

**New sales cross the EGP17.5 billion mark in 9M2022, the highest in the Company's history. PHD achieved Revenue of EGP9.5 billion, an increase of 62% YoY. Net Profit After Tax & Minority Interest reached an all-time high level of EGP911 million, a growth of 43% YoY**

Cairo on November 10, 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 September 30, 2022.

### Financial Highlights

- Revenue recorded an all-time high level of EGP9.5 billion in 9M2022, an increase of 62% YoY. Growth in top line was driven by the YoY increase in new sales of residential and commercial units, coupled with contribution from handed over units and ready to move inventory (completed units) sold and recognized during the period.
- Gross Profit grew 54% YoY to EGP3.2 billion in 9M2022, a Gross Profit margin of 34%. EBITDA reached EGP1.8 billion, a growth of 52% YoY with a margin of 19%.
- Net Profit After Tax & Minority Interest hit a new record of EGP911 million in 9M2022, an increase of 43% YoY, with a Net Profit margin of 10%.
- Net Debt<sup>1</sup> amounted to EGP1.4 billion by end of 9M2022. Receivables stood at EGP28.2 billion, covering Net Debt 20 times. Net Debt/EBITDA (trailing) stood at 0.7 times.

### Operational Highlights

- New sales (Residential and Commercial) increased 36% YoY to EGP17.5 billion in 9M2022, the highest in the Company's history, compared to EGP12.9 billion in 9M2021. Sales growth resulted mainly from the YoY increase in number of units sold by 18% YoY to 2,914 units during 9M2022, compared to 2,462 units sold during the comparable period, complemented by the YoY increase in average selling prices across all projects.
- Commercial new sales grew 83% YoY to reach EGP2.4 billion during 9M2022, on the back of ongoing sales in Village Gate Mall, Crown Central, Palm Hills New Cairo and Palmet.
- The value of ready to move inventory stood at EGP3.5 billion across a number of projects in West Cairo, East Cairo and North Coast by end of 9M2022.
- New sales in Badya grew 109% YoY to record EGP4.2 billion in 9M2022, where the number of units sold increased by 67% YoY to 913 units.
- Palm Hills New Cairo witnessed a growth of 99% YoY in new sales reaching EGP3.3 billion, translating into 583 units sold, a remarkable increase of 179% YoY in the number of units sold.
- During 9M2022, the Company spent EGP2.5 billion on construction activities, an increase of 31% YoY, on track to achieve the full year target of EGP3.4 billion.
- A total of 1,324 residential & commercial units were released from construction within livable zones and ready for delivery by end of 9M2022.

<sup>1</sup> - Net Debt excluding Leasing.

### **Yasseen Mansour, Executive Chairman comments:**

I am pleased to share with you our operational and financial results for the period ended September 30, 2022 where we have delivered a credible and sound set of results, surpassing pre-COVID 19 performance levels and exceeding our targets and guidance for 2022 on almost all fronts.

We achieved record new sale of EGP17.5 billion in 9M2022, a growth of 36% YoY, surpassing full year 2021 sales level of EGP17.3 billion. Badya, Palm Hills New Cairo, The Crown, Hacienda West and Palm Hills Alexandria accounted for 66% of new sales in 9M2022.

Badya continues to grow in terms of new sales, construction, and handovers momentum. New sales in Badya increased by 109% YoY to reach EGP4.2 billion, translating into 913 units sold in 9M2022. Badya accounted for 28% from new residential sales and 24% from total new sales. We expect Badya to continue to grow as we maintain our current approach towards development and delivery.

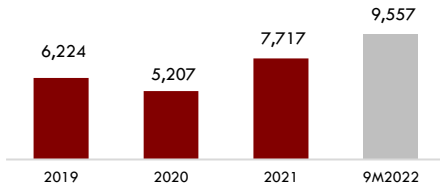
We have increased construction spending by 31% YoY to cross the EGP2.5 billion mark by end of 9M2022. We continue to expand our focus on Badya and Palm Hills New Cairo, the Company's largest integrated developments while completing smaller sized and older projects. The value of ready to move inventory stood at EGP3.5 billion by end of 9M2022, which will enhance the Company's financial position in future periods. At the same time, we are gradually expanding our portfolio of commercial developments mainly through Palmet, Badya and Palm Hills New Cairo.

By end of 9M2022, we had 1,324 completed units that were released from construction and ready for delivery within livable zones across various projects, including 790 units that were handed over to clients.

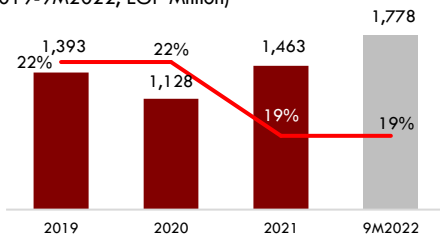
As part of our strategy to continuously enhance and increase value to our shareholders, the extraordinary general assembly held earlier this week approved the termination of 39 million treasury shares, which will bring the cumulative balance of shares that were purchased and terminated to 116 million shares, since we started the share buyback program in 2020. The recent corporate action will result in the reduction of outstanding shares to 3.01 billion. Meanwhile, we continue to purchase treasury shares as per the recent Board of Directors approval to buy up to 5% from the market.

I am encouraged by the Company's financial resilience and steady improvements across various fronts, as we have been achieving and exceeding our targets since 2014. We expect to surpass our previously announced operational and financial targets for full year 2022.

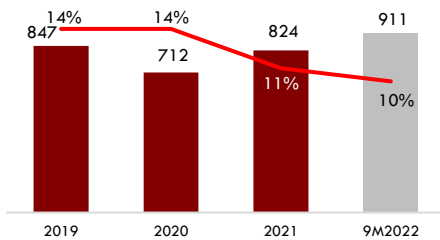
### Revenue (2019-9M2022, EGP Million)



### EBITDA & EBITDA Margin (2019-9M2022, EGP Million)



### Net Profit after Tax & Minority Interest (2019-9M2022, EGP Million)



## Financial Review

EGP Million	9M2022	9M2021	Change
Revenue	9,557	5,893	62%
Gross Profit	3,209	2,088	54%
Gross Profit margin	34%	35%	(1pp)
EBITDA	1,778	1,170	52%
EBITDA margin	19%	20%	(1pp)
Net Profit before Tax & Minority Interest	1,292	773	67%
Net Profit after Tax & Minority Interest	911	635	43%
Net Profit margin	10%	11%	(1pp)

Revenue reached EGP9.5 billion in 9M2022, an increase of 62% YoY. Growth in top line was driven by the YoY increase in new sales of residential and commercial units, coupled with contribution from handed over units and ready to move units sold and recognized during the period.

Gross Profit grew 54% YoY to EGP3.2 billion in 9M2022, a Gross Profit margin of 34%. EBITDA amounted to EGP1.8 billion, a growth of 52% YoY with a margin of 19%.

Net Profit After Tax & Minority Interest recorded EGP911 million in 9M2022, an increase of 43% YoY, with a Net Profit margin of 10%.

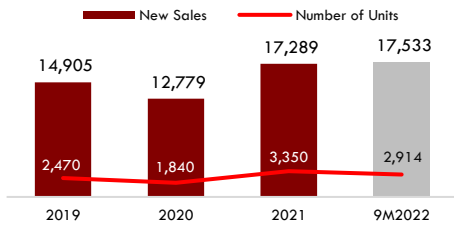
Net Debt amounted to EGP1.4 billion by end of 9M2022. Receivables stood at EGP28.2 billion, covering Net Debt 20 times. Net Debt/EBITDA (trailing) stood at 0.7 times.

## Operational Review

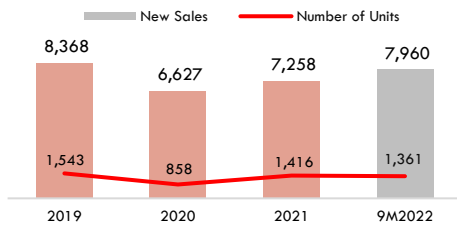
New sales (Residential and Commercial) increased 36% YoY to EGP17.5 billion in 9M2022, compared to EGP12.9 billion in 9M2021. Said growth resulted mainly from the YoY increase in number of units sold by 18% YoY to 2,914 units during 9M2022, compared to 2,462 units sold during the comparable period, complemented by the YoY increase in average selling prices across various projects.

During 9M2022, Residential new sales grew 31% YoY to reach EGP15.1 billion, mostly driven by Badya, Palm Hills New Cairo, The Crown, Hacienda West and Palm Hills Alexandria. Commercial new sales increased 83% YoY to reach EGP2.4 billion during 9M2022. Crown Central, Village Gate Mall, Palmet and Palm Hills New Cairo contributed 86% of the segment's sales.

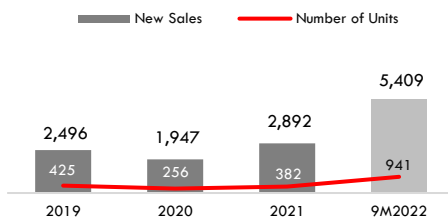
### New Sales, All Regions<sup>1</sup> (2019-9M2022, EGP Million)



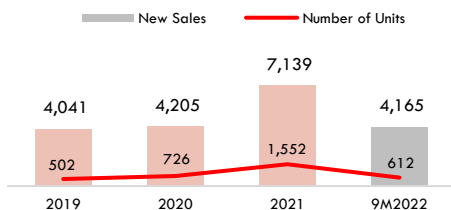
### New Sales, West Cairo<sup>1</sup> (2019-9M2022, EGP Million)



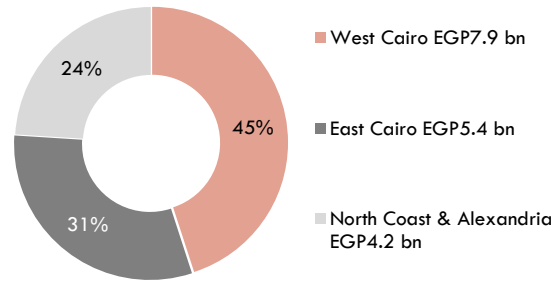
### New Sales, East Cairo<sup>1</sup> (2019-9M2022, EGP Million)



### New Sales, North Coast & Alexandria<sup>1</sup> (2019-9M2022, EGP Million)



The following chart illustrates percentage contribution of each operating region to new sales (Residential & Commercial) during 9M2022:



In West Cairo, new sales recorded EGP7.9 billion in 9M2022, a growth of 80% YoY, where Badya contributed 53%. New sales in Badya increased 109% YoY to record EGP4.2 billion in 9M2022, where the number of units sold grew 67% YoY to reach 913 units. It is worthy to highlight that cumulative sales in Badya stood at EGP15.1 billion by end of 3Q2022. Residential sales were supported by strong uptake in The Crown and Palm Parks alongside ongoing demand for ready to move units in Golf Views, Golf Extension and Woodville. Commercial new sales amounted to EGP1.3 billion, a growth of 84% YoY, largely generated by Crown Central and Palmet.

In East Cairo, new sales grew by an impressive 173% YoY to record EGP5.4 billion, compared to EGP2.0 billion in 9M2021. Palm Hills New Cairo (PHNC) was the main driver of the region's strong performance, where new sales doubled YoY to record EGP3.3 billion, translating into 583 units sold, a remarkable increase of 179% YoY in the number of units sold. Sales growth in East Cairo was supported by commercial sales in Village Gate Mall & PHNC's commercial phase, where the two projects booked EGP1.0 billion in new sales.

In the North Coast and Alexandria region, new sales amounted to EGP4.2 billion during 9M2022, a decrease of 36% YoY due to comparing with a high base as summer 2021 witnessed strong sales in Palm Hills Alamein. Hacienda West contributed EGP1.8 billion to 9M2022 new sales.

The Company spent EGP2.5 billion on construction activities during 9M2022, an increase of 31% YoY. Spending during the period was mostly on Badya, Palm Hills New Cairo, The Crown, Palm Hills Alexandria, Palm Parks, Capital Gardens, Kings School (The Crown) and Lake Yard (Hacienda Bay).

A total of 1,324 units were released from construction within livable zones and ready for delivery, including 790 units that were handed over during 9M2022.

1- New Sales represent Gross New Sales which includes residential and commercial segments.

### Consolidated Income Statement<sup>2</sup>

EGP Thousand	9M2022	9M2021	%
<b>Revenue</b>	<b>9,556,617</b>	<b>5,892,607</b>	<b>62%</b>
Cost of Revenue	(6,347,730)	(3,804,330)	67%
<b>Gross Profit</b>	<b>3,208,887</b>	<b>2,088,283</b>	<b>54%</b>
<i>Gross Profit margin</i>	34%	35%	(1pp)
General Administrative, Selling and Marketing Expenses	(1,431,292)	(918,179)	56%
<b>EBITDA</b>	<b>1,777,595</b>	<b>1,170,104</b>	<b>52%</b>
<i>EBITDA margin</i>	19%	20%	(1pp)
Administrative Depreciation	(130,614)	(128,662)	2%
<b>Operating Profit</b>	<b>1,646,980</b>	<b>1,041,442</b>	<b>58%</b>
Less:			
Finance Cost & Interests	(463,152)	(315,372)	47%
Provisions	496	5,641	(91%)
Estimated Credit Loss	1,998	293	NA
Add:			
Interest Income - Amortization of Discount on Notes Receivables	56,222	11,472	390%
Gain on Investment in Fair Value through Profit or Loss	4,972	11,649	(57%)
Interest Income on Held to Maturity Investments	49,158	29,645	66%
<b>Net Profit Before Income Tax &amp; Minority Interest</b>	<b>1,291,697</b>	<b>773,487</b>	<b>67%</b>
Income Tax Expense	370,541	118,885	212%
Deferred Tax	708	972	(27%)
<b>Net Profit After Tax</b>	<b>920,448</b>	<b>653,630</b>	<b>43%</b>
Non-Controlling Interest	(9,587)	(17,841)	(46%)
<b>Net Profit After Tax &amp; Minority Interest</b>	<b>910,860</b>	<b>635,789</b>	<b>43%</b>
<i>Net Profit After Tax &amp; Minority Interest margin</i>	10%	11%	(1pp)

2- The Company's Consolidated Financial Statements for the period ended September 30, 2022, prepared in accordance with Egyptian Accounting Standards ("EAS"), can be downloaded from our Company's website: [www.palmhillsdevelopments.com](http://www.palmhillsdevelopments.com)

### Balance Sheet

EGP Thousand	September 30, 2022	December 31, 2021
<b>Long-Term Assets</b>		
Investments in Associates	364,883	213,673
Investment Property	168,124	170,829
Fixed Assets (Net)	2,610,492	2,718,635
Projects Under Construction	8,236	7,640
Advance Payments for Investments Acquisitions	59,785	194,907
Deferred Tax Asset	-	789
Employee Stock Ownership Plan	-	77,610
Other Long - Term Assets	1,212	1,338
Right of Use Assets	9,896	15,832
Notes Receivable - Long Term	12,249,760	10,318,458
Notes Receivables - Undelivered Units	6,632,033	4,815,038
<b>Total Long - Term Assets</b>	<b>22,104,423</b>	<b>18,535,750</b>
<b>Current Assets</b>		
Works in Process	6,956,367	8,698,435
Held to Maturity Investments	2,943,173	2,435,941
Cash	1,208,101	1,017,869
Notes Receivable - Short Term	5,077,738	4,040,524
Notes Receivable - Undelivered Units	2,256,110	1,787,054
Investments at Fair Value	80,672	60,726
Accounts Receivable	1,975,470	1,885,116
Suppliers - Advance Payments	1,223,129	657,535
Debtors & Other Debit Balances	1,577,167	1,437,232
Due from Related Parties	364,505	343,787
<b>Total Current Assets</b>	<b>23,653,433</b>	<b>22,364,218</b>
<b>Total Assets</b>	<b>45,757,856</b>	<b>40,899,965</b>
<b>Current Liabilities</b>		
Banks - Credit Balances	122,245	99,796
Banks - Overdraft	2,170,922	1,661,691
Clients' Checks	8,888,143	6,602,092
Advances from Customers	9,033,153	8,374,373
Completion of Infrastructure Liabilities	-	58,063
Provisions	178,695	182,587
Current Portion of Land Purchase Liabilities	176,434	127,786
Investments Purchase Credits	20,717	20,718
Notes Payable - Short Term	1,417,302	1,340,829
Current Portion of Term Loans	190,939	220,788
Suppliers & Contractors	1,147,048	1,130,852
Income Tax Payable	384,544	1,667,759
Creditors & Other Credit Balances	1,290,525	1,042,545
Due to Joint Arrangements Partners	443,260	2,161,334
Due to Related Parties	4,317	4,864
Lease Liabilities - Short Term	4,685	5,316
<b>Total Current Liabilities</b>	<b>25,472,930</b>	<b>23,200,391</b>
<b>Working Capital</b>	<b>(1,819,498)</b>	<b>(836,084)</b>
<b>Total Investment</b>	<b>20,284,925</b>	<b>17,699,666</b>
<i>Financed as Follows:</i>		
<b>Shareholders' Equity</b>		
Issued and Paid-In Capital	6,081,190	6,162,499
Legal Reserve	(99,699)	(69,839)
Special Reserve	834,513	809,229
Treasury Shares	-	176,513
ESOP Re-measurement Reserve	-	(390)
Retained Earnings	1,686,909	1,235,062
Net Profit for the Period	910,860	824,360
<b>Equity Attributable to Equity Holders of Parent Co.</b>	<b>9,413,772</b>	<b>9,137,434</b>
Non-Controlling Interest	455,869	454,189
<b>Total Shareholders' Equity</b>	<b>9,869,642</b>	<b>9,591,623</b>
<b>Long Term Liabilities</b>		
Long Term Loans	2,593,610	1,877,815
Notes Payable - Long Term	1,175,857	2,212,834
Land Purchase Liabilities	120,286	84,252
Other Long-Term Liabilities - Residents' Association	4,762,968	3,856,264
Lease Liabilities - Long Term	5,070	5,998
Due to Joint Arrangements Partners - Long Term	1,216,790	70,877
Islamic Sukuk	540,703	-
<b>Total Long-Term Liabilities</b>	<b>10,415,283</b>	<b>8,108,043</b>
<b>Total Equity &amp; Long-Term Liabilities</b>	<b>20,284,925</b>	<b>17,699,666</b>

### Cash Flow Statement

EGP Thousand	September 30, 2022	September 30, 2021
<b>Net Profit for the Period (Before Income Tax &amp; Non-Controlling Interest)</b>	<b>1,291,697</b>	<b>773,189</b>
Interest on Land Purchase Liabilities	92,726	56,120
Administrative Depreciation	143,281	137,965
Provision Formed	496	5,641
Finance Costs & Interest	370,426	256,252
Gain (loss) on Disposal of Fixed Assets	(130)	(10,842)
Share of Profit/Loss of Associates	(769,123)	(19,279)
Interest Income - Amortization of Discount on Notes Receivables	(56,222)	(11,472)
Gains on Investments in Fair Value through Profit or Loss	(4,972)	(11,649)
Gains and losses on Held to Maturity Investments	(49,158)	(29,645)
Estimated Credit Loss	1,988	-
<b>Operating Profit Before Changes in Working Capital Items</b>	<b>1,789,362</b>	<b>1,149,281</b>
<i>Cash flow from Operating Activities</i>		
Change in Work in Process	1,788,192	(525,992)
Change in Notes Receivables	(2,911,294)	(1,735,639)
Change in Investments in Fair Value through Profit or Loss	(19,946)	159,930
Change in Notes Receivables Undelivered Units	(2,286,051)	-
Change in Held to Maturity Investments	(498,232)	(669,821)
Change in Accounts Receivable	(92,382)	(257,906)
Change in Suppliers - Advance Payments	(565,594)	(80,564)
Change in Debtors & Other Credit Balances	(139,966)	(103,378)
Change in Due from Related Parties	(20,533)	108,597
Change in Advances from Customers	658,780	747,729
Utilized Provisions	(4,388)	1,584
Liabilities from Customers' Checks	2,286,051	-
Change in Due to Related Parties	(547)	-
Change in Notes Payables	(1,053,230)	540,586
Change in Suppliers & Contractors	16,196	205,416
Income Tax Paid	(152,756)	(37,242)
Change in Creditors	247,980	162,061
Change in Other Long Term - Residents' Association	906,704	472,455
Change in Guaranteed Payments - Joint Arrangements	(572,163)	669,363
Change in Infrastructure Commitments	(58,063)	-
Leasing Contracts Liabilities - Short Term	(1,559)	11,323
<b>Net Cash (Used In) Operating Activities</b>	<b>(683,440)</b>	<b>817,783</b>
<i>Cash Flows from Investing Activities</i>		
Payments for Purchase of Fixed Assets	(36,048)	(44,941)
Proceeds from Sale of Fixed Assets	316	12,837
Payments on Leased Assets	5,935	(14,530)
Payments for Associates Investment	(153,205)	(10,367)
Receipts from Associates Investment	2,764	77,471
Settlements on Real Estate Investments	-	(318)
Receipts (Payments) on Other Assets	125	125
Proceeds from Investments in Fair Value through Profit or Loss	4,972	11,649
Proceeds from Held to Maturity Investments	49,158	29,645
<b>Cash Flows from Investing Activities</b>	<b>(125,980)</b>	<b>61,570</b>
<i>Cash Flows from Financing Activities</i>		
Treasury Shares Redemption - Capital Reduction	-	(72,700)
Credit Balance	22,449	16,767
Banks - Overdraft	509,231	16,243
Treasury Shares	(21,699)	(22,849)
Adjustments to Retained Earnings	(9,640)	(331,907)
Dividends	(349,059)	(337,844)
Minority Interests - Dividends	(7,906)	(159,552)
Deferred Tax	80	787
Proceeds from Islamic Sukuk	540,703	-
Proceeds from Loans	870,945	417,907
Repayment of Loans	(185,000)	(503,631)
Finance Costs & Interests	(370,426)	(259,252)
<b>Net Cash Provided by Financing Activities</b>	<b>999,677</b>	<b>(1,236,030)</b>
Net Cash Flow during the Period	190,256	(356,677)
Impact of Estimated Credit Losses	(24)	-
Cash & Cash Equivalents at Beginning of the Period	1,017,869	1,579,250
<b>Cash &amp; Cash Equivalents as of September 30, 2022</b>	<b>1,208,101</b>	<b>1,222,573</b>

### 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 29 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 9M2022, PHD delivered more than 13,000 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.EGP18.5 billion. PHD is listed and traded on the Egyptian Stock Exchange under the symbol "PHDC.CA". For more information, please visit:

[www.palmhillsdevelopments.com/](http://www.palmhillsdevelopments.com/)

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### Disclaimer

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