

**New sales increased by 22% YoY to EGP6.8 billion during 1Q2023, compared to EGP5.5 billion during the same period last year. New sales in Badya grew 54% YoY to cross EGP2.9 billion. Revenue for the quarter stood at EGP3.5 billion, an increase of 22% YoY. Net Profit After Tax & Minority Interest amounted to EGP253 million**

Cairo on May 30, 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 March 31, 2023.

### Financial Highlights

- Revenue grew 22% YoY to EGP3.5 billion in 1Q2023. Said increase was driven by the YoY growth in new sales of residential units (including ready to move inventory/completed units) sold and recognized during the period, coupled with contribution from handed over units.
- Gross Profit stood at EGP1.1 billion in 1Q2023, a growth of 24% YoY, a Gross Profit margin of 32%. EBITDA amounted to EGP704 million, an increase of 21% YoY with a margin of 20%.
- Net Profit After Tax & Minority Interest amounted to EGP253 million in 1Q2023, a decrease of 14% YoY, negatively impacted by the YoY increase in Finance Cost, resulting in a Net Profit margin of 7%.
- The Company resumed the securitization program during 1Q2023 and concluded a transaction of a gross receivables' portfolio of EGP1.1 billion via the issuance of Securitized Bonds in cooperation with EFG Hermes.
- Net Debt<sup>1</sup> amounted to EGP1.2 billion by the end of 1Q2023. The Balance Sheet maintained its healthy position with Total Equity (unadjusted) of EGP10.4 billion and Receivables of EGP30.6 billion, covering Net Debt 25 times. While Net Debt/EBITDA (trailing) stood at 0.5 times.

### Operational Highlights

- New sales (Residential and Commercial) increased 22% YoY to EGP6.8 billion in 1Q2023, due to higher residential sales in Badya, Palm Hills Alexandria, The Crown complemented by commercial sales in West Cairo.
- Residential new sales grew by 35% to EGP6.3 billion, compared to EGP4.7 billion during 1Q2022. Commercial new sales amounted to EGP466 million, a decrease of 45% YoY following the Company's decision to put all new commercial launches on hold while maintaining a very limited open inventory mainly in Palmet, Golf Central and Crown Central.
- Badya continued to witness strong sales momentum during 1Q2023, as it recorded a growth of 54% YoY in new sales to reach EGP2.9 billion with 442 units sold.
- New sales in Palm Hills Alexandria surpassed the EGP1 billion mark during 1Q2023, a growth of 156% YoY, following the successful launch of one of the last available phases during the quarter.
- The Company spent EGP1.2 billion on construction activities during 1Q2023, an increase of 23% YoY, up from EGP930 million during the same period last year, despite the seasonality impact of the holy month of Ramadan on construction activities.
- The value of ready to move inventory stood at EGP3.7 billion across several projects in all operating regions by end of 1Q2023. The ready-to-move inventory continues to act as a hedging tool and supports the Company's financial position in future quarters. A total of 597 residential & commercial units were released from construction within livable zones and were ready for delivery by end of 1Q2023, including 328 units that were handed over to clients.

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

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

I am pleased with the announcement of our results for the period ended March 31, 2023, where we delivered a resilient set of financial and operational indicators despite the current economic backdrop.

The Company achieved new sales of EGP6.8 billion in 1Q2023, a growth of 22% YoY, surpassing 1Q2022 sales level of EGP5.5 billion. Badya, Palm Hills New Cairo, The Crown and Palm Hills Alexandria accounted for 78% of residential new sales in 1Q2023.

Badya continues to grow in terms of sales, construction and deliveries momentum. New sales in Badya grew 54% YoY crossing the EGP2.9 billion mark in 1Q2023, with 442 units sold. Badya accounted for 46% from new residential sales and 43% from total new sales. Badya's contribution will continue to increase as we maintain our current approach towards development and handovers.

During 1Q2023, the Company successfully concluded another securitization transaction of a gross receivables' portfolio of EGP1.1 billion via the issuance of Securitized Bonds in cooperation with EFG Hermes.

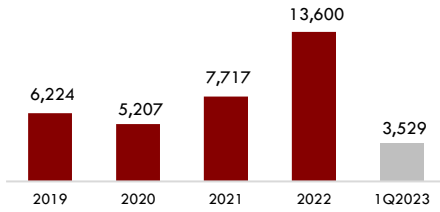
We have increased our construction spending by 23% YoY to EGP1.2 billion during 1Q2023. We continue to expand our focus on Badya and Palm Hills New Cairo, the Company's largest integrated developments, while completing smaller sized and older projects. The value of ready to move inventory stood at EGP3.7 billion by end of 1Q2023, which will continue to boost our financial position in future periods.

By end of 1Q2023, we had 597 completed units that were released from construction and ready for delivery within livable zones across various projects, including 328 units that were handed over to clients. We continued to deliver units in Badya, The Crown and Palm Hills New Cairo ahead of schedule.

Looking ahead, we are well positioned with high quality assets and products offering complemented by a strong balance sheet and an attractive development pipeline.

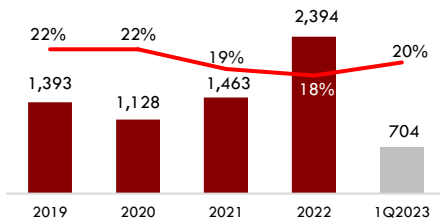
### Revenue

(2019-1Q2023, EGP Million)



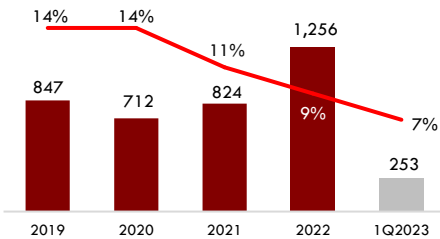
### EBITDA & EBITDA Margin

(2019-1Q2023, EGP Million)



### Net Profit after Tax & Minority Interest

(2019-1Q2023, EGP Million)



### Financial Review

EGP Million	1Q2023	1Q2022	Change
Revenue	3,529	2,904	22%
Gross Profit	1,138	918	24%
Gross Profit margin	32%	32%	-
EBITDA	704	582	21%
EBITDA margin	20%	20%	-
Net Profit before Tax & Minority Interest	381	415	(8%)
Net Profit after Tax & Minority Interest	253	295	(14%)
Net Profit margin	7%	10%	(3pp)

Revenue grew 22% YoY to EGP3.5 billion in 1Q2023. Said increase was driven by the YoY growth in new sales of residential units (including ready to move inventory/completed units) sold and recognized during the period, coupled with contribution from handed over units.

Gross Profit stood at EGP1.1 billion in 1Q2023, an increase of 24% YoY, a Gross Profit margin of 32%. EBITDA amounted to EGP704 million, a growth of 21% YoY with a margin of 20%.

Net Profit After Tax & Minority Interest amounted to EGP253 million in 1Q2023, a decrease of 14% YoY, negatively impacted by the YoY increase in Finance Cost, resulting in a Net Profit margin of 7%.

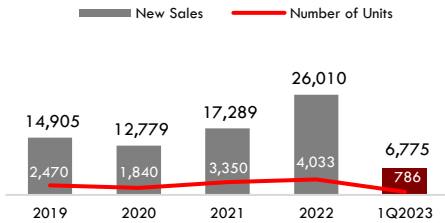
Net Debt amounted to EGP1.2 billion by the end of 1Q2023. The Balance Sheet maintained its healthy position with Total Equity (unadjusted) of EGP10.4 billion and Receivables of EGP30.6 billion, covering Net Debt 25 times. While Net Debt/EBITDA (trailing) stood at 0.5 times.

### Operational Review

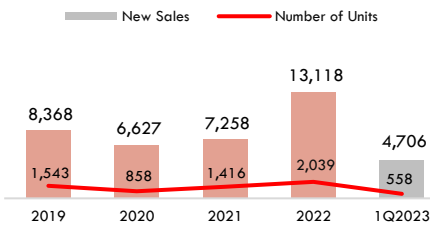
New sales (Residential and Commercial) increased 22% YoY to EGP6.8 billion in 1Q2023, mainly due to higher residential sales in Badya, Palm Hills Alexandria, The Crown and commercial sales mostly in West Cairo.

Residential new sales grew 35% YoY to reach EGP6.3 billion during 1Q2023, mostly generated by Badya, The Crown and Palm Hills Alexandria. While Commercial new sales stood at EGP466 million, a decrease of 45% YoY following the Company's decision to put all new commercial launches on hold while maintaining a limited open inventory in some projects in West Cairo namely in Palmet, Golf Central and Crown Central.

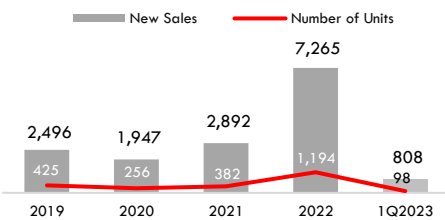
### New Sales, All Regions<sup>1</sup> (2019-1Q2023, EGP Million)



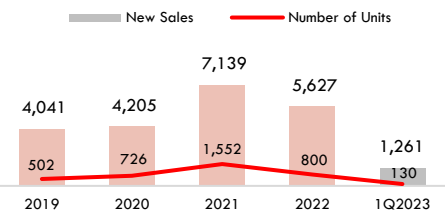
### New Sales, West Cairo<sup>1</sup> (2019-1Q2023, EGP Million)



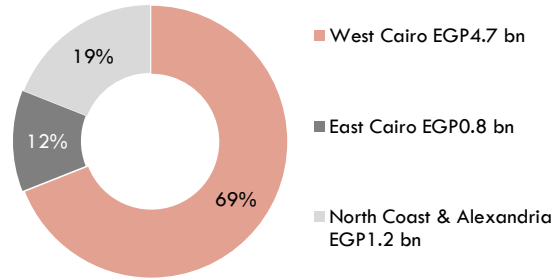
### New Sales, East Cairo<sup>1</sup> (2019-1Q2023, EGP Million)



### New Sales, North Coast & Alexandria<sup>1</sup> (2019-1Q2023, EGP Million)



The following chart illustrates percentage contribution of each operating region to new sales (residential & commercial) during 1Q2023:



In West Cairo, new sales reached EGP4.7 billion in 1Q2023, a growth of 65% YoY, where Badya contributed 44%. New sales in Badya grew 54% YoY amounting to EGP2.9 billion with 442 units sold. 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 EGP465 million, a growth of 38% YoY, largely generated by Golf Central, Crown Central and Palmet.

In East Cairo, new sales stood at EGP0.8 billion, a decrease of 55% YoY due to the absence of new launches and limited open inventory in the region.

In the North Coast and Alexandria region, new sales amounted to EGP1.3 billion by end of 1Q2023, an increase of 45% YoY mostly driven by Palm Hills Alexandria, following the successful launch of one of the project's last available phases where news sales surpassed the EGP1 billion mark, a growth of 156% YoY.

The Company spent EGP1.2 billion on construction activities during 1Q2023, an increase of 23% YoY, up from EGP930 million during the same period last year, despite the seasonal impact of the holy month of Ramadan on construction activities. Construction spending during the period was mostly in Badya, Palm Hills New Cairo, Palm Hills Alexandria, North Coast projects, Capital Gardens and The Crown.

A total of 597 residential & commercial units were released from construction within livable zones and were ready for delivery by end of 1Q2023, including 328 units that were handed over to clients.

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

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

EGP Thousand	1Q2023	1Q2022	%
<b>Revenue</b>	<b>3,528,843</b>	<b>2,903,787</b>	<b>22%</b>
Cost of Revenue	(2,390,579)	(1,985,453)	20%
<b>Gross Profit</b>	<b>1,138,264</b>	<b>918,334</b>	<b>24%</b>
<i>Gross Profit margin</i>	32%	32%	-
General Administrative, Selling and Marketing Expenses	(434,599)	(335,763)	29%
<b>EBITDA</b>	<b>703,665</b>	<b>582,571</b>	<b>21%</b>
<i>EBITDA margin</i>	20%	20%	-
Administrative Depreciation	(42,722)	(43,552)	(2%)
<b>Operating Profit</b>	<b>660,943</b>	<b>539,020</b>	<b>23%</b>
Less:			
Finance Cost & Interests <sup>3</sup>	(368,351)	(150,265)	145%
Provisions	(2,000)	(1,650)	21%
Estimated Credit Loss	(2,005)	(726)	176%
Add:			
Interest Income - Amortization of Discount on Notes Receivables	33,621	11,982	181%
Gain on Investment in Fair Value through Profit or Loss	3,236	1,467	121%
Interest Income on Held to Maturity Investments	55,936	15,274	266%
<b>Net Profit Before Income Tax &amp; Minority Interest</b>	<b>381,380</b>	<b>415,102</b>	<b>(8%)</b>
Income Tax Expense	(124,710)	(109,197)	14%
Deferred Tax	(147)	(101)	46%
<b>Net Profit After Tax</b>	<b>256,523</b>	<b>305,805</b>	<b>(16%)</b>
Non-Controlling Interest	(3,853)	(10,839)	(64%)
<b>Net Profit After Tax &amp; Minority Interest</b>	<b>252,670</b>	<b>294,966</b>	<b>(14%)</b>
<i>Net Profit After Tax &amp; Minority Interest margin</i>	7%	10%	(3pp)

2- The Company's Consolidated Financial Statements for the period ended March 31, 2023, prepared in accordance with Egyptian Accounting Standards ("EAS"), can be downloaded from our Company's website: [www.palmhillsdevelopments.com](http://www.palmhillsdevelopments.com)

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



## 1Q2023 Earnings Release

### Balance Sheet

EGP Thousand	March 31, 2023	December 31, 2022
<b>Long-Term Assets</b>		
Investments in Associates	439,982	382,317
Investment Property	166,651	167,262
Fixed Assets (Net)	2,557,759	2,592,279
Projects Under Construction	305,302	212,133
Advance Payments for Investments Acquisitions	60,220	59,785
Other Long - Term Assets	1,129	1,170
Right of Use Assets	6,491	7,820
Notes Receivable - Long Term	12,989,436	13,457,192
Notes Receivables - Undelivered Units	5,390,688	6,608,405
<b>Total Long - Term Assets</b>	<b>21,917,658</b>	<b>23,488,367</b>
<b>Current Assets</b>		
Works in Process	6,154,854	6,286,291
Held to Maturity Investments	4,489,612	3,505,242
Cash	1,693,943	1,165,167
Notes Receivable - Short Term	6,349,707	5,897,552
Notes Receivable - Undelivered Units	2,335,905	2,548,927
Investments at Fair Value	79,779	86,052
Accounts Receivable	3,569,145	2,707,513
Suppliers - Advance Payments	2,049,513	1,603,207
Debtors & Other Debit Balances	2,355,892	1,858,626
Due from Related Parties	356,677	359,050
<b>Total Current Assets</b>	<b>29,435,029</b>	<b>26,017,630</b>
<b>Total Assets</b>	<b>51,352,688</b>	<b>49,505,997</b>
<b>Current Liabilities</b>		
Banks - Credit Balances	382,483	180,168
Banks - Overdraft	2,962,322	2,403,922
Clients' Checks	7,726,593	9,157,333
Advances from Customers	9,984,790	10,214,450
Provisions	188,355	183,375
Current Portion of Land Purchase Liabilities	17,840	81,839
Investments Purchase Credits	20,718	20,718
Notes Payable - Short Term	1,760,770	1,572,111
Current Portion of Term Loans	473,543	278,307
Suppliers & Contractors	1,748,038	1,268,463
Income Tax Payable	543,415	421,102
Creditors & Other Credit Balances	1,599,115	1,386,633
Due to Joint Arrangements Partners	214,974	90,952
Due to Related Parties	3,824	3,388
Lease Liabilities - Short Term	7,251	6,526
<b>Total Current Liabilities</b>	<b>27,634,031</b>	<b>27,269,290</b>
Working Capital	1,800,968	(1,251,659)
<b>Total Investment</b>	<b>23,718,657</b>	<b>22,236,707</b>
<i>Financed as Follows:</i>		
<b>Shareholders' Equity</b>		
Issued & Paid-In Capital	6,003,189	6,003,189
Legal Reserve	(90,146)	(90,146)
Special Reserve	886,638	834,679
Retained Earnings	2,867,609	1,686,908
Net Profit for the Period	252,670	1,255,848
<b>Equity Attributable to Equity Holders of Parent Co.</b>	<b>9,919,961</b>	<b>9,690,480</b>
Non-Controlling Interest	478,092	481,106
<b>Total Shareholders' Equity</b>	<b>10,398,054</b>	<b>10,171,586</b>
<b>Long Term Liabilities</b>		
Loans-Long Term	2,826,145	2,697,476
Notes Payable - Long Term	1,405,672	1,329,707
Land Purchase Liabilities	52,581	2,488
Other Long-Term Liabilities - Residents' Association	6,194,200	5,651,066
Lease Liabilities - Long Term	2,011	3,124
Due to Joint Arrangements Partners - Long Term	2,009,922	1,673,994
Islamic Sukuk	830,071	687,264
<b>Total Long-Term Liabilities</b>	<b>13,320,603</b>	<b>12,065,121</b>
<b>Total Equity &amp; Long-Term Liabilities</b>	<b>23,718,657</b>	<b>22,236,707</b>

### Cash Flow Statement

EGP Thousand	March 31, 2023	March 31, 2022
<b>Net Profit for the Period (Before Income Tax &amp; Non-Controlling Interest)</b>	<b>381,380</b>	<b>415,102</b>
Administrative Depreciation	49,928	49,840
Provision Formed	2,000	1,650
Finance Costs & Interest	351,847	150,264
Interest on Land Purchase Liabilities	16,503	-
Gain (loss) on Disposal of Fixed Assets	(88)	(120)
Share of Profit/Loss of Associates	(4,048)	-
Interest Income - Amortization of Discount on Notes Receivables	(33,621)	(11,982)
Gains on Investments in Fair Value through Profit or Loss	(3,236)	(1,467)
Gains and losses on Held to Maturity Investments	(55,935)	(15,274)
Estimated Credit Loss	2,005	726
Gains from Sale of Investments in Subsidiaries	(4,048)	7,319
<b>Operating Profit Before Changes in Working Capital Items</b>	<b>706,735</b>	<b>596,059</b>
<i>Cash flow from Operating Activities</i>		
Change in Work in Process	98,806	106,016
Change in Held to Maturity Investments	(984,371)	330,702
Change in Notes Receivables	1,479,964	(1,002,928)
Change in Investments in Fair Value through Profit or Loss	6,272	(19,752)
Change in Accounts Receivable	(862,619)	(512,874)
Change in Suppliers - Advance Payments	(446,306)	(160,104)
Change in Debtors & Other Credit Balances	(497,583)	(92,842)
Change in Due from Related Parties	2,245	(3,196)
Change in Advances from Customers	(1,660,401)	347,068
Utilized Provisions	2,980	(1,673)
Change in Due to Related Parties	435	343
Change in Notes Payables	248,118	368,013
Change in Suppliers & Contractors	479,574	(101,397)
Income Tax Paid	(2,397)	(191)
Change in Creditors	148,089	54,916
Change in Other Long Term - Residents' Association	543,134	276,465
Change in Guaranteed Payments - Joint Arrangements	459,950	426,581
Leasing Contracts Liabilities - Short Term	(389)	(2,361)
<b>Net Cash (Used In) Operating Activities</b>	<b>(277,761)</b>	<b>608,844</b>
<i>Cash Flows from Investing Activities</i>		
Payments for Purchase of Fixed Assets	(15,178)	(6,889)
Proceeds from Sale of Fixed Assets	88	120
Payments for Associates Investment	(60,000)	(126,211)
Payments in Real Estate Investments	-	(157)
Receipts from Associates Investment	6,383	-
Payments in Projects Under Implementation	(93,169)	-
Receipts (Payments) on Other Assets	42	42
Proceeds from Investments in Fair Value through Profit or Loss	3,236	1,467
Proceeds from Held to Maturity Investments	55,935	15,273
<b>Cash Flows from Investing Activities</b>	<b>(102,662)</b>	<b>(116,355)</b>
<i>Cash Flows from Financing Activities</i>		
Credit Balance	202,316	20,875
Banks - Overdraft	558,400	34,230
Dividends	(23,189)	(45,000)
Minority Interests	(6,867)	(5,919)
Deferred Tax	(147)	190
Repayment of Loans	(83,858)	(85,000)
Proceeds from Loans	407,764	224,023
Payment of Finance Cost & Interest	(287,455)	(118,582)
Sukuk	142,807	-
<b>Cash Flows from Financing Activities</b>	<b>909,771</b>	<b>24,817</b>
Net Cash Flow during the Period	529,347	517,305
Impact of Estimated Credit Losses	(572)	(45)
Cash & Cash Equivalents at Beginning of the Period	1,165,168	1,017,869
<b>Cash &amp; Cash Equivalents as of March 31, 2023</b>	<b>1,693,943</b>	<b>1,535,129</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 on the North Coast (Mediterranean Sea).

As at end of 1Q2023, PHD delivered more than 14,000 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.EGP24 billion. PHD is listed and traded on the Egyptian Stock Exchange under the symbol "PHDC.CA". For more information, please visit: <https://ir.palmhillsdevelopments.com/>

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### Disclaimer

This report contains statements that could be construed as forward looking. These statements appear in several places in this report 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 report, which is not intended to reflect Palm Hills Developments business or acquisition strategy or the occurrence of unanticipated events.