

4Q2022 Earnings Release

New sales surpassed the EGP26.0 billion mark in FY2022, the highest in the Company's history, exceeding the previously announced target of EGP20 billion for the year. Revenue crossed the EGP13.6 billion mark, an increase of 76% YoY. Net Profit After Tax & Minority Interest reached an all-time high level of EGP1.25 billion, a growth of 52% YoY

Cairo on March 2, 2023 - 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 December 31, 2022.

Financial Highlights

- Revenue recorded an all-time high level of EGP13.6 billion in FY2022, an increase of 76% 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 71% YoY to EGP4.5 billion in FY2022, a Gross Profit margin of 33%. EBITDA amounted to EGP2.4 billion, a growth of 64% YoY with a margin of 18%.
- Net Profit After Tax & Minority Interest booked a new record of EGP1.25 billion in FY2022, an increase of 52% YoY, with a Net Profit margin of 9%.
- Net Debt¹ amounted to EGP1.5 billion by end of FY2022. The Balance Sheet maintained its healthy position with Total Equity (unadjusted) of EGP9.6 billion and Receivables of EGP33.1 billion, covering Net Debt 22 times. While Net Debt/EBITDA (trailing) stood at 0.6 times.

Operational Highlights

- New sales (Residential and Commercial) grew 50% YoY to EGP26.0 billion in FY2022, the highest in the Company's history, compared to EGP17.3 billion in FY2021. Sales growth resulted from the YoY increase in number of units sold by 20% YoY to 4,033 units during FY2022, compared to 3,350 units sold during the comparable period, complemented by the YoY increase in average selling prices across all projects.
- Residential new sales grew by 51% to EGP23.1 billion, compared to EGP15.3 billion during FY2021. Commercial new sales gained 44% YoY to reach EGP2.9 billion during FY2022, 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 EGP3.9 billion across a number of projects in West Cairo, East Cairo and North Coast by end of FY2022.
- New sales in Badya grew 54% YoY to record EGP6.1 billion in FY2022, where the number of units sold increased by 21% YoY to 1,267 units.
- Palm Hills New Cairo exhibited strong growth of 107% YoY in new sales recording EGP4.7 billion, translating into 712 units sold, a remarkable increase of 106% YoY in the number of units sold.
- The Company spent EGP3.7 billion on construction activities during FY2022, an increase of 47% YoY, surpassing the full year target of EGP3.4 billion.
- A total of 1,787 residential & commercial units were released from construction within livable zones and were ready for delivery by year end, including 1,281 units that were handed over to clients.

¹ - Net Debt excluding Leasing.

Yasseen Mansour, Executive Chairman comments:

I am pleased with the announcement of our operational and financial results for the year ended December 31, 2022 where we have delivered record set of results, exceeding pre-COVID 19 performance levels and beating our targets and guidance for 2022 on almost all fronts.

The Company achieved record new sale of EGP26.0 billion in FY2022, a growth of 50% YoY, surpassing FY2022 target of EGP20 billion and 2021 sales level of EGP17.3 billion. Badya, Palm Hills New Cairo, The Crown, Hacienda West and Palm Hills Alexandria accounted for 76% of residential new sales in FY2022.

Badya continues to grow in terms of new sales, construction and handovers momentum. New sales in Badya grew 54% YoY to record EGP6.1 billion in FY2022, where the number of units sold increased by 21% YoY to 1,267 units. Badya accounted for 26% from new residential sales and 23% from total new sales. We expect Badya to continue to grow as we maintain our current approach towards development and delivery.

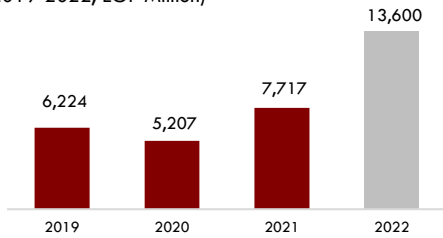
We have increased construction spending by 47% YoY to cross the EGP3.7 billion mark during FY2022, surpassing the full year target of EGP3.4 billion. We continue to expand our focus on Badya and Palm Hills New Cairo, the Company's largest integrated developments while completing smaller sized and older projects. The value of ready to move inventory stood at EGP3.9 billion by end of FY2022, which will continue to boost our 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 FY2022, we had 1,787 completed units that were released from construction and ready for delivery within livable zones across various projects, including 1,281 units that were handed over to clients.

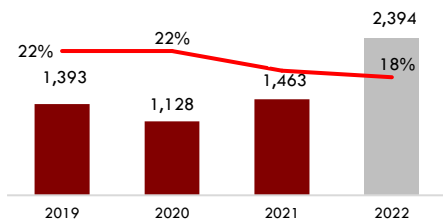
As part of our strategy to continuously enhance and increase value to our shareholders, the extraordinary general assembly held on March 1, 2023 approved the termination of 60 million treasury shares, which will bring the cumulative balance of shares that were purchased and terminated to 176 million shares, since we started the share buyback program in 2020. The recent corporate action will result in the reduction of outstanding shares to 2.95 billion.

I would like to thank my fellow Board members, Management team and all our employees for their hard work during last year and look forward to realizing our plans for FY2023.

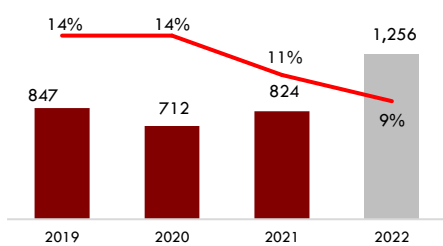
Revenue
(2019-2022, EGP Million)



EBITDA & EBITDA Margin
(2019-2022, EGP Million)



Net Profit after Tax & Minority Interest
(2019-2022, EGP Million)



Financial Review

EGP Million	FY2022	FY2021	Change
Revenue	13,600	7,717	76%
Gross Profit	4,487	2,631	71%
Gross Profit margin	33%	34%	(1pp)
EBITDA	2,394	1,463	64%
EBITDA margin	18%	19%	(1pp)
Net Profit before Tax & Minority Interest	1,703	1,024	66%
Net Profit after Tax & Minority Interest	1,256	824	52%
Net Profit margin	9%	11%	(2pp)

Revenue recorded an all-time high level of EGP13.6 billion in FY2022, an increase of 76% 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 71% YoY to EGP4.5 billion in FY2022, a Gross Profit margin of 33%. EBITDA reached EGP2.4 billion, a growth of 64% YoY with a margin of 18%.

Net Profit After Tax & Minority Interest hit a new record of EGP1.25 billion in FY2022, an increase of 52% YoY, with a Net Profit margin of 9%.

Net Debt amounted to EGP1.5 billion by end of FY2022. Receivables stood at EGP33.1 billion, covering Net Debt 22 times. Net Debt/EBITDA (trailing) stood at 0.6 times.

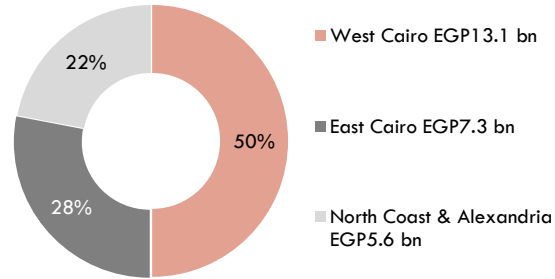
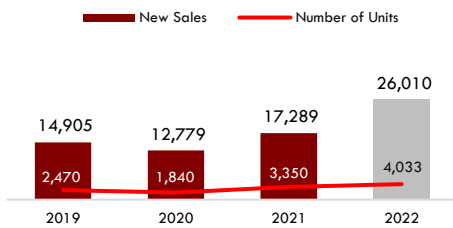
Operational Review

New sales (Residential and Commercial) grew 50% YoY to EGP26.0 billion in FY2022, the highest in the Company's history, compared to EGP17.3 billion in FY2021. Sales growth resulted mainly from the YoY increase in number of units sold by 20% YoY to 4,033 units during FY2022, compared to 3,350 units sold during the comparable period, complemented by the YoY increase in average selling prices across all projects.

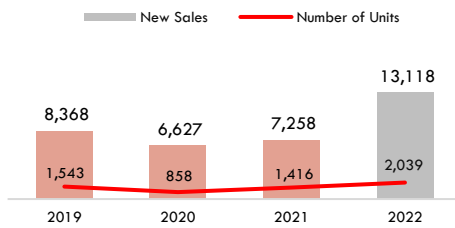
Residential new sales grew 51% YoY to reach EGP23.1 billion during FY2022, mostly generated by Badya, Palm Hills New Cairo, The Crown, Hacienda West and Palm Hills Alexandria. While Commercial new sales increased 44% YoY to reach EGP2.9 billion. Crown Central, Golf Central, Village Gate Mall, Palmet and Palm Hills New Cairo contributed 91% of the segment's sales.

The following chart illustrates percentage contribution of each operating region to new sales (residential & commercial) during FY2022:

New Sales, All Regions¹ (2019-2022, EGP Million)

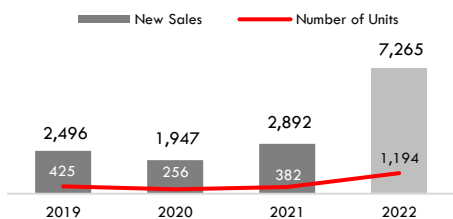


New Sales, West Cairo¹ (2019-2022, EGP Million)



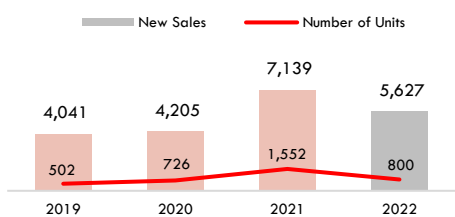
In West Cairo, new sales reached EGP13.1 billion in FY2022, a growth of 81% YoY, where Badya contributed 46%. New sales in Badya grew 54% YoY to record EGP6.1 billion in FY2022, where the number of units sold increased by 21% YoY to 1,267 units. Residential sales were supported by strong uptake in The Crown and Palm Parks alongside ongoing demand for ready to move units in Golf Views, Golf Extension and Woodville. Commercial new sales amounted to EGP1.5 billion, a growth of 33% YoY, largely generated by Golf Central, Crown Central and Palmet.

New Sales, East Cairo¹ (2019-2022, EGP Million)



In East Cairo, new sales grew by an impressive 151% YoY to record EGP7.3 billion, compared to EGP2.9 billion in FY2021. Palm Hills New Cairo ("PHNC") was the main driver of the region's strong performance, where new sales recorded EGP4.7 billion, an increase of 107% YoY, translating into 712 units sold, a growth of 106% YoY in the number of units sold. Sales growth in East Cairo was supported by commercial sales in Village Gate Mall and PHNC's commercial phase, where the two projects booked EGP1.3 billion in new sales.

New Sales, North Coast & Alexandria¹ (2019-2022, EGP Million)



In the North Coast and Alexandria region, new sales amounted to EGP5.6 billion during FY2022, a decrease of 21% YoY due to comparing with a high base as summer 2021 witnessed strong sales in Palm Hills Alamein and Hacienda West. The latter contributed EGP2.4 billion to FY2022 new sales.

The Company spent EGP3.7 billion on construction activities, an increase of 47% YoY, surpassing the full year target of EGP3.4 billion. 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 1,787 units were released from construction within livable zones and ready for delivery, including 1,281 units that were handed over during FY2022.

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

Consolidated Income Statement²

EGP Thousand	FY2022	FY2021	%
Revenue	13,600,123	7,717,121	76%
Cost of Revenue	(9,113,438)	(5,085,950)	79%
Gross Profit	4,486,685	2,631,171	71%
<i>Gross Profit margin</i>	33%	34%	(1pp)
General Administrative, Selling and Marketing Expenses	(2,092,459)	(1,167,865)	79%
EBITDA	2,394,226	1,463,306	64%
<i>EBITDA margin</i>	18%	19%	(1pp)
Administrative Depreciation	(173,669)	(174,799)	(1%)
Operating Profit	2,220,556	1,288,507	72%
Less:			
Finance Cost & Interests	(660,440)	(333,244)	98%
Provisions	(5,000)	(5,412)	(8%)
Estimated Credit Loss	9,295	391	NA
Add:			
Interest Income - Amortization of Discount on Notes Receivables	80,199	17,449	360%
Gain on Investment in Fair Value through Profit or Loss	7,399	12,959	(43%)
Interest Income on Held to Maturity Investments	70,072	43,604	61%
Net Profit Before Income Tax & Minority Interest	1,703,491	1,024,253	66%
Income Tax Expense	(411,752)	(166,719)	147%
Deferred Tax	(1,066)	(1,475)	(28%)
Net Profit After Tax	1,290,673	856,061	51%
Non-Controlling Interest	(34,824)	(31,701)	10%
Net Profit After Tax & Minority Interest	1,255,848	824,360	52%
<i>Net Profit After Tax & Minority Interest margin</i>	9%	11%	(2pp)

2- The Company's Consolidated Financial Statements for the period ended December 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.



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Balance Sheet

EGP Thousand	December 31, 2022	December 31, 2021
Long-Term Assets		
Investments in Associates	382,317	213,673
Investment Property	167,262	170,829
Fixed Assets (Net)	2,592,279	2,718,635
Projects Under Construction	212,133	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	1,170	1,338
Right of Use Assets	7,820	15,832
Notes Receivable - Long Term	13,457,192	10,318,458
Notes Receivables - Undelivered Units	6,608,405	4,815,038
Total Long - Term Assets	23,488,367	18,535,750
Current Assets		
Works in Process	6,286,291	8,698,435
Held to Maturity Investments	3,505,242	2,435,941
Cash	1,165,167	1,017,869
Notes Receivable - Short Term	5,897,552	4,040,524
Notes Receivable - Undelivered Units	2,548,927	1,787,054
Investments at Fair Value	86,052	60,726
Accounts Receivable	2,707,513	1,885,116
Suppliers - Advance Payments	1,603,207	657,535
Debtors & Other Debit Balances	1,858,626	1,437,232
Due from Related Parties	359,050	343,787
Total Current Assets	26,017,630	22,364,218
Total Assets	49,505,997	40,899,965
Current Liabilities		
Banks - Credit Balances	180,168	99,796
Banks - Overdraft	2,403,922	1,661,691
Clients' Checks	9,157,333	6,602,092
Advances from Customers	10,214,450	8,374,373
Completion of Infrastructure Liabilities	-	58,063
Provisions	183,375	182,587
Current Portion of Land Purchase Liabilities	81,839	127,786
Investments Purchase Credits	20,718	20,718
Notes Payable - Short Term	1,572,111	1,340,829
Current Portion of Term Loans	278,307	220,788
Suppliers & Contractors	1,268,463	1,130,852
Income Tax Payable	421,102	1,667,759
Creditors & Other Credit Balances	1,386,633	1,042,545
Due to Joint Arrangements Partners	90,952	2,161,334
Due to Related Parties	3,388	4,864
Lease Liabilities - Short Term	6,526	5,316
Total Current Liabilities	27,269,290	23,200,391
Working Capital	(1,251,659)	(836,084)
Total Investment	22,236,707	17,699,666
<i>Financed as Follows:</i>		
Shareholders' Equity		
Issued and Paid-In Capital	6,003,189	6,162,499
Legal Reserve	(90,146)	(69,839)
Special Reserve	834,679	809,229
Treasury Shares	-	176,513
ESOP Re-measurement Reserve	-	(390)
Retained Earnings	1,686,908	1,235,062
Net Profit for the Period	1,255,848	824,360
Equity Attributable to Equity Holders of Parent Co.	9,690,480	9,137,434
Non-Controlling Interest	481,106	454,189
Total Shareholders' Equity	10,171,586	9,591,623
Long Term Liabilities		
Loans-Long Term	2,697,476	1,877,815
Notes Payable - Long Term	1,329,707	2,212,834
Land Purchase Liabilities	22,488	84,252
Other Long-Term Liabilities - Residents' Association	5,651,066	3,856,264
Lease Liabilities - Long Term	3,124	5,998
Due to Joint Arrangements Partners - Long Term	1,673,994	70,877
Islamic Sukuk	687,264	-
Total Long-Term Liabilities	12,065,121	8,108,043
Total Equity & Long-Term Liabilities	22,236,707	17,699,666



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Cash Flow Statement

EGP Thousand	December 31, 2022	December 31, 2021
Net Profit for the Period (Before Income Tax & Non-Controlling Interest)	1,703,490	1,024,253
Administrative Depreciation	191,362	185,914
Provision Formed	5,000	12,052
Finance Costs & Interest	525,873	333,244
Interest on Land Purchase Liabilities	134,566	-
Gain (loss) on Disposal of Fixed Assets	(259)	(10,908)
Share of Profit/Loss of Associates	-	(26,095)
Interest Income - Amortization of Discount on Notes Receivables	(80,199)	(17,449)
Gains on Investments in Fair Value through Profit or Loss	(7,398)	(12,959)
Gains and losses on Held to Maturity Investments	(70,072)	(43,603)
Estimated Credit Loss	9,925	(390)
Operating Profit Before Changes in Working Capital Items	2,411,659	1,444,057
<i>Cash flow from Operating Activities</i>		
Change in Work in Process	2,265,284	(958,319)
Change in Held to Maturity Investments	(1,069,300)	(1,066,809)
Change in Notes Receivables	(4,914,564)	1,152,240
Change in Notes Receivables Undelivered Units	(2,555,241)	-
Change in Investments in Fair Value through Profit or Loss	(25,326)	154,987
Change in Accounts Receivable	(821,611)	(409,887)
Change in Suppliers - Advance Payments	(945,672)	(142,540)
Change in Debtors & Other Credit Balances	(422,742)	(353,072)
Change in Due from Related Parties	(20,040)	96,202
Change in Advances from Customers	1,840,078	(2,385,682)
Liabilities from Customers' Checks	2,555,241	-
Change in Infrastructure Commitments	(58,062)	-
Utilized Provisions	(4,212)	(6,257)
Change in Due to Related Parties	(1,475)	2,328
Change in Notes Payables	(786,410)	510,384
Change in Suppliers & Contractors	137,612	296,564
Income Tax Paid	(157,409)	(37,229)
Change in Creditors	344,087	257,956
Change in Other Long Term - Residents' Association	1,794,802	920,480
Change in Guaranteed Payments - Joint Arrangements	(467,266)	1,052,835
Leasing Contracts Liabilities - Short Term	(1,663)	-
Net Cash (Used In) Operating Activities	(902,235)	528,239
<i>Cash Flows from Investing Activities</i>		
Payments for Purchase of Fixed Assets	(66,778)	(57,798)
Proceeds from Sale of Fixed Assets	446	13,037
Payments for Associates Investment	(148,114)	(10,367)
Payments on Leased Assets	8,011	(4,517)
Receipts from Associates Investment	(20,529)	77,471
Payments in Projects Under Implementation	(201,416)	(1,145)
Settlements on Real Estate Investments	-	(318)
Receipts (Payments) on Other Assets	167	167
Proceeds from Investments in Fair Value through Profit or Loss	7,398	12,959
Proceeds from Held to Maturity Investments	70,072	43,603
Cash Flows from Investing Activities	(350,742)	73,091
<i>Cash Flows from Financing Activities</i>		
Credit Balance	80,372	8,829
Banks - Overdraft	742,231	327,184
Treasury Shares	(90,146)	(69,839)
Dividends	(349,059)	(337,843)
Minority Interests - Dividends	(7,906)	(160,813)
Adjustments to Retained Earnings	(9,640)	(171,456)
Deferred Tax	(277)	787
Proceeds from Islamic Sukuk	687,264	-
Repayment of Loans	(185,000)	(779,316)
Proceeds from Loans	1,062,179	491,123
Finance Costs & Interests	(525,874)	(471,284)
Net Cash Provided by Financing Activities	1,404,142	(1,162,629)
Net Cash Flow during the Period	151,165	(561,298)
Impact of Estimated Credit Losses	(3,867)	17
Cash & Cash Equivalents at Beginning of the Period	1,017,868	1,579,149
Cash & Cash Equivalents as of December 31, 2022	1,165,168	1,017,868

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 FY2022, PHD delivered 13,564 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.EGP24 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

This presentation contains statements that could be construed as forward looking. These statements appear in several places in this presentation and include statements regarding the intent, belief or current expectations of the number of units to be delivered, construction spending, projects' timelines and estimates regarding future growth of the business, financial results and other aspects of the activity and situation relating to the Company. Such forward looking statements are no guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. You are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date of this presentation, which is not intended to reflect Palm Hills Developments business or acquisition strategy or the occurrence of unanticipated events.