

New Sales record EGP5.5 billion during 1Q2022, a remarkable growth of 62% YoY compared to EGP3.4 billion during the same period last year. Revenue for the quarter stood at EGP2.9 billion, an increase of 47% YoY. Net Profit After Tax & Minority Interest reached EGP295 million, a growth of 44% YoY

Cairo on May 31, 2022 - Palm Hills Developments S.A.E. ("PHD" or "the Company"), a leading real estate developer in Egypt, announce its consolidated financial and operating results for the financial period ended March 31, 2022.

Financial Highlights

- Revenue increased by 47% YoY to EGP2.9 billion in 1Q2022.
- Gross Profit stood at EGP918 million in 1Q2022, a growth of 27% YoY, implying a Gross Profit margin of 32%. EBITDA for the quarter grew 43% YoY to EGP582 million, a margin of 20%.
- Net Profit After Tax & Minority Interest reached EGP295 million in 1Q2022, a growth of 44% YoY, with a Net Profit margin of 10%.
- Net Debt¹ stood at EGP333 million by end of 1Q2022. The Balance Sheet maintained its healthy position with Total Equity (unadjusted) of EGP9.5 billion and Receivables of c. EGP25 billion, covering Net Debt 73 times. Net Debt/EBITDA stood at 0.6 times.

Operational Highlights

- New sales (Residential and Commercial) grew by a remarkable 62% YoY to EGP5.5 billion in 1Q2022, up from EGP3.4 billion during the same period last year. Sales growth was mostly driven by 97% YoY increase in the number of units sold, which recorded 959 units in 1Q2022 compared to 488 units sold during the same period last year, complemented by the YoY increase in average selling prices per sqm across all projects. Commercial new sales reached EGP853 million during 1Q2022, an increase of 59% YoY, due to the strong uptake in Palm Hills New Cairo's launched commercial offerings and Village Gate Mall in East Cairo, alongside healthy momentum in the Crown Central Mall in West Cairo.
- Badya continued to witness strong sales momentum during FY2022, as it recorded a remarkable growth of 308% YoY to reach EGP1.9 billion in 1Q2022, translating into 428 units sold during the quarter, up from EGP467 million (137 units) during the comparable period.
- Palm Hills New Cairo, the Company's second largest project, exhibited a growth of 129% YoY in new sales during 1Q2022 amounting to EGP1.24 billion (228 units), compared to EGP539 million (59 units) during the same period last year.
- The Company spent EGP930 million on construction activities in 1Q2021, compared to EGP681 million during the same period last year, an increase of 36% YoY, in line with the Company's plans to spend more than EGP3.4 billion during FY2022.
- The value of ready to move inventory (completed units) stood at EGP3.8 billion across several projects in West Cairo, East Cairo and North Coast by end of 1Q2022.
- The Company delivered 371 units during 1Q2022, growth of 8% YoY, compared to 344 units delivered during the same period last year. PHD is planning to deliver more than 2,000 units during FY2022. The Company continues to deliver residential units ahead of planned schedule across all projects, including handovers in Badya, which commenced in October 2021.

¹ - Net Debt excluding Leasing.

Yasseen Mansour, Executive Chairman comments:

I am pleased to share with you 1Q2022 results, another strong quarter for the Company in terms of operational and financial performance.

Our operations continued to progress during the period with new sales improving 62% YoY to mark EGP5.5 billion, which was a function of selling more units at higher selling prices. We handed over 371 units during the quarter, an increase of 8% YoY and expect a ramp up in deliveries during the rest of the year. We spent EGP930 million on construction activities during 1Q2022, a growth of 36% YoY, as we maintain our steady focus on increasing construction spending to hedge against any unforeseen cost inflation in the coming quarters.

Badya continued to progress in terms of new sales, construction and handovers momentum. Sales in Badya grew by a remarkable 308% YoY to reach EGP1.9 billion with 428 units sold during 1Q2022. We are planning to deliver more than c.500 units in Badya during 2022 and expect Badya to be the largest contributor to this year's sales.

During 1Q2022, the Company successfully concluded its first Islamic Sukuk issuance of c.EGP3.25 billion with the objective of further strengthening Badya's funding.

Our Net Debt stood at EGP333 million by end of 1Q2022, the lowest level in the Company's history. Receivables reached EGP25 billion by end of the quarter, covering Net Debt 73 times. Net Debt/EBITDA stood at 0.6 times by end of period.

Despite various macro and geopolitical challenges around the globe, we are still confident about the Company's ability to meet FY2022 announced operational and financial targets. Real Estate has always been and will continue to be a primary hedging tool against inflation even during periods with attractive interest rates.

Financial Review

EGP Million	1 Q2022	1 Q2021	Change
Revenue	2,904	1,978	47%
Gross Profit	918	721	27%
Gross Profit margin	32%	36%	(4pp)
EBITDA	582	408	43%
EBITDA margin	20%	21%	(1pp)
Net Profit before Tax & Minority Interest	415	302	38%
Net Profit after Tax & Minority Interest	295	205	44%
Net Profit margin	10%	10%	-

Revenue amounted to EGP2.9 billion in 1Q2022, implying an increase of 47% YoY, driven by the YoY increase in sales of primary and secondary homes as well as commercial units, complemented by contribution from ready to move units and growth in the number of handed over units.

In 1Q2022, Gross Profit stood at EGP918 million, a growth of 27% YoY, yet Gross Profit margin came lower at 32%, mainly due to the mix in delivered units.

EBITDA for the quarter amounted to EGP582 million, an increase of 43% YoY, with a margin of 20%, compared to 21% during 1Q2021.

Net Profit After Tax & Minority Interest reached EGP295 million in 1Q2022, a growth of 44% YoY, with a Net Profit margin of 10%.

Net Debt stood at EGP333 million by end of 1Q2022, compared to EGP345 million by end of FY2021. The Balance Sheet maintained its healthy position with Total Equity (unadjusted) of EGP9.5 billion and Receivables of c. EGP25 billion, covering Net Debt 73 times. Net Debt/EBITDA stood at 0.6 times.

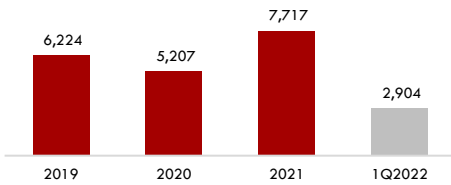
Operational Review

New sales (Residential and Commercial) increased 62% YoY to mark EGP5.5 billion in 1Q2022, representing 959 units sold, compared to EGP3.4 billion (488 units sold) during the same period last year, complemented by the YoY increase in average selling prices per sqm across all projects.

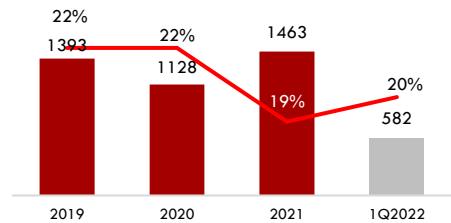
Residential new sales grew 63% YoY to reach EGP4.7 billion in 1Q2022, from which Badya accounted for 41%, Commercial new sales stood at EGP853 million during 1Q2022, a growth of 59% YoY.

The following chart illustrates percentage contribution of each operating region to new sales (Residential & Commercial) during 1Q2022:

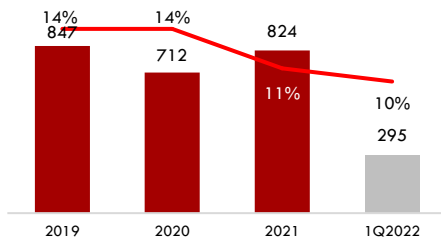
Revenue
(2019-1Q2022, EGP Million)



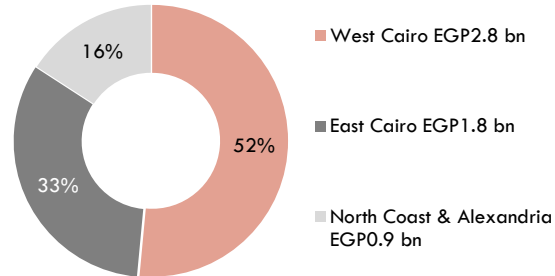
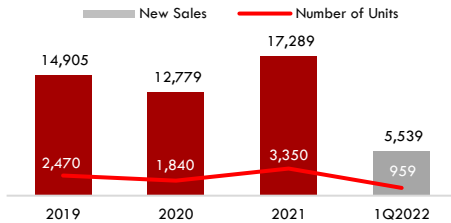
EBITDA & EBITDA Margin
(2019-1Q2022, EGP Million)



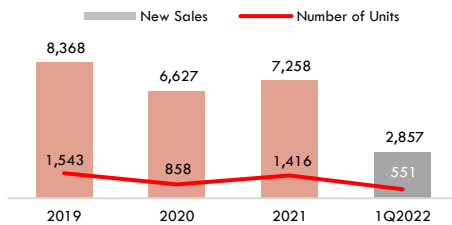
Net Profit after Tax & Minority Interest
(2019-1Q2022, EGP Million)



New Sales, All Regions¹ (2019-1Q2022, EGP Million)



New Sales, West Cairo¹ (2019-1Q2022, EGP Million)



In West Cairo, new sales grew 55% YoY to EGP2.8 billion during 1Q2022. Residential sales contributed EGP2.5 billion, mostly in Badya having achieved EGP1.9 billion during the quarter, followed by The Crown, complemented by an uptake of ready to move units. Commercial sales amounted to EGP338 million during 1Q2022 with the Crown Central as the largest contributor.

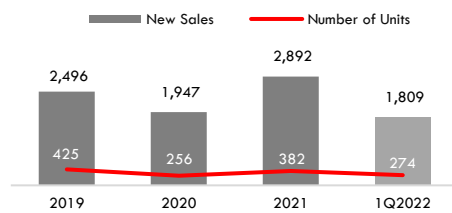
In East Cairo, new sales stood at EGP1.8 billion during 1Q2022, a growth of 164% YoY, driven by ongoing demand for residential and commercial offerings in Palm Hills New Cairo, complemented steady uptake of ready to move units. Commercial sales amounted to EGP499 million, mostly generated by Palm Hills New Cairo and Village Gate Mall, where the latter was successfully launched towards end of FY2021.

In the North Coast and Alexandria region, the Company achieved new sales of EGP872 million during 1Q2022, a decrease of 2% YoY due to the demand factor for secondary homes, which usually peaks during the summer season.

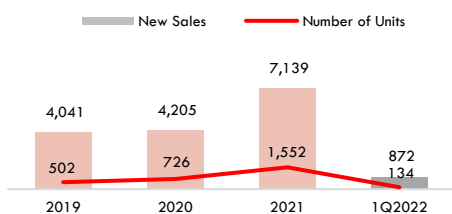
PHD handed over 371 units (Residential & Commercial) during 1Q2022, up from 344 units delivered during the same period last year. PHD continues to deliver units in Badya, The Crown and Palm Hills New Cairo ahead of planned delivery schedule. Handovers for the period were mainly in the following projects: Palm Hills New Cairo, Hacienda White, the Crown and Palm Parks. It is worthy to note that 1,204 units were released from construction and are currently available for delivery within livable zone.

Construction spending increased 36% YoY to reach EGP930 million during 1Q2022, compared to EGP681 million during the same period last year. Spending during the period was mostly on Palm Hills New Cairo, Badya, Palm Hills Alexandria, Palm Parks, The Crown and Capital Gardens.

New Sales, East Cairo¹ (2019-1Q2022, EGP Million)



New Sales, North Coast & Alexandria¹ (2019-1Q2022, EGP Million)



Consolidated Income Statement ²

EGP Thousand	1Q2022	1Q2021	%
Revenue	2,903,787	1,977,920	47%
Cost of Revenue	(1,985,453)	(1,256,391)	58%
Gross Profit	918,334	721,529	27%
<i>Gross Profit margin</i>	32%	36%	(4pp)
General Administrative, Selling and Marketing Expenses	(335,763)	(312,958)	7%
EBITDA	582,571	408,571	43%
<i>EBITDA margin</i>	20%	21%	(1pp)
Administrative Depreciation	(43,552)	(40,995)	6%
Operating Profit	539,020	367,576	47%
Less:			
Finance Cost & Interests ³	(150,265)	(64,443)	133%
Provisions	(1,650)	(3,396)	(51%)
Estimated Credit Loss	(726)	98	NA
Add:			
Interest Income - Amortization of Discount on Notes Receivables	11,982	3,824	213%
Gain on Investment in Fair Value through Profit or Loss	1,467	5,245	(72%)
Interest Income on Held to Maturity Investments	15,274	9,651	58%
Net Profit Before Income Tax & Minority Interest	415,102	301,739	38%
Income Tax Expense	(109,197)	(84,160)	30%
Deferred Tax	(101)	(181)	(44%)
Net Profit After Tax	305,805	217,398	41%
Non-Controlling Interest	(10,839)	(12,670)	(14%)
Net Profit After Tax & Minority Interest	294,966	204,728	44%
<i>Net Profit After Tax & Minority Interest margin</i>	10.2%	10.4%	0.2pp

2- The Company's Consolidated Financial Statements for the period ended March 31, 2022, prepared in accordance with Egyptian Accounting Standards ("EAS"), can be downloaded from our Company's website: www.palmhillsdevelopments.com

3- Finance Cost & Interests includes Finance Cost, Interest on Land Purchase Liabilities and rebates related to Land Liabilities.



1Q2022 Earnings Release

Balance Sheet

EGP Thousand	March 31, 2022	December 31, 2021
Long-Term Assets		
Investments in Associates	332,566	213,673
Investment Property	169,848	170,829
Fixed Assets (Net)	2,681,111	2,718,635
Projects Under Construction	4,112	7,640
Advance Payments for Investments Acquisitions	194,907	194,907
Deferred Tax Asset	498	789
Employee Stock Ownership Plan	60,840	77,610
Other Long - Term Assets	1,296	1,338
Right of Use Assets	13,422	15,832
Notes Receivable - Long Term	11,110,359	10,318,839
Notes Receivables – Undelivered Units	5,261,743	4,815,038
Total Long - Term Assets	19,830,702	18,535,750
Current Assets		
Works in Process	8,594,065	8,698,435
Held to Maturity Investments	2,105,239	2,435,941
Cash	1,535,129	1,017,869
Notes Receivable - Short Term	4,264,534	4,040,524
Notes Receivable – Undelivered Units	1,884,074	1,787,054
Investments at Fair Value	80,478	60,726
Accounts Receivable	2,397,253	1,885,116
Suppliers - Advance Payments	817,639	657,535
Debtors & Other Debit Balances	1,530,074	1,437,232
Due from Related Parties	347,131	343,787
Total Current Assets	23,555,616	22,364,218
Total Assets	43,386,318	40,899,968
Current Liabilities		
Banks - Credit Balances	120,671	99,796
Banks - Overdraft	1,695,921	1,661,691
Clients' Checks	7,145,817	6,602,092
Advances from Customers	8,721,440	8,374,373
Completion of Infrastructure Liabilities	58,063	58,063
Provisions	182,564	182,587
Current Portion of Land Purchase Liabilities	160,934	127,786
Investments - Purchase Credits	20,718	20,718
Notes Payable - Short Term	1,582,847	1,340,829
Current Portion of Term Loans	171,285	220,788
Suppliers & Contractors	1,029,455	1,130,852
Income Tax Payable	275,765	166,759
Creditors & Other Credit Balances	1,097,461	1,042,545
Due to Joint Arrangements Partners	1,371,133	2,161,334
Due to Related Parties	5,208	4,864
Lease Liabilities - Short Term	4,473	5,316
Dividends Distribution	304,059	-
Total Current Liabilities	23,947,815	23,200,391
Working Capital	(392,198)	(836,084)
Total Investment	19,438,503	17,699,666
<i>Financed as Follows:</i>		
Shareholders' Equity		
Issued and Paid-In Capital	6,162,499	6,162,499
Legal Reserve	834,005	(69,839)
Special Reserve	176,513	809,229
Treasury Shares	(69,840)	176,513
ESOP Re-measurement Reserve	(17,160)	(390)
Retained Earnings	1,685,587	1,235,062
Net Profit for the Period	294,966	824,360
Equity Attributable to Equity Holders of Parent Co.	9,066,571	9,137,434
Non-Controlling Interest	459,108	454,189
Total Shareholders' Equity	9,525,678	9,591,623
Long Term Liabilities		
Long Term Loans	2,066,342	1,877,815
Notes Payable - Long Term	2,370,512	2,212,834
Land Purchase Liabilities	51,102	84,252
Other Long-Term Liabilities - Residents' Association	4,132,729	3,856,264
Lease Liabilities - Long Term	4,479	5,998
Due to Joint Arrangements Partners - Long Term	1,287,660	70,877
Total Long-Term Liabilities	9,912,825	8,108,043
Total Equity & Long-Term Liabilities	19,438,503	17,699,666



1Q2022 Earnings Release

Cash Flow Statement

EGP Thousand	March 31, 2022	March 31, 2021
Net Profit for the Period (Before Income Tax & Non-Controlling Interest)	415,102	301,641
Interest on Land Purchase Liabilities	31,682	16,815
Administrative Depreciation	47,739	46,126
Provision Formed	1,650	3,396
Finance Costs & Interest	118,582	64,444
Gain (loss) on Disposal of Fixed Assets	(120)	(10,576)
Share of Profit/Loss of Associates	7,319	1,102
Interest Income - Amortization of Discount on Notes Receivables	(11,982)	(3,824)
Gains on Investments in Fair Value through Profit or Loss	(1,467)	(5,245)
Gains and losses on Held to Maturity Investments	(15,274)	(9,651)
Estimated Credit Loss	726	(98)
Operating Profit Before Changes in Working Capital Items	589,194	404,227
Cash flow from Operating Activities		
Change in Work in Process	105,708	(292,825)
Change in Notes Receivables	(1,002,929)	(988,925)
Change in Investments in Fair Value through Profit or Loss	(19,752)	(1,822)
Change in Notes Receivables Undelivered Units	(543,725)	-
Change in Held to Maturity Investments	330,702	(104,683)
Change in Accounts Receivable	(512,874)	(79,320)
Change in Suppliers - Advance Payments	(160,104)	(87,353)
Change in Debtors & Other Credit Balances	(92,843)	88,721
Change in Due from Related Parties	(3,197)	(4,236)
Change in Advances from Customers	347,068	260,976
Utilized Provisions	(1,673)	1,021
Liabilities from Customers' Checks	543,726	-
Change in Due to Related Parties	344	-
change in Notes Payables	368,014	(123,049)
Change in Suppliers & Contractors	(101,397)	292,038
Income Tax Paid	(191)	(718)
Change in Creditors and Other Debit Balances	48,827	101,406
Change in Other Long Term - Residents' Association	276,465	171,636
Change in Guaranteed Payments - Joint Arrangements	426,581	172,401
Dividends	310,149	-
Leasing Contracts Liabilities - Short Term	(2,361)	-
Net Cash (Used In) Operating Activities	601,669	(190,504)
Cash Flows from Investing Activities		
Payments for Purchase of Fixed Assets	(6,889)	(9,324)
Proceeds from Sale of Fixed Assets	120	10,618
Payment	2,409	-
Payments for Associates Investment	(126,211)	(10,368)
Adjustments to properties investments	(157)	-
Receipts from Other Assets	42	42
Proceeds from Investments in Fair Value through Profit or Loss	1,467	5,245
Proceeds from Held to Maturity Investments	15,274	9,651
Cash Flows from Investing Activities	109,181	5,864
Cash Flows from Financing Activities		
Credit Balance	20,875	(7,337)
Banks - Overdraft	34,230	50,174
Treasury Shares	-	(69,840)
Adjustments to Retained Earnings	(45,000)	(227,520)
Dividends	(349,059)	-
Minority Interests	(5,920)	41,185
Deferred Tax	190	787
Proceeds from Loans	224,023	219,638
Repayment of Loans	(85,000)	(137,141)
Finance Costs & Interests	(118,582)	(64,444)
Net Cash Provided by Financing Activities	(24,816)	(194,497)
Net Cash Flow during the Period	517,305	(379,137)
Impact of Estimated Credit Losses	(45)	-
Cash & Cash Equivalents at Beginning of the Period	1,017,869	1,579,250
Cash & Cash Equivalents as of March 31, 2022	1,535,129	1,200,113

About Palm Hills Developments

Palm Hills Developments ("PHD"), a leading real estate developer in Egypt, is a joint stock company established in 1997. The Company builds integrated communities and has one of the most diversified land bank portfolios, spreading over 33.7 million square meters ("sqm"). PHD's product offerings include primary homes in West Cairo, East Cairo and Alexandria, as well as secondary homes in the North Coast (Mediterranean Sea).

As at end of 1Q2022, PHD delivered 12,504 units within its developments. Today, PHD has several projects under development in West Cairo, East Cairo, North Coast and Alexandria, in addition to co-development projects, translating into a sales backlog of c.EGP16 billion. PHD is listed and traded on the Egyptian Stock Exchange under the symbol "PHDC.CA". For more information, please visit:

www.palmhillsdevelopments.com/

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Disclaimer

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