732	(22 883 543)	(53 940 453)	(1 380 008)	205 937 361	30 073 738	236 011 099
Transferred to accumulated losses	--	--	--	--	--	--	--	(1 380 008)	1 380 008	--	--	--
Transferred to Treasury stock	(19 209 574)	20 619 163	--	--	(1 409 589)	--	--	--	--	--	--	--
Adjustment of investment in subsidiary disposal	--	--	--	--	--	--	--	(39 103)	--	(39 103)	3 747	(35 356)
Revaluation of Investments at fair value through OCI	--	--	--	--	--	2 330 754	--	--	--	2 330 754	--	2 330 754
Consolidated translation exchange	--	--	--	--	--	--	(277 246)	--	--	(277 246)	--	(277 246)
Net Loss for the year	--	--	--	--	--	--	--	--	1 571 131	1 571 131	3 131 058	4 702 189
Balance as of 31 December 2021	245 290 246	--	8 506 431	19 389 651	5 824 305	7 461 486	(23 160 789)	(55 359 564)	1 571 131	209 522 897	33 208 543	242 731 440
Balance as of 1 January 2022	245 290 246	--	8 506 431	19 389 651	5 824 305	7 461 486	(23 160 789)	(55 359 564)	1 571 131	209 522 897	33 208 543	242 731 440
Transferred to accumulated losses	--	--	--	--	--	--	--	1 571 131	(1 571 131)	--	--	--
Transferred to Treasury stock	--		--	--	--	--	--	(2 699 838)	--	(2 699 838)	--	(2 699 838)
Exclusion Adjustment and Investment In Subsidiary	--	--	--	--	--	(1 150 400)	--	--	--	(1 150 400)	--	(1 150 400)
Revaluation of Investments at fair value through OCI	--	--	--	--	--	--	(16 702 462)	--	--	(16 702 462)	--	(16 702 462)
Net profit for the year	--	--	--	--	--	--	--	--	597 223	597 223	1 820 615	2 417 838
Balance as of 31 December 2022	245 290 246	--	8 506 431	19 389 651	5 824 305	6 311 086	(39 863 251)	(56 488 271)	597 223	189 567 420	35 029 158	224 596 578

-The accompanying notes is an integral part of these consolidated financial statements.

CFO

Ahmed Mahmoud ElGammal

Managing Director

Youssef Medhat El Far

Chairman

Hussein Shobaksky

Naeem Holding for investments (S.A.E– free zone)

Consolidated Statement of cash flows For the year ended 31 December 2022

(All amounts in US Dollar)

	Note	For the year ended 31/12/2022	31/12/2021
Cash flows from operating activities			
Profit for the year before taxes		3 630 037	6 490 945
Adjustments as Follow :			
Right of use depreciation	(4)	--	2 484
Fixed assets depreciation	(9)	531 911	782 504
Provision		2 982	7 640
Used of provision		(4 678)	(51 478)
Real estate depreciation		--	21 657
Debit interest		2 451 620	1 794 406
Credit interest		(124 934)	(191 089)
Net loss from investment in subsidiary disposal		--	217 578
Foreign currency exchange		(3 358 603)	27 765
Investment (losses) in associatetd		268 184	(270 142)
Unrealized profit on revaluation of Investments at fair value through profit or loss		1 655 781	(92 829)
Expected credit loss		10 940	50 405
Operting loss before change in working capital		5 063 240	8 789 846
Change In :			
Trade receivable		1 571 015	179 444
Debitor and other debit balances		4 947 888	(1 151 318)
Customers - credit balances		(2 898 426)	1 639 550
Creditors and other credit balances		(20 163 130)	(1 454 333)
Due from related parties		1 245 423	5 071 925
Due to related parties		14 661 617	(6 369 926)
Work in progress		(186 785)	186 785
Notes receivable		3 852 011	2 969 764
Finished units		(873 563)	3 763 808
Net cash flows provided from operating activities		7 219 290	13 625 545
Cash flows from investing activities			
(Payments) to purchase fixed assets		(1 471 320)	(625 074)
Proceeds from selling fixed assets		28 689	1 333 038
(Payments) for Projects under construction		(707 572)	(27 254)
Proceeds from selling Real Estate investments		---	2 556 173
Proceeds from sale Investment in Subsidiaries		---	23 007
Paid / Proceeds from selling investments at fair value through OCI		(50 950)	--
Change in Right of use assets		---	(7 383 665)
Change in investments at fair value through profit or loss		5 838 416	(734 552)
Change in Long-term investments		1 478 733	--
Change in Assets held for sale		380 333	(125 784)
Change in investments in associates		1 337 708	(2 871 952)
Net cash flows provided from (used in) investing activities		6 834 037	(7 856 063)
Cash flows from financing activities			
Paid / Proceeds from banks overdraft		(1 661 264)	(1 635 656)
Paid Long liabilities		--	(3 184 950)
Paid Debit interest		(2 451 620)	(1 794 406)
Adjustment on non controlling interest		1 596 682	--
Proceeds from Credit interest		124 934	191 089
Consolidated translation exchange		(16 702 462)	(277 246)
Net cash flows (used in) financing activities		(19 093 730)	(6 701 169)
Impact of change in exchange rates		3 358 603	(27 765)
Cash and cash equivalents during the year		(1 681 800)	(959 452)
Cash and cash equivalents – beginning of the year		5 665 838	6 625 290
Cash and cash equivalents - end of the year	(12)	3 984 038	5 665 838

-The accompanying notes is an integral part of these consolidated financial statements.

CFO	Managing Director	Chairman
Ahmed Mahmoud ElGammal	Youssef Medhat El Far	Hussein Shobokshy

(In the notes all amounts are shown in US Dollar unless otherwise stated)

1- BACKGROUND

Naeem Holding Company for Investments "S,A,E - Free Zone" was incorporated according to the provisions of law 8 of 1997 and its executive regulations and law 95 of 1992 and its special executive regulations related to the capital market, The Company was registered in the commercial registry under number 881-Ismailia on the14 May 2006, The Company's activities are as follows:

1. Participate, either fully or partially, in establishing companies.
2. Factoring
3. Risk capital
4. Finance lease.
5. Guarantee and covering public offering.
6. Margin trading and custodian function.

2- The Company has the following investments in subsidiaries as of December 31, 2022:

Company	**Activity**	**Share %**
NAEEM Brokerage Company	Financial Securities Brokerage	99.96%
-NAEEM Financial Investments Company	Financial services	99.99%
-NAEEM Mortgage for Real Estate	Real estate financing	98.4%
-NAEEM Capital Limited Company	Financial Securities investments	100%
-NAEEM for Real Estate Management Limited Company	Real Estate Investment Management	100%
-Smart for securities (Etihad Capital for Securities)	Financial Securities	99.96%
-Naeem Masr Investment Fund Company	Investment Fund	100%
-NAEEM Real Estate Investment Fund company	Investment Fund	99%
-Mina Mac Fund Company	Investment Fund	99%
-Mina Growth Fund Company	Investment Fund	99%
-NAEEM Real Estate Investment Fund (NAEEM for Investment Funds Company previously)	Investment Fund	99%
-Gold Capital for trading Company	Commodities Trading	98.80%
-Recap for Financial investments (Recap holding previously) *	Financial services	47.61%
-NAEEM For Financial Consulting	Financial services	99.92%
-Arab Sweeteners Company	Manufacturing	99.98%

* REACAP for Financial Investments owns the following ownerships in its Subsidiaries:

Company	Activity	Share %
SVREICO for Real Estate Investment Company	Real Estate Investments	68.35%
Naeem For Real Estate Investments	Real Estate Investments	99.98%
Bedaya For Real Estate Investments (Subsidiary of Naeem for Real Estate Investments)	Real Estate Investments	99%
Belady For Tourist Development and Hotels (Subsidiary of Naeem for Real Estate Investments)	Tourism Investments	99%
Smart Gardens for real estate investment	Real Estate Investments	66%
NAEEM for Consulting Services Company	Consulting services	98%

* On April 1, 2021 and in accordance with the agreement to sell the shares of Naeem Capital Investment Company "S.A.E" - a subsidiary owned 99.99% by of Naeem Holding for Investments, the entire company's one million shares were sold.

3- BASIS OF CONSOLIDATION

- The financial statements of the Holding Company and its subsidiaries are prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.
- Similar accounts for assets, liabilities, revenues and expenses of Holding Company and its subsidiaries have been grouped, after excluding the following:

1. The equity of subsidiary is reduced against the cost of the investment cost of Holding Company in its subsidiary.
2. Intercompany accounts between Holding Company and subsidiaries:
   - Current accounts between group companies
   - Notes receivables / payables between group companies
3. Revenues, expenses and dividends paid between Holding Company and subsidiaries during the period.
4. Unrealized gains on the date of consolidated financial statements that resulted from transactions between Holding Company and subsidiaries which may appear in some assets at the date of consolidated financial statements,
5. Any differences between debit and credit balances through settlements, which arose as a result of operation between Holding Company and subsidiaries which recorded in the books of one of the companies and have not been recorded in the books of other Company.
   Show minority interest in a separate line item in the consolidated financial statements attributed to equity share in subsidiaries.
6. Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition in separate item.

(In the notes all amounts are shown in US Dollar unless otherwise stated)

(4) Fixed assets

	Buildings	Vehicles	Furniture and office utilities	Office equipment and tools	Total
Cost as of 1/1/2021	12 385 675	405 769	5 067 486	1 653 739	19 512 669
Additions for the year	88 827	458 605	60 644	16 998	625 074
Disposals for the year	(2 415 183)	(132 765)	(449)	(573)	(2 548 970)
Cost as of 31/12/2021	10 059 319	731 609	5 127 681	1 670 164	17 588 773
Additions for the year	1 237 093	37 318	73 080	123 829	1 471 320
Disposals for the year	--	(36 611)	--	(2 215)	(38 826)
Cost as of 31/12/2022	11 296 412	732 316	5 200 761	1 791 778	19 021 267
Accumulated depreciation as of 1/1/2021	1 640 479	321 841	3 464 832	1 630 531	7 057 683
Depreciation for the year	522 621	86 907	167 046	5 930	782 504
Depreciation of disposals for the year	(1 164 200)	(43 963)	(6 464)	(1 305)	(1 215 932)
Accumulated depreciation as of 31/12/2021	998 900	364 785	3 625 414	1 635 156	6 624 255
Depreciation for the year	272 302	66 115	139 059	54 435	531 911
Depreciation of disposals for the year	--	(34 120)	--	(2 768)	(36 888)
Accumulated depreciation as of 31/12/2022	1 271 202	396 780	3 764 473	1 686 823	7 119 278
Net Book Value 31/12/2022	10 025 210	335 536	1 436 288	104 955	11 901 989
Net Book Value 31/12/2021	9 060 419	366 824	1 502 267	35 008	10 964 518

(In the notes all amounts are shown in US Dollar unless otherwise stated)

5. Projects under construction

	31/12/2022	31/12/2021
Beginning balance for the year	1 996 894	1 969 640
Additions for the year	707 572	27 254
Transferred to Fixed Assets	(49 780)	---
Ending balance for the year	2 654 686	1 996 894

6. Investments at fair value through OCI

	31/12/2022	31/12/2021
Quoted shares in the stock market *	73 208 696	77 964 485
Unquoted shares in the stock market	26 407 120	26 838 165
Nile Palm EL Naeem for Real Estate Development	10 508 326	15 767 165
	110 124 124	120 569 815

*According to the studies prepared by professional financial consultants, it has been confirmed that the Egyptian Gulf Bank stocks have become in active due to low trading volumes, stock price fluctuations, and the stock price discrepancies between supply and demand. The studies have also shown that the fair value of the stock is USD 1.69 per stock.

*Quoted shares in the Egyptian stock market include 40 408 892 shares with fair value amounted to USD 64 356 547from investment in Egyptian Gulf Bank Pledged as collateral for a letter of guarantee issued by the Arab African International Bank in favour of Naeem shares and bonds to guarantee brokerage activity and Etihad Capital Company to guarantee portfolio management activity

7. Long-term investments

	31/12/2022	31/12/2021
Misr Company for central Clearing and Depository *	451 043	710 012
Guarantee settlement fund**	146 633	267 997
	597 676	978 009

*The change is due to decrease in the investment in Misr Company for central Clearing and Depository distrbutions of the capital of the company to its members every three years, and transfer ownerships of the equity between members according to par value , and redistribution when add new members.

** The determination of the contribution in settlement gurantee fund is based on average value trade by the company to the value trade of the market due to quarter before.

(In the notes all amounts are shown in US Dollar unless otherwise stated)

8. Investments in associates

	Ownership%	31/12/2022	31/12/2021
AL - Naeem Shares & Bonds	1	177 306	177 391
Etihad Capital	2.30	1 902 541	2 170 640
Smart Back	35	1 862 774	2 932 298
		3 942 621	5 280 329

9. Real estate investments

	31/12/2022	31/12/2021
Beginning balance of the year	**3 727 324**	**6 445 945**
Disposals	---	(2 718 621)
Accumulated depreciation for disposals	(309 910)	(472 358)
Depreciation for the year	(2 982)	(21 657)
Accumulated depreciation for disposals	---	184 105
	3 414 432	3 417 414

According to the board of directors decision that had been held on 11 November 2015 which it was decided to cancel the finance lease contract with the International Company for Leasing which was contracted during 2011 related to the finance lease of building F4& B143,that resulted in acquisition of building B143 & F4 by Svreico For Real Estate Investment Company amounted to 2 946 959 EGP with the purpose of maintaining building B14 and building F4 to be offered for leasing according to one or more operating lease contract

As a result, and according to prograph number (8) standard (34) of Egyptians accounting standards that related to investment properties, Svreico for Real Estate Investment Company recognized building F4 and B143 in the real estate investment

Referring to the decision of the Minister of Investment No, 110 for the year 2015 to issue the accounting standards, which resulted in a change in Standard No, 34 of the Egyptian Accounting Standards for Real Estate Investment and the derecognition of the fair value method, Accordingly, they were reclassified in Accordance with transitional provisions from the fair value method to the cost method, it was taken into consideration that the useful life of the original 50 years.

10. Employees rewarding system

On March 30, 2020, the Extraordinary General Assembly unanimously approved the abolition of the bonus and incentive system for existing employees and managers of the company and the transfer of the balance of the remaining shares of the bonus and incentive Employees' rewarding system and managers of

Al-Naeem Holding Company for Investments of 27 442 248 shares into treasury shares amounted 20 619 163 USD and the provisions of the treasury shares apply to them.

(In the notes all amounts are shown in US Dollar unless otherwise stated)

11. Goodwill

	31/12/2022	31/12/2021
Goodwill arising from acquisition of:		
Naeem Brokerage in financial securities	40 330 093	40 330 093
REACAP for financial investments (Reacap holding previously)	10 251 294	10 251 294
Naeem for Financial Investments	3 103 794	3 103 794
Etihad Capital (Unifund Capital for financial investments company)	473 327	473 327
Smart for securities (Etihad Capital for Securities)	731 551	731 551
	54 890 059	54 890 059

12. Cash and Cash Equivalent

	31/12/2022	31/12/2021
US Dollars		
Cash on hand	3 937	6 978
Banks- Current accounts	1 184 288	1 170 245
Time deposit	100 000	100 000
	1 288 225	1 277 223
Other Currencies		
Cash on hand	50 540	47 093
Banks- Current accounts	2 507 220	4 093 523
Time deposits	138 526	249 022
	2 696 286	4 389 638
Deduct:		
Expected credit loss	(473)	(1 023)
	3 984 038	5 665 838

13. Investments at fair value through profit or loss

	31/12/2022	31/12/2021
Quoted shares in the stock market	495 152	1 241 029
Unquoted shares in the stock market	837 811	9 537 621
Investment fund units	4 348 373	741 102
	5 681 336	11 519 752

(In the notes all amounts are shown in US Dollar unless otherwise stated)

14. Trade receivables

	31/12/2022	31/12/2021
Trade receivables	4 388 570	5 959 585
Deduct:		
Expected credit loss	(209 660)	(382 517)
	4 178 910	5 577 068

15. Work in progress

	31/12/2022	31/12/2021
Marsa alam land	2 751 361	2 751 361
First phase lands – smart village' buildings and constructions	8 081 894	22 743 511
	10 833 255	25 494 872

16. Debtors and other debit balances

	31/12/2022	31/12/2021
Prepaid expenses	47 468	95 485
Employees' loans and advances	2 594	27 188
Deposit with others	282 378	383 503
Tamweel For Mortgage Company *	1 544 017	1 912 909
Advances to suppliers	796 727	799 262
Accrued Revenue	1 464	13 710
Purchasing and selling clearing	2 091 691	--
Tax Authority	130 014	262 764
Smart village maintenance store	3 308	--
Notes receivables	4 281 545	10 564 775
Other debit balances	2 522 227	2 591 725
	11 703 433	16 651 321
Deduct:		
Expected credit loss	(610)	(8 982)
	11 702 823	16 642 339

* The company has made a sale and lease back contract for the first and third floor - building B–16 in Smart village that the company owns it with Tamweel for Mortgage.

(In the notes all amounts are shown in US Dollar unless otherwise stated)

17. Finished units

	31/12/2022	31/12/2021
First phase Buildings – Smart village*	5 141 166	4 267 603
	5 141 166	**4 267 603**

* This amount represents the covered costs related to the unsold portion of buildings no B109 & B16 at the first phase, as included in the balances of Sverico for Real Estate Investment Company.

18. Issued and paid-up capital

The Company's authorized capital amounts to USD 600 million and the initial issued and paid-up capital at the date of incorporation amounted to USD 120 million divided over 120 million shares each with a par value of USD 1.

On 18 July 2006, the board of directors approved an increase in the issued and paid-up capital from USD 120 million to USD 240 million and increase the shares from 120 million shares to 240 million shares each with a par value of USD 1 and the increase was fully subscribed in.

On 30 March 2008 the general assembly meeting agreed on board of directors' proposal to declare 1 stock dividend for every 3 shares with total amount of USD 80 million, On 16 July 2008 the capital increase was registered at Misr for Central Clearing, Depository and Registry Company, Accordingly, issued and paid-up capital amounted to USD 320 million divided over 320 million shares each with a par value of USD 1.

- On 11 November 2009 the board of directors decided to redeem 10 660 529 shares from treasury shares at their par value (Note 20), Accordingly the Company issued and paid-up capital amounted to USD 309 339 471.
- On 14 April 2011 extra ordinary general assembly meeting decided to redeem
- 5 017 471 shares of treasury shares with their par value (Note 20) accordingly issued and paid-up capital becomes USD 304 322 000.
- On 21 May 2012, according to the decree of the Extraordinary General Assemble Meeting, 10 432 529 shares of treasury shares have been redeemed with their par value (Note 20), accordingly issued and paid-up capital becomes USD 293 889 471.
- On 6 August 2013, according to the decree of the Extraordinary General Assemble Meeting, 10 000 000 shares of treasury shares have been redeemed with their par value (Note 20), accordingly issued and paid-up capital becomes USD 283 889 471.
- On 16 January 2014 the articles no,6 & 7 of the company's article of association has been changed and the changes were highlighted in the commercial register on that date.
- Pursuant to the decisions of the extraordinary general assembly held on 25 July 2016, which stipulated for reducing the issued and paid-up capital from US$ 283 889 471 to US$ 198 722 630 by way of reducing the nominal value per share from 1 US$ to US$ 0.70 while keeping the number of shares as it is, i.e., 283 889 471 shares. The aforesaid decisions further stipulated for transferring the reduced portion of capital, amounting to US$ 85 166 841 to the company's reserves (general reserve), and for amending articles nos. (6 and 7) of the company's articles of association.

- On 22 June 2017 the ordinary general assembly meeting agreed on board of directors' proposal to declare 1 stock dividend for every 10 shares outstanding with total amount of USD 19 872 263. On 9 October 2017 the capital increase was registered at Misr for Central Clearing. Depository and Registry, Accordingly, issued and paid-up capital amounted to USD 218 594 893 divided over 312 278 418 shares each with a par value of USD 0.70 and it was modified in the commercial register dated 14 September 2017.
- On 15 April 2018 the ordinary general assembly meeting agreed on board of directors' proposal to declare 1 stock dividend for every 10 shares outstanding with total amount of USD 21 859 489. On 10 October 2018 the capital increase was registered at Misr for Central Clearing. Depository and Registry, Accordingly, issued and paid-up capital amounted to USD 240 454 382 divided over 343 506 260 shares each with a par value of USD 0.70 and it was modified in the commercial register dated 12 September 2018.
- On 28 March 2019 the ordinary general assembly meeting agreed on board of directors' proposal to declare 1 stock dividend for every 10 shares outstanding with total amount of USD 24 045 438. On 9 June 2019 the capital increase was registered at Misr for Central Clearing. Depository and Registry, Accordingly, issued and paid-up capital amounted to USD 264 499 820 divided over 377 856 886 shares each with a par value of USD 0.70 and it was modified in the commercial register dated 28 May 2019.
- On April 7, 2021, based on to the company's general assembly's decision, which included the approval to reduce the issued and paid-in capital from $264 499 820 to be the issued and paid-in capital $245 290 246 And that is by executing the treasury shares mentioned in the company's financial statements for the financial year ending on December 31, 2020, amounting to 27 442 248 shares with a face value for one share of 0.70 US dollars with a total value of 19 209 574 US dollars the articles no, 6 & 7 of the company's article of association has been adjusted and it was modified in the commercial register dated 13 July 2021.

19. General reserve -Treasury stock reserve

-According to the Company's board of directors meeting held on 25 August 2008, the Company decided to purchase 4.9% from Company's shares. The Company had purchased 11 115 493 shares during 2008 and 2009 with amount of USD 7 428 235.

-On 11 November 2009 the board of directors agreed to redeem 10 660 529 shares from treasury shares at par value, The Company completed the appropriate procedures to redeem these shares of an amount of 7 219 991 USD as at 30 March 2010 according to the decision of the extraordinary general assembly meeting held, The difference between the acquisition cost and the par value amounted to USD 3 440 538 is recognized in reserve available for distribution in equity at the balance sheet as of 31 December 2009.

-According to the decree of Company's Extraordinary General Assembly Meeting held on 14 April 2011, 5 017 471 treasury shares and their acquisition cost is amounted to 2 654 357 and their par value is amounted to USD 5 017 471 has been redeemed , and the difference between the share's par value and their acquisition cost has been charged to reserve available for distribution in the equity in the Consolidated balance sheet, as of 31 December 2011 with the addition to the amount of USD 2 363 114, so that, for the reserve available for distribution as of 31 December 2011 amounted to 5 803 652 USD.

-On 21 May 2012, according to the Extraordinary General Assembly Meeting decision, 10 432 529 shares from treasury shares have been redeemed at par value that had acquisition cost amount to USD 5 605 525 with par value amount to USD 10 432 529, The difference between the par value and acquisition cost amount to USD 4 827 004, so that the dividends available to distribution becomes USD 10 630 656 as of 31 December 2012.
-On 6 August 2013, according to the Extraordinary General Assembly Meeting decision, 10 000 000 shares from treasury shares have been redeemed at par value that had acquisition cost amount to USD 2 814 142 with par value amount to USD 10 000 000, The difference between the par value and acquisition cost amount to USD 6 671 109.
-On 13 November 2013, according to the Extraordinary General Assembly Meeting decision, 5 000 000 shares from treasury share have been purchased with the amount of USD 1 608 173 for the purpose of financing rewarding system.
-On 30 September 2020 Treasury stock reserve amounted to USD 7 233 894
(On 31 December 2019, USD 7 233 894).
-On April 7, 2021 according to the decision of the Extraordinary General Assembly of the company, a number of 27 442 248 shares were executed from treasury stock at their face value which is the cost of acquisition is 20 619 163 $and the nominal value of 19 209 574 $The difference between the face value and the cost of acquiring these shares was included in the treasury stock reserve with equity in the stand-alone statement of financial position on December 31, 2020 with 7 233 894$ bringing the total value of the treasury stock reserve 5 824 305 USD on December 31. 2021.

20. Retained losses

According to the Decree of the Ministry of Investment and International Cooperation No. (69) Year 2019 introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. (110) year 2015, the Retained losses for the financial year ended at 31 December 2019 have been adjusted as follows:
On October 2019 the Financial Regulatory Authority (FRA) in association with the Egyptian Society of Accountants &Auditors (ESAA) issued the Guide to the application of the Egyptian Accounting Standard No. (49) leases Contracts and paragraph (5), which included the following: "The Lessee should apply this standard to lease contract where he is the Lessee.
While the cumulative effect of the initial Implementation of the standard is recognized on the date of initial Implementation and it is not permitted to Presentation comparative information, the lessee should instead recognize the cumulative effect of the initial Implementation of this standard as an adjustment to the opening balance of retained earnings at the date of initial Implementation.
For financial leases that were subject to Law No. 95 of 1995 and were processed in accordance with IAS 20 Accounting Rules and Standards relating to Finance Leases, the following are the effects resulted of Shift to the Implementation of the Egyptian Accounting Standard No. (49) leases.

(In the notes all amounts are shown in US Dollar unless otherwise stated)

	31/12/2022	31/12/2021
Beginning Balance at the year	(55 359 564)	(53 860 040)
Transferred to Retained Earning	1 571 131	(1 380 008)
Adjustment in accumulated losses	--	(39 103)
Effect of changing accounting policies	(2 699 838)	(80 413)
Ending balance for the year	(56 488 271)	(55 359 564)

21. Long -term liabilities

	31/12/2022	31/12/2021
Notes payable	902 545	1 851 088
Lease contract Liability	1 711 331	2 637 396
	2 613 876	4 488 484

22. Provisions

	31/12/2022	31/12/2021
Beginning Balance at year	30 957	74 795
Provision during the year	--	7 640
Used during the year	(4 678)	(51 478)
Ending balance for the year	26 279	30 957

23. Bank facilities

	31/12/2022	31/12/2021
United Bank	---	6 471
United Ahly Bank	3 720 178	2 291 535
Bank Due Cairo	---	1 527
Misr Bank	18	2 187
Export Development Bank of Egypt*	12	18
Attijariwafa Bank	1 083 188	376 828
Arab African International Bank **	4 671 375	8 457 469
	9 474 771	11 136 035

* The company obtained a bank facility amounted to EGP 35 million from export development bank of Egypt to finance margin- purchase operations

** The company obtained a secured credit from the Arab African International Bank – Egypt amounting to LE 200 million, ensuring securities and guaranteed by the shares of Recap for Financial Investments Company and Egyptian Gulf Bank, with the aim of financing a securities portfolio investment

(In the notes all amounts are shown in US Dollar unless otherwise stated)

24. Credit and other creditor balances

	31/12/2022	31/12/2021
Insurance for others	362 756	333 533
Accrued expenses	261 949	301 721
Central depository custody	16 751	21 239
Social insurance authority	23 115	32 098
Advances from customers	--	6 836
Takful Contribution	34 674	37 758
Risk guarantee fund	223	--
Tax Authority	1 190 128	1 834 670
General authority for investment and free zones	2 080 244	2 080 244
Lease contract Liability	374 471	585 222
Nile Palm EL Naeem for Real Estate Development	1 971 484	3 103 425
Notes payable – short term	273 380	595 842
Purchasing and selling clearing	--	315 259
Advanced Revenue	4 357 695	20 966 662
Maintenance Creditors	1 280 055	--
Other credit balances	1 640 820	1 974 408
	13 867 745	32 188 917

25. Financial instruments and risk management

The Company's financial instruments are represented in financial assets and liabilities, the financial assets include cash on hand and at banks, account receivables, other debit balances and financial investments, the financial liabilities include bank overdraft, dividends payable and other credit balances.

The significant accounting policies applied for the recognizing of income and expenses are included in note (31) of the notes to the financial statements. a-The foreign currency risk other than US dollar

The foreign currency risk is the risk that the value of the financial assets and liabilities and their related cash inflows and outflows in foreign currencies other than the US Dollar will fluctuate due to changes in foreign currency exchange rates.

a- Fair value

According to the followed bases in the evaluation of the financial assets and liabilities of the Company, the fair value of the financial instruments is not materially different from their fair values at the financial statements date.

b- Credit risk

The company settles its banking liabilities periodically to avoid unexpected financial losses.

c- Liquidity risk

The company is constantly examining financial situation of liquidity for all items of the statements as well as Taking all necessary precautionary measures to face any expected risks that may arise from the dealings of the company and lead to a problem in liquidity.

d- Risks of cash flows related to interest rate

Usually, future cash flows of financial instruments is prepared, in order to anticipate any changes that may occur in the future interest rate changes and this may lead to a change in the effective interest rate of the tool without any change in fair value.

26. Contingent liabilities

The company warrants a letter of guarantee at the amount of AED 1 000 000 or the equivalent amount in US dollars, as issued by the Arab African International Bank to Naeem for Stocks and Bonds Company in favor of the stock exchanges in Dubai and Abu Dhabi, with the aim of guaranteeing the brokerage activity.

27. Goals and methods of capital management

The Company aims to achieve the maximum return on its capital through capital management in accordance with its related investments activities through its operations department that has a sufficient experience to manage company's capital and to achieve the required return.

Capital finance of the group is made through shareholder's equity, and borrowings through financial institutions are very limited.

28. Tax position of the companies of Naeem Holding Group for Investments

- **Naeem Holding Company**

- **Income tax:** The Company was established at the free zone in Ismailia, and was exempted from the income tax in accordance with the Investment Guarantees and Incentives Law No. 8 of the year 1997.
- **Salaries tax:** Examination took place up to 31 December 2012, all taxes due were paid. The company pays all taxes obligation amounts on a regular basis. The Company's books are in inspection for the years from 2013 till 2016.
- **Stamp duty:** The company was exempted from stamp duty tax till 13 May 2011 and starting that date it is affected by the stamp tax. the company fulfills its tax obligations as per the due dates.

29. Going concern

On 27 March 2013, according to the Extraordinary General Assembly Meeting decision of Bedoya for Real Estate Investment Company (Subsidiary), it was accepted to freeze the company's activities as of 31 March 2013, and the tax card has been retained by the company.

As per the decision from the board of directors of the Egyptian Financial Supervisory Authority (EFSA) session held on 23 July 2011, Naeem for Real Estate Financing (Subsidiary) has been prevented from performing its operations according to the article no, 42 of the real estate financing law no 148 of 2001 for not completing its issued capital.

30. SIGNIFICANT ACCOUNTING POLICIES

30-1 Basis of preparation

The consolidated financial statements have been prepared under the going concern assumption and on a historical cost basis, except for investment property and available for sale financial assets that have been measured at fair value.

30-2 Subsidiaries companies

Subsidiaries are the companies that under the control of the group, In Which the group has the ability to control their financial and operating policies to obtain benefits from its activities taking into consideration the current and probable voting rights at the date of preparation of consolidated financial statements, When measuring the extent of control, The financial statements of subsidiaries are included in the consolidated financial statements since the date of acquisition till the date losing control of Holding Company on subsidiaries.

30-3 Consolidation elimination transactions

When preparing consolidated financial statements all balances, transactions and unrealized gains and losses between group companies are eliminated.

30-4 Conformity with accounting standards

The financial statements of the Holding Company and its subsidiaries are prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

30-5 Foreign currency translation

The Holding Company maintains its accounts in US Dollar as it operates in a free zone, Transactions denominated in foreign currencies are recorded at the prevailing exchange rate at the date of the transaction, Monetary assets and liabilities denominated in foreign currencies other than US Dollar are retranslated using the prevailing exchange rate currencies other than US Dollar at the balance sheet date, all differences are recognized in the consolidated statement of income.
For the subsidiaries that maintains its accounts with a different currencies other than used by the Holding Company (US Dollars), balances of assets and liabilities of the financial statements for these companies are translated using the exchange rates prevailing at the financial position date, equity translated on the basis of historical exchange rates, Revenues and expenses on the bases of average exchange rates during the year, Foreign exchange translation differences recorded in special reserve item "Consolidated Translation differences due to consolidation" in equity consolidated balance sheet.

30-6 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured,
Corresponding cost for this process and cost to complete, if available, are measured:

- Profit or loss resulted from sale of financial investments are recognized on transaction date based on the difference between the cost and selling price less selling commission and expenses,
- Dividends income is recognized when collected,
- Interest income is recognized on accrual basis,
- Brokerage commissions resulting from purchase and sale of securities for clients are recorded after implementation of buy or selling order and issuing client's invoice,
- Management fees are calculated on a monthly basis based on agreed upon contract of the total customer's investment portfolio and total market value shares of the client according to contract terms,
- Purchase with margin revenue is recognized on accrual basis and according to agreed upon interest rate,
- Custody revenues are recognized on accrual basis based on the agreed upon percentages with the customers,
- Performance revenue are calculated annually on the net profit of the investment portfolio of the client under the terms of the contract.

- **Operating Revenue from the Sale of Real Estates and Lands**

  Revenue is achieved upon the delivery of units to the Company's customers and the transferring of all risks and economic benefits related to the unit.

  Revenue is recognized when there is sufficient certainty that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably.

  Revenue shall be measured at the fair value of the due or the received consideration. Any trade discounts, volume rebates, sales taxes or charges shall be deducted and revenue is measured net of these items.

- **Interest Revenue**

  Interest revenue is recognized by using the effective yield method. Interest revenue is recorded in the Profit or Loss statement under the financing income.

30-7 Property and plant

Property and plant are stated at historical cost net of accumulated depreciation and accumulated impairment losses, Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met, Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied, All other repair and maintenance costs are recognized in consolidated statement of income as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Buildings	20
Furniture and office utilities	10 – 16
Office equipment and tools	3 – 8
Vehicles	3 – 5

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal, any gain or loss arising on derecognizing of the asset is included in the consolidated statement of income when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year-end.

The Company assesses at each balance sheet date whether there is an indication that fixed assets may be impaired, Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, Impairment losses are recognized in the statement of income.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized, The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years, Such reversal is recognized in the consolidated statement of income.

30-8 **Investments**

Investments at fair value through profit or loss

Investments at fair value through profit or loss are financial assets classified as either held for trading acquired for the purpose of selling in the near term or financial assets designated upon initial recognition at fair value through profit or loss.

Investments at fair value through profit or loss are initially recognized at fair value inclusive direct attributable expenses.

Investments at fair value through profit or loss are carried in the consolidated balance sheet at fair value with gains or losses recognized in the consolidated statement of income.

A gain or loss arising from sale of an investment at fair value through profit or loss shall be recognized in the consolidated statement of income.

Available for sale investments

Available for sale investments are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held to maturity investments or investments at fair value through profit or loss.

Available for sale investments are initially recognized at fair value inclusive directly attributable expenses.

After initial measurement, available for sale investments are measured at fair value with unrealized gains or losses recognized in the other comprehensive income until the investment is derecognized, at which time the cumulative gain or loss recorded in the other comprehensive is recognized in the consolidated statement of income, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the statement of income,

If the fair value of an equity instrument cannot be reliably measured, the investment is carried at cost.

Equity investments: where there is evidence of impairment, the cumulative loss is removed from the other comprehensive income and recognized in the consolidated of income, Impairment losses on equity investments are not reversed through the statement of income; increases in the fair value after impairment are recognized directly in equity.

Investments in associates

Investments in associates are investments in entities which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture, Significant influence is presumed to exist when the Company holds, directly or indirectly through subsidiaries 20 percent or more of the voting power of the investee, unless it can be clearly demonstrated that this is not the case.

Investments in associates are accounted for in the consolidated financial statements at cost inclusive acquisition cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the consolidated statement of income for each investment separately, Impairment loss shall not be-reversed.

30-9 Non-Current assets held for sale

Non-Current assets held for sale is the non-current assets that is expected to recover its book value basically from sale agreement not from the use of those assets those assets are measured by the lower of the book value or the fair value after deducting the sales cost.

Non-Current assets held for sale in case of impairment, the carrying amount to be adjusted by the value of this impairment and are charged to the consolidated of income Impairment losses to be reversed in the period when occurred, and to the extent to the amount of book value that previously reduced unless the impairment loss was recognized in the previous years.

30-10 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made, Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate, Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation, Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

30-11 Legal reserve

According to the Company's articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50% of the issued capital, the reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

30-12 Income taxes

Income tax is calculated in accordance with the Egyptian tax law.

Current income tax

Current income tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and it carrying amount in the balance sheet (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of income for the year.

30-13 Expenses

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the consolidated statement of income in the financial year in which these expenses were incurred.

30-14 Treasury shares

Treasury shares are recognized at cost and deducted from equity at the consolidated sheet, taking into consideration for the company not to hold these stocks less than three months but not to exceed one year holding year, The company is authorized to sell the stocks during the year in case that their fair value exceeds their cost after general authority for financial supervisory approval, The company's board of directors should disclose in the extraordinary general assembly meeting the reasons for the company holding these stocks for more than six months to agree on the action to be taken towards them.

30-15 Employees rewarding system

Securities held for employees rewarding system are measured by reference to the fair value (market price) at the date of establishing the system and allocation and are revaluated to the fair value (market price) at each reporting date, together with a corresponding revaluation differences in equity at the balance sheet.

30-16 Related party transactions

Related parties represent associate companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties, pricing policies and terms of these transactions are approved by the boards of directors.

30-17 Accounting estimates

The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years, Actual results could differ from these estimates.

30-18 Impairment

Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired, A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of non-financial assets

The Company assesses at each consolidated balance sheet date whether there is an indication that an asset may be impaired, Where the carrying amount of an asset or cash-generating units (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, Impairment losses are recognized in the consolidated statement of income.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized, The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years, Such reversal is recognized in the consolidated statement of income.

30-19 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

30-20 Cash and cash equivalent

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months.

30-21 Projects under construction

Projects under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets, Projects under construction are valued at cost less impairment.

30-22 Work in progress

Properties acquired, constructed or in the course of construction for future sale are classified as work in process at their cost.

Work in process is subsequently carried at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost to complete development and selling activities.

30-23 Long term Investments

Long term investments is represented in the company's share in Misr for Central Clearing Depository Registry (MCDR), the long term investments should be recorded at the acquisition cost less any permanent impairment in its value for each investment separately.

30-24 Finished Units

Revenue from finished units is recorded at fair value for the amount received or due by the net after deducting any commercial discounts, quantities, sales tax or any other fees.

30-25 Real estate investment

Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or **for capital appreciation or both.**

Investment property is measured initially at cost including transaction costs. The investments property are measured after initial recognition at fair value and the gains or losses arising from change in fair value are recognized in the statement of income.

30-26 Fair Value Measurement

The fair value represents the price which would be received by the company in return for selling an asset or transferring a liability under an orderly transaction between market participants on the date of measurement.

Fair value measurement is based on the assumption that the asset sale or liability transfer transaction will take place in the principal market of the asset or liability or the most advantageous market for the asset or liability.

The fair value of the asset or liability is measured by means of the assumptions likely to be used by the market participants upon pricing the asset or liability, assuming that the market participants will work on achieving their economic interests.

Fair value measurement for the non-financial asset or liability takes into account the market participant's ability to generate economic benefits by making the most acceptable use of the asset or by selling the asset to another market partner capable of using the asset in its utmost capacity.

As for the current assets in an active market, the fair value is determined by referring to the declared market purchase prices.

Fair value of the interest-bearing items is estimated based on the discounted cash flows, by using the interest rates applicable to identical items having the same conditions and risk properties.

As for unlisted assets, their fair value is determined by referring to the market value of identical assets or based on the expected discounted cash flows.

The company uses valuation techniques appropriate for the surrounding circumstances, in respect of which adequate data is available for the purpose of fair value measurement. Consequently, the company maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

All assets and liabilities the fair value of which is measured or disclosed in the financial statements are classified into three main levels in terms of fair value measurement, as follows:

- First level: by using unadjusted quoted prices of identical assets or liabilities in active markets.
- Second level: by using inputs other than the quoted prices mentioned in the first level, which are observable for the asset or liability whether directly (i.e., prices) or indirectly (i.e., price-derived inputs).
- Third level: by using valuation techniques which include inputs for the asset or liability none based on observable market data.

As for the assets and liabilities frequently recognized in the financial statements, the company determines whether the three levels of fair value hierarchy were alternatively used or not, by way of revaluating the foregoing classification at the end of the reporting year.

For fair value disclosure purposes, the company has specified some categories for assets and liabilities based on their nature, properties and relevant risks, as well as their levels of classification in the fair value hierarchy indicated above.

30-27 Lease contract

This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

An entity shall determine the lease term as the non-cancellable period of a lease, together with both:

A. periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
B. periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The lessor

Whether a lease is a finance lease or an finance lease depends on the substance of the transaction rather than the form of the contract. Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

1. the lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
2. the lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised;
3. the lease term is for the major part of the economic life of the underlying asset even if title is not transferred;
4. at the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset; and
5. the underlying asset is of such a specialized nature that only the lessee can use it without major modifications.

Initial recognition and subsequent measurement

Initial measurement

The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease. In the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease.

Initial direct costs, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the net investment in the lease and reduce the amount of income recognized over the lease term.

The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the net investment in the lease; there is no need to add them separately.

Initial measurement of the lease payments included in the net investment in the lease:

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

1. fixed payments (including in-substance fixed payments less any lease incentives payable;
2. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
3. any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
4. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and:
5. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Finance leases

A lessor shall recognize lease payments from finance leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Initial measurement of the right-of-use asset

At the commencement date, a lessee shall measure the right-of-use asset at cost.

The cost of the right-of-use asset shall comprise:

a) the amount of the initial measurement of the lease liability

b) any lease payments made at or before the commencement date, less any lease incentives received;

c) any initial direct costs incurred by the lessee; and

d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent measurement of the right-of-use asset

Cost model

To apply a cost model, a lessee shall measure the right-of-use asset at cost:

a) Less any accumulated depreciation and any accumulated impairment losses; and
b) adjusted for any re-measurement of the lease liability lessee shall apply the depreciation requirements in IAS 16 Property, Plant and equipment in depreciating the right-of-use asset,

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Initial measurement of the lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Subsequent measurement of the lease liability

After the commencement date, a lessee shall measure the lease liability by:

1. increasing the carrying amount to reflect interest on the lease liability;
2. reducing the carrying amount to reflect the lease payments made; and
3. re-measuring the carrying amount to reflect any reassessment or lease modifications specified, or to reflect revised in-substance fixed lease payments

31. important Events

During February 2022, in view of the political events that led to the outbreak of war between Russia and Ukraine, which led to possible repercussions on the global economy from a slowdown in growth and an increase in inflation Rate, which will lead to a rise in the prices of primary commodities such as food and energy, which are two of the basic components of many industries. The management believes that there is no significant impact from the repercussions of this war on the company's activities.

On March 21, 2022, the Monetary Policy Committee of the Central Bank of Egypt decided to raise the deposit and lending rates for one night and the main operation price of the Central Bank by 100 basis points to reach 9.25%, 10.25% and 9.75%, respectively. The credit and discount rate were also raised by 100 basis points to reach 9.76%. On the same date, the Central Bank liberalized the foreign exchange rate against the Egyptian pound.

On May 19, 2022, the Monetary Policy Committee of the Central Bank of Egypt decided to raise the deposit and lending rates and the price of the main operation of the central bank for one night by 200 basis points to reach 11.25%, 12.25% and

(In the notes all amounts are shown in US Dollar unless otherwise stated)

11.75%, respectively. The credit and discount rates were also raised by 200 basis points up to 11.75%.

On December 22, 2022, the Monetary Policy Committee of the Central Bank of Egypt decided to raise the deposit and lending rates and the price of the main operation of the central bank for one night by 300 basis points to reach 16.25%, 17.25% and 16.75%, respectively. The credit and discount rates were also raised by 300 basis points up to 16.75%.

CFO	Managing Director	Chairman
Ahmed Mahmoud ElGammal	Youssef Medhat El Far	Hussein Ali Shobokshy

Board of Directors Report
NAEEM Holding for Investment
For the period from January 1st 2022 to December 31st 2022

Financial and Operational Highlights for the Financial Year 2022:

- NAEEM reported consolidated net operating revenues of USD 17.6Mn in FY22, up 8% Y-o-Y compared to USD 16.2Mn inFY21; driven predominately by the real estate sector revenues, the latter contributed 83% to net operating revenues followed by commissions revenues with 16% while the remaining 1% was attributed to other operational revenues.

- NAEEM Brokerage Sector recorded total transactions value EGP 18.4Bn at the main market in FY22, which translated to 2% market share.

- NAEEM Financial Investments - Al Baraka Fund ranked first among Islamic Balanced Equity Funds, with NAV amounting to EGP111.42, up 22.2% YoY.

- REACAP Financial Investments (47.6% owned by NAEEM Holding) reported total operating revenues up 43.5% Y-o-Y to EGP 292.2Mn in FY22, versus EGP 203.5Mn in FY21; The company was negatively affected by the recent EGP liberlisation/floatation, reporting FX loss of EGP 18.6Mn.

- EGBank (10% owned by NAEEM Holding), recorded net income after taxes of EGP 855.5Mn in FY22, up 23% YoY; driven by higher Net Interest Income, fees and commission income of 10.4% and 30.9%, respectively. Net profit after taxes recorded EGP1.62bn in FY22, up 4.1% YoY compared to EGP 1.55bn in FY21. As of Dec-22, total deposits increased by 11.3% YoY while total loans climbed up 15.7% YoY.

- Smart Village Development & Management Company –SVC (33% owned by NAEEM Holding), achieved 55.6% Y-o-Y growth in revenues during FY22. Gross profit margin climbed to 45.5%, compared to 33.5% in 2021. Net profit before taxes soared 147.5% Y-o-Y.

Vice Chairman & Chief Executive Officer **Date: February 28th, 2023**

Youssef Elfar

NAEEM
INVESTOR RELATION DEPT.

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Corporate Governance Report of NAEEM Holding for Investment

Detailed Form

Information about the Company

Company Name	**NAEEM Holding for Investment S.A.E**		
Company Activities:	a. Contribute to incorporation of companies or increasing their capital. The company may acquire stock and shares in different kinds of companies; therefore, it may prepare and evaluate feasibility studies necessary for projects, and provide financial, marketing and engineering consultations and technical support to them. b- Financial lease c- factoring d- Venture Capital e- Underwriting f. Custodian		
Company Term	10 years	Listing Date	16/11/2006
Organizing Law	Law No. 8 of 1997 and Law No. 95 of 1992	Par value of the stock	0.70 $ US
Latest authorized capital	600,000,000$ US	Latest issued capital	245,290,246.60$ US
Latest paid capital	245,290,246.60$ US	Number and date of registration in Commercial Registry	881 15th May 2006
Contacts	Iman Ayman Sadek & Haitham Salah Mohamed Qotb		
Head Office Address	Smart Village – Alex-Cairo Desert road – Building (B16)		
Telephone Numbers	0235316120 , 0235316113	Fax Numbers	0235316101
Website	www.naeemholding.com		
Email	iman.ayman@naeemholding.com haitham.kotb@naeemholding.com		

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General Assembly of Shareholders

Each shareholder has the right to attend the general meetings of the company as the date and location of the general meetings will be published in two well-known daily newspapers. The company has amended its Articles of Association to allow the use of the "cumulative voting" method during the board of directors' elections, upon which the shareholders will have a proportional representation in the election process whenever possible. Board members were elected using the cumulative voting during 2020. The shareholding structure, including the ultimate beneficiary, is as follows:

Ownership Structure

Shareholders owning 5% or more of Company's capital	Ultimate Beneficiary	Number share on the date of financial statements	Percentage %
Youssef Mohamed Youssef Elfar	Youssef Mohamed Youssef Elfar	112,988,309	32.24%
Regional Investment Holding S P C	Youssef Mohamed Youssef Elfar	31,640,093	9.02%
Nasser Ben Abdallah Ben Nasser Almuhawis	Nasser Ben Abdallah Ben Nasser Almuhawis	30,782,917	8.78%

Board of Directors

Composition of Board of Directors

SN	Member Name	Member Capacity (executive/non-executive/independent)	Ownership shares	Membership Date	represents
1	Mr. Hussein Ben Ali Ben Hussein Shobokshy	executive	1,529,137	30/06/2016	himself
2	Mr. Youssef Mohamed Medhat Youssef Elfar	executive	112,988,309	04/09/2006	himself
3	Dr. Nasser Ben Abdallah Ben Nasser Almuhawis	non-executive	30,782,917	04/09/2006	himself

4.	Regional Investment SPC represented by Mr. Mohamed Ali Elsayed	non-executive	31,640,093	24/03/2013	Regional Investment SPC
5.	Mrs. Omnia Saad kelig	executive	69,146	30/03/2020	herself
6.	Mr. Mubarak Ahmed Mohamed Ben Fahd Al Muhairi	non-executive – independent	None	14/11/2017	himself
7.	Mr. Fahd Ben Faleh Ben Hussein El Damer	non-executive – non-independent	17,208,200	28/2/2022	himself

There is a full separation between the two positions of the Chairman of the Board AND the Managing Director.

The role and responsibilities of the Board of Directors

The Board of Directors manages the business of the company pursuant to the assignment issued by the General Assembly. The Board is accountable for the management of the company before Shareholders' General Assembly. The technique of the Board's decision making is according to its articles of incorporation and legal requirements. The Board also sets the company's strategic goals; develops general plans and policies which control the work flow, besides monitoring the performance of the Executive department, making sure the efficacy of the Internal Control System and Company's Risk Management, defining the most appropriate method to apply governance, and approving the professional policies and standards that should be followed by personnel in a way that reflects on their performance and actions. All these actions shall be for maximizing the benefit of the shareholders and in terms of the organizing law and regulations.

The Board shall take over its responsibilities and tasks, the most significant of which:

- Setting mechanisms and systems that guarantee all personnel working in the company follow the company's rules, conventions and internal policies, as well as the development of an early warning system to detect any defect or deviation that may occur, and to ensure taking the appropriate action. The system includes ways to protect sources of information and those who report corruption and deviation.
- Developing a plan to follow up the authority within the company for senior management positions as well as members of the board of directors in order to ensure the sustainability of the company and the effective flow of the business.
- Determining the powers, which it authorizes one of its members, committees or third parties, as well as determining the duration of authorization, periodic reports received from

the committees and executive management, and following up the results of the exercise of those authorized powers.

- Establishing preventive measures, tools and mechanisms that ensure the flow of information and control on the accuracy and integrity of data inside the company, and protecting it from manipulation and penetration both inside the company or from outside, such as securing the use of the Internet and mobile devices against hacking and piracy.
- Overseeing the process of disclosing data and communication channels, ensuring the integrity of financial and accounting reports issued by the company, as well as ensuring the independence of both the internal audit activity and the commitment in the company.
- Appointing a Secretary to the Board of Directors with adequate competence and understanding of all the company's work, and the Board can establish an organizational unit for the Secretariat according to the size and needs of the company.

Responsibilities of the Chairman of the Board or his Deputy

- Inviting the Board of Directors, setting its agenda and managing its meetings.
- Inviting the Ordinary and Extraordinary General Assembly to consider the agenda presented by the Board of Directors.
- Ensuring timely and adequate information is made available to Board members and shareholders.
- Ensuring that decisions are made on a sound basis and with a thorough understanding of the issues, with the need to ensure that an appropriate mechanism is in place to ensure the effective implementation of those decisions in a timely manner.
- Receiving reports and recommendations from all committees and submitting them to the Board periodically for necessary action.
- Ensuring that all members of the Board conduct an independent assessment that shows the extent to which the member complies with the duties of his job.
- Ensuring that the Board is committed to fulfilling its duties to the fullest extent in the best interest of the company while avoiding conflicts of interest.
- Making sure the governance system applied in the company is effective and the Board's committees' performance is effective.

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Responsibilities of the Managing Director

- Implementing the company's strategy and annual plan as developed and approved by the Board.
- Supervising the work of the company's executive and managing its daily affairs, supervising the progress of work in all departments of the company, monitoring the performance of all activities, and making the decisions he sees as appropriate to regularize the work and achieve the objectives, as well as working to increase the satisfaction of customers about the company.
- Implementing all internal policies, regulations and rules of the company approved by the Board of Directors.
- Suggesting the issues to be presented at regular meetings of the Board of Directors in consultation with the Chairman of the Board.
- Monitoring the preparation of periodic financial and non-financial reports on the results of the company's business and performance evaluation, as well as the report on corporate governance, and reviewing all responses to the inquiries of auditors before the preparation of these reports.
- Participating actively in creating and developing a culture of ethical values within the company and proposing Remuneration and incentives systems and mechanisms of succession of authority adopted by the Board to ensure the loyalty of employees and maximize the value of the company.
- Defining the capacities and responsibilities of all the employees of the company in accordance with the applicable labor regulations and decisions of the Board of Directors.

Secretary of the Board of Directors

There is a secretary to the Company's Board of Directors, and he is an employee with an appropriate level of employment that enables him to play the role mediator between the members of the Board and senior management of the company. He has the appropriate and certified training courses that qualify him to carry out his important role which include:

- Preparing and managing the logistics of meetings of the Board and the committees, and assisting the Chairman in preparing the agenda of the meetings, and preparing

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information and data relevant to these subjects and sending them to members enough time before the meeting.

- Assisting the Chairman of the Board in the preparation for the meetings of the General Assembly of shareholders and management of its logistics.
- Following up the issuance and implementation of the decisions of the Board of Directors, and informing the concerned departments as well as the preparation of follow-up reports on what has been done.
- Keeping and documenting all matters related to the decisions of the Board and the issues before it, while ensuring that the Board receives important information in a timely manner.
- Coordinating with all committees of the Board to ensure effective communication between these committees and the Board of Directors.
- Coordinating with the relevant committees in order to provide the necessary information to support the Chairman of the Board in the process of evaluating the members of the Board and members of the committees, and the suggestions submitted by the Board to the General Assembly regarding the selection or replacement of a member.

The Committees of the Board of Directors

Composition of Committees

First: Audit Committee and Governance:

SN	Name of the Member	Member Capacity (Non-Executive/Independent)`	Position in the Committee	Date of Membership
1	Mr. Mubarak Ahmed Mohamed Ben Fahd Al Muhairi	Non-Executive	Member	14 March 2019
2	Mr. Mohamed Ali Elsayed	Non-executive	Member	14 May 2019
3	Mr. Nasser Aboelabbas	-	Member	10 November 2015
4	Mr. Talal Mohamed Okail	-	Member	10 November 2015

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5	Ms. Omnia Saad Abdelrahman Kelig	Executive	Member	10 August 2022

Second: Risk Committee:

SN	Name of the Member	Member Capacity (Non-Executive/Independent)`	Position in the Committee	Date of Membership
1	Mr. Youssef Mohamed Youssef Elfar	Executive	Member	14 May 2019
2	Mr. Mohamed Ali Elsayed	Non-executive	Member	14 May 2019
3	Ms. Omnia Saad Abdelrahman Kelig	Executive	Member	10 August 2022

Conduct of the meetings of the Board of Directors and its Committees

Four meetings of the Board were held during 2022 as follows:

Table of follow up of the attendance of the Board members of the Board meetings and committees and meetings of the General Assembly

SN	Name of the Member	Board of Directors	Audit Committee	Risk Committee
1	Mr. Hussein Ben Ali Ben Hussein Shobkshy	4/4	-	-
2	Mr. Youssef Mohamed Medhat Youssef Alfar	4/4	-	4/4
3	Dr. Nasser Ben Abdallah Ben Nasser Almuhawis	-/4	-	-
4	Regional Investment SPC – represented by Mr. Mohamed Ali Elsayed	4/4	4/4	4/4
5	Mrs. Omnia Saad Kelig	4/4	1/4	1/4
6	Mr. Mobarak Ahmed Mohamed Ben Fahd Elmeheiry	4/4	3/4	-
7	Mr. Fahd Ben Faleh Ben Hussein El Damer	4/4	-	-

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SN	Name of the Member	Board of Directors	Audit Committee	Risk Committee
8	Mr. Talal Mohamed Okail	-	4/4	1/4
9	Mr. Nasr Abo El Abbas	-	3/4	-

Audit Committee and governance

Tasks of Audit and Governance Committee include the following:

- Studying the internal control system, submitting its observations and recommendations regarding it, and proposing any amendments if it deems necessary.
- Examining the internal audit reports, developing corrective actions, and proposing recommendations regarding them.
- Submitting proposals to the Board of Directors regarding the appointment and dismissal of the auditor, determining his fees, and setting controls that guarantee his independence and continuity of independence.
- Study the scope of the audit with the auditor, express any observations thereon, and express an opinion on assigning any other work to him other than the audit and suggesting his fees.
- Study the draft interim financial statements before submitting them to the board of directors for issuance in preparation for sending them to the auditor.
- Studying the auditor's report on the financial statements and discussing the observations or reservations contained therein, and working on resolving differences of opinion between the company's management and the auditor.
- Study the accounting policies used and express opinion and recommendations to the Board of Directors in this regard.
- Preparing a periodic report at least every 3 months or when the need arises and presenting it to the council.
- Periodic evaluation of the company's corporate governance system and drafting of manuals, charters and internal policies on how to implement the company's corporate governance rules.

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- Preparing an annual report on the company's compliance with corporate governance rules, along with setting appropriate procedures to complete the implementation of those rules.
- Review the annual report of the company and the report of the Board of Directors, especially with regard to the provisions of disclosure and other items related to corporate governance.
- Documenting and evaluating the performance of the Board of Directors.
- Study the observations of the supervisory authorities on the application of corporate governance rules and take them into account, and follow up on what has been done in this regard.
- Supervising the attendance of the Board of Directors members of a training course provided by the governance Institute of the DIFC Authority - once every two years, the session was attended on November 11, 2020.

Risk Committee

Tasks of Risk Committee include the following:

- Establishing the regulatory frameworks, procedures and rules necessary to deal with all types of risks other than the strategic risks that the Board deals with, such as: operational risk, market risk, credit risk and reputation risk.
- Assisting the Board of Directors in identifying and assessing the level of risks the Company may accept, and ensuring that the Company does not exceed this limit of risk.
- Verify that effective systems for keeping records and information are in place and ensure that they are operating efficiently.
- Preparing a periodic report at least every three months or when the need arises and presenting it to the council.

The regulatory environment

The internal control system of the company is efficient and effective, and consists of a set of policies, procedures, evidences and regulations prepared by the relevant departments in the company, and approved by the Board of Directors to achieve the following:

- Complete separation between the responsibilities and powers of all employees of the company.

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- Ensuring the accuracy and quality of the information, providing both the company and others with the correct and accurate information about the company.
- Protecting the physical assets of the company from the potential risks, and documenting and recording those assets in the company records.
- Increasing the productive efficiency of the company and achieving its objectives at the lowest costs and the same quality.
- Ensuring that instructions are strictly implemented, in order to make sure that all instructions have been properly implemented.
- Ensuring that corporate governance rules are applied, by strictly implementing the various rules and regulations of governance.

  In addition, proving that this system specifies the terms of reference and the complete separation between responsibilities and tasks, which are taken into consideration when preparing the organizational structure of the company.

Internal Audit Department

The Company has internal audit activity as an independent and objective activity, designed to add value and improve the performance of the Company's operations to assist it in achieving its objectives by adopting a systematic and systematic approach aimed at assessing the internal controls and procedures and risk management procedures of the Company and ensuring proper application of its governance in all operational, financial and legal departments and activities.
The Internal Audit department is headed by a full-time official from its administrative leadership, is technically subordinate to the Audit Committee, and is administratively report to the Managing Director or CEO.

The responsibilities of the Internal Audit Department include:

- Evaluating the efficiency of the Company's Internal Control System and report to the Audit Committee on the observations reached.
- Evaluating the commitment of all company departments to carry out their work in accordance with the developed work procedures and policies without any conflict with the competencies of other concerned departments.
- Evaluating the efficiency of procedures and policies developed and their suitability with business and market developments.
- Following up the correction of the observations contained in the internal and external audit reports, and others reports received from the regulatory authorities.

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Risk Management Department:

The Board is responsible generally for the risk management in way compliant with the nature of the company's activity and size, and the market in which it operates. There is a separate department for Risks compliant with the company's needs.

The responsibilities of Risk Management Department include the following:

- Developing a policy for the risks and definite indexes to measure and follow the risks that face the company.
- Ensuring that appropriate and effective information and communication systems are in place for the risk monitoring and controlling process so that senior management and risk committee can receive periodical reports from Risk Management that reflect the company's compliance with the defined risk limits, and clarify the excesses of these limits and reasons, and the proposed plan for addressing them.

Compliance Department

The company has Compliance Department as an independent function that identifies, assesses, advises, monitors and reports on the risks of non-compliance with the laws, regulations and regulatory instructions issued by the various entities, in order to avoid harming the company's reputation or exposure to penalties resulting from non-compliance.

The Senior Management shall be responsible for developing the policies related to the function of compliance management, and the Board of Directors in turn approves these policies, and the employees' familiarity with of these policies is ensured. The Compliance Officer (CO) shall report to and be subordinate technically to the Audit Committee, while the CO shall administratively report to the Managing Director, CEO or Chairman of Board of Directors.
Compliance Department responsibilities include:
• Continuous follow-up and ensuring that all employees comply with binding laws, controls and regulatory directives issued by the various authorities, including Governance systems and policies.
• Ensuring and following up the extent to which all employees comply with internal regulations, policies and charters, including the Code of Ethics and Business Conduct.
• Ensuring that the Customer Data Update Plan is in place and reviewed.

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- Ensuring that there are no illegal or immoral practices in the company, including money laundering, corruption and terrorist financing practices, receiving and investigating the reports objectively and confidentially, and present them to the Audit Committee and following up while ensuring the protection of reporting persons.

Auditor

The Company's auditor is appointed to meet the terms described in the Accounting and Auditing Act, including competence, reputation and experience, and has expertise, competence and abilities commensurate with the size and nature of the company's activity and those who deal with them.
On the recommendation of the Board of Directors and after the recommendation of the Audit Committee, the General Assembly appointed an auditor for the Company. The Auditor is also completely independent of the Company and its Board of Directors, and does not permanently perform any technical, administrative or advisory work in it. Of his views, and his work is immune to the intervention of the Board of Directors.
The Company commits that the Auditor shall provide a copy of the Audit Report on the report prepared by the company on its commitment to the governance rules and shall forward it to the Administrative Authority according to the applicable rules of Governance and Disclosure. This report shall be presented to the General Assembly of Shareholders.

Disclosure and transparency

The Company discloses the business results, the Shareholders' structure and the members of the Board of Directors on a regular basis every three months compared to the previous period. The Company shall disclose to the Exchange and the Authority within the definite timeframe, and this disclosure shall be clear and not misleading to its users. It shall also be published on the Company's website. As for material news, the Company discloses all material events immediately as they occur.

Material Information and Financial and Non-financial Disclosure

The company shall use the Online Disclosure System (ODS) of the Disclosure Department - the Egyptian Exchange. The Company also undertakes to upload the statement on the stock Display ticker, including all the material information, financial and non-financial disclosure of news and date of interest for shareholders and Stakeholders, such as Yearly and Periodical Financial Statements, Yearly and Periodical Auditor Report, as well as Board of Directors Report and Profit Distributions.

While, for the company's non-financial information, which is of interest for the current and potential Shareholders and Investors, including:

- Disclosure of material news related to the company performance, goals, vision, and nature of activities, the company's plan and future strategies.
- Transactions with the relevant parties and netting agreements.
- Disclosure of any material change in investment policies.
- Disclosure to its Shareholders and Regulatory Authorities of Treasury Stock, and in the case of the purchase of a subsidiary of the shares of the holding company, the shares shall be applied to the shares of all treasury stock rules and is not counted in the quorum of shareholders and do not participate in the vote on the resolutions of the General Assembly.
- Submitting to the relevant authorities the resolutions of the Ordinary and Extraordinary General Assembly upon their expiry, no later than the commencement of the first trading session following the end of the meeting. The Company shall also submit to the Exchange within one week from the date of the General Assembly the Minutes of Meetings approved by the Chairman.
- Submitting the minutes of the meetings of the General Assembly approved by the competent administrative authority within a period not exceeding three working days from the date of receipt.
- Providing the relevant authorities with a summary of decisions containing significant events issued by its Board of Directors immediately after their expiry and at the latest before the start of the first trading session following the end of the meeting.
- Providing the relevant authorities with a statement approved by the Board of Directors of the company on the most important results of its work compared to the corresponding period according to the form prepared for that purpose by the Exchange immediately after the Board of Directors approval on the annual financial statements in preparation for transmission to the auditor to issue his report, provided that such disclosure shall be made after the end of the meeting and at the latest before the beginning of the trading session following the end of the meeting.
- Announcing the decision of the competent authority for cash distributions or free shares or both.
- Disclosure, at the time of any Arbitration awards or judicial rulings at any stage of litigation, of these rulings that affect its financial position or rights of holders of securities or that have an impact on the prices of trading or on the investment decision of the customers.

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- Disclosure immediately after the issuance of any final judicial rulings a penalty of deprivation of liberty against a member of the Board of the issuer or one of its Main responsible Officers.
- Violations and rulings issued against the company during the year, through the following table:

SN	Rulings, violations and fines imposed on the company during the year	Notes
1	None	

Investor Relations

Mrs. Iman Ayman Sadek and Mr. Haitham Qotb shall act as Investor Relation Officers in the company, as it's an independent strategic position that aims at refreshing and reinforcing the relations with current and prospective investors, opening communication channels with relevant entities in the stock and investment market, providing the necessary disclosure and transparency which shall has a positive impact on the investor's vision of the current performance of the company and their expectations for future performance, achieving the appropriate liquidity for the company's shares trading on the Exchange, and finally increasing the confidence of customers with the company and stakeholders.

- The Investor Relations Officer participates in the development of the company's communication strategy in the investment market, opens channels of communication with investors, transfers the market views and investors' concerns to the Board of Directors on an ongoing basis.

- "Investor Relations" is a mean to enable the Board of Directors to understand the reasons for the performance of the Company's shares and to reflect that performance on its fair value in accordance with the available information provided by the company on its performance, potentials and future, and the Company's compliance with the rules of disclosure and communication with investors, and how clear is their vision and evaluation of the investment market.

- The Investor Relations Officers shall attend the meetings of the General Assembly of the Company and the meetings of the Board of Directors to identify the internal matters of the Company and its strategic directions.

The company highlights the most important activities of the Investor Relations Officer during the year including:

- Implementing the provisions of registration and disclosure rules.

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- Maintaining current investors, attracting new investors through market outreach of the company's business and future growth opportunities, and identifying the factors that affect its profitability.
- Communicating with analysts, investors and media representatives and providing information to reduce rumors and surprises that lead to fluctuations in prices and trading volumes.
- Organization of information issued by the company in accordance with the applicable disclosure rules.
- Establishment and follow-up of investor database, both in terms of investor quality and geographical location.
- Introducing the market to new members of the Board of Directors or Senior Management.
- Communicating with investors through various communication tools, such as website and press releases, and participating in the preparation for the annual report that is of interest for current and prospective investors.
- Preparing the disclosure report required from the company, and preparing the investor relations pages on the company's website and updating them on a continuous basis.

Disclosure Tools

Annual Reports

The Company issues an annual report, including a summary of the Board of Directors' report and financial statements, as well as all other information of interest for shareholders, current and prospective investors and other stakeholders as the most important sources of information for the current and prospective investor about the company and its activity and financial position. The annual report is a report from the management of the company to all those interested in the events that took place during the last year, and what the company aims to achieve during the next year. The annual report includes at least the following:

- Chairman's and/or Managing Director's Statement
- Information about the Company's businesses and performance compared to previous years
- Information about the Company's investments and growth compared to previous years
- Senior Management, Composition of the Board, and Governance in the Company.
- Current and Future projects of the Company
- Analysis of the company's Financial Statement
- Report about the Social and Environmental Responsibility of the Company

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- Auditor's Report and Financial Statement compared to the same previous periods

No annual report has been prepared for the year 2022.

The Board's Report

The Company shall issue an annual report in accordance with the Companies Law No. 159 of 1981 and its executive regulations, to be presented to the General Assembly of Shareholders and the regulatory authorities, and it shall be sent by the Chairman to the Shareholders, including at least the following:

- Discussion of the financial results and material subjects.
- Major achievements of the company during the year.
- Major changes in the company's management structure.
- The composition of the Board of Directors and the number of its meetings.
- The composition of the committees of the Board and the number of their meetings.
- The average number of employees during the year and the average income of the worker during the same period.
- Reward and Incentive Policies for employees of the company, such as offers of ownership of shares and others.
- What has been done about the netting agreements concluded in the previous year, as well as the netting agreements proposed for the coming year.
- Actions taken against the company or its Board or directors by regulatory or judicial entities.
- Report on the company's compliance with Corporate Governance, and social and environmental responsibility.

Disclosure Report

The Company issues a quarterly Disclosure Report prepared by the Company's management with the assistance of its Investor Relations Department, which includes at least the following:

- Contact details.
- Investor Relations Officer and contact details.
- Structure of shareholders who own 5% or more of the company's shares.
- The structure of total shareholders with the free trading stocks.
- Details of the Company's treasury stocks.
- Changes in the Board of Directors and the latest composition of the Board.

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- Composing committees subordinate to the Board of Directors.
- Changing the Auditor in the coming period.

Sustainability Report

The company does not issue reports about sustainability

Website

Through the website, the financial and non-financial information is disclosed in a user-friendly manner. The website is updated with information on a continuous basis and it provides easy communication with the company, with a commitment to follow up on the messages and inquiries received by the company.
Company's Website: http://www.naeemholding.com/
Disclosures are available in Arabic at: http://www.naeemholding.com/investor-relations/disclosures/, and addresses in Arabic and English

Codes and Policies

Code of Ethics and Business Conduct

We believe that our integrity and reputation depend on our ability to make the right choice, even when it is not the easiest.

Code of Conduct is a set of rules and policies developed to help employees and managers make decisions related to the company's business. The Code of Conduct is based on our fundamental understanding that integrity is vital to the sustainable growth of Al Naeem Group of companies.

Using and implementing these rules

Ethical rules of practice express about the values and responsibilities that are important aspects of the financial services profession. It aims to help Al Naeem Group to work ethically in its professional practices and protect the rights and responsibilities of customers, other financial service providers, colleagues, workplaces and the community.
The Code of Business Conduct provides instructions in areas that may be morally problematic for some, for which professional judgment must be applied to identify best practices in each case.

Conflict of Interests

Our transactions are characterized by the highest principles of honesty and integrity in order to achieve the benefit of Al NAEEM Group client, and prioritize its needs to others (for example, creditors or employers). Our group commits to resolve disputes as soon as they are discovered.

Professionalism

We seek to reach to the highest standards of professional practice by consistently improving the efficiency, training and experience of our employees. We are keen to cooperate with professional colleagues to share knowledge and resources, as well as to demonstrate professionalism, integrity, reliability, originality and transparency in professional relationships.

Group's Compliance Policy

Commitment is a responsibility shared by every employee regardless of their position within the company. This means full commitment, responsible behavior according to the global basics and standards. Each employee is expected to play his role, under the supervision of his management and compliance officers.

The management is responsible for recruiting the Compliance Officer and creating Compliance position on all levels inside Al Naeem Group. As a regional group, we are subject to multiple laws according to the countries in which we operate. We are committed to doing our business in a manner consistent with all applicable laws.
As a member of the Naeem Group, it is expected at all times to conduct business in accordance with all applicable national, regional, local and foreign laws and Al Naeem Group policies. Al Naeem Group condemns all acts that violate any applicable law, rule or regulation, even when it appears to be in the interest of Al Naeem Group.

Speak Up policy

We are committed to doing the business of the Al Naeem Group in honesty and integrity, and we expect all employees to maintain high standards in accordance with our policies and procedures. However, all organizations face the risk of existent illegal or immoral behavior without knowledge. A culture of openness and accountability is necessary to prevent such illegal and immoral behaviors and to address them immediately if they occur.

Speak Up Policy Objectives:

- Encouraging employees to report suspicious violations immediately, informing them that their concerns will be investigated and their confidentiality will be respected and providing guidance to employees on how to raise these concerns.

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- Reassuring employees that they must be able to raise real concerns without fear of retaliation, even if they are found to be wrong

Anti-Money Laundering Policy

As a regional group, we are committed to the highest standards of Anti-Money Laundering (AML) / Counter-Terrorism Financing (CTF). We ask our Departments and employees to strictly adhere to these standards to prevent any money laundering. The policy sets forth the general common standards for the control of AML / CFT to mitigate financial, regulatory, reputation and subsequent financial risks.

A framework of policies, controls and procedures for effective ML / TF risk management has been developed. These policies, controls and procedures must be commensurate with the nature and size of the Group. This policy is mandatory for Al NAEEM Group, as well as all individuals acting on behalf of the Group such as consultants, trainees and temporary employees.

Business Continuity Plan (BCP)

Our policy sets a fast return and resumption of business operations in case of significant disruptions. Al NAEEM Group responds by protecting our employees and properties, conducting financial and operational evaluations, protecting the Group's records, and allowing our customers to do business.
Our BCP is designed to allow us to resume operations as quickly as possible, given the scale and severity of the major business disruption.
Our BCP includes data backup for all applicable systems.

Policy of Insider Trading, related and relevant parties

The policy aimed at controlling the insider trading of the Company's shares according to the rules of the regulatory authorities. It shows the commitment of the insiders, founders, investors, the key shareholders and their related groups not to be a party to any of the netting agreements without the approval of the General Assembly, including the price and quantity prior to the disposal of the transaction, without the right of the party to the netting contract to vote in the General Assembly. It shall ensure the understanding of all concerned parties of the definition of insider trading and the rules of its regulation. All transactions that violate the rules of listing and delisting of securities issued by the Egyptian Exchange and approved by the General Authority for Financial Supervision and the rules governing the markets in which the share is listed.

Social and Environmental Responsibility Policy

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Since its establishment, Al NAEEM Holding has paid great interest to its role in corporate social responsibility (CSR) activities. It has participated in several charity projects and has been keen to fulfill its role towards society.

Vice Chairman & Chief Executive Officer

Youssef ElFar

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