

**New Sales mark EGP17.3 billion during FY2021, a new record in the Company's history. Revenue grew to EGP7.7 billion, an increase of 48% YoY. Net Profit After Tax & Minority Interest reached EGP824 million, a growth of 16% YoY. The Board of Directors propose a Cash Dividend of EGP0.10 per share, subject to Shareholders' approval in the next Ordinary General Assembly.**

**Cairo on March 7, 2022** - Palm Hills Developments S.A.E. ("PHD" or "the Company"), a leading real estate developer in Egypt, announces its consolidated financial and operating results for the financial period ended December 31, 2021.

### Financial Highlights

- Revenue increased by 48% YoY to EGP7.7 billion in FY2021, driven by the YoY growth in sales of primary and secondary homes as well as commercial units, complemented by the annual increase in the number of handed over units.
- Gross Profit stood at EG2.6 billion in FY2021, an increase of 31% YoY, implying a Gross Profit margin of 34%. EBITDA grew 30% YoY to EGP1.5 billion in FY2021, a margin of 19%.
- Net Profit After Tax & Minority Interest reached EGP824 million in FY2021, a growth of 16% YoY, with a Net Profit margin of 11%.
- The Board of Directors agreed to put forward a Cash Dividend proposal of EGP0.10 per share, subject to shareholders' approval in the next shareholders meeting.
- Net Debt<sup>1</sup> stood at EGP345 million by end of FY2021 compared to EGP638 million last year. The Balance Sheet maintained its healthy position with Total Equity (unadjusted) of EGP9.2 billion and Receivables of c. EGP23 billion, covering Net Debt 66 times. Net Debt/EBITDA stood at 0.2 times.

### Operational Highlights

- New Sales (Residential and Commercial) grew 35% YoY to EGP17.3 billion in FY2021, up from EGP12.8 billion last year. Sales growth was largely driven by 82% YoY increase in the number of units sold, which recorded 3,350 units during FY2021 up from 1,840 units sold last year, complemented by the YoY increase in average selling prices per sqm across all projects. Commercial New Sales reached EGP2.0 billion during FY2021, an increase of 3% YoY.
- Badya witnessed strong sales momentum during FY2021, as it recorded a remarkable growth of 336% YoY to reach EGP4.2 billion, translating into 1,048 units sold in FY2021, up from EGP1 billion (311 units) last year. This brings cumulative sales in Badya to EGP11.2 billion since launch and until end of FY2021.
- The Company spent EGP2.5 billion on construction activities in FY2021, compared to EGP1.5 billion spent last year, an increase of 67% YoY.
- By end of FY2021, the Company had Ready to Move inventory worth EGP3.8 billion across several projects in West Cairo, East Cairo and North Coast. The Ready to Move units continue to be in high demand and are expected to further solidify the Company's financial position during the coming quarters.
- Handovers increased by 107% YoY to reach 1,308 units in FY2021 compared to 633 units delivered last year. 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 our results of FY2021, another robust year for the Company in terms of operational and financial performance.

Our operations continued to progress during FY2021. New Sales grew by 35% YoY to mark EGP17.3 billion, the highest level in the Company's history, which was a function of selling more units at higher selling prices. Furthermore, handovers increased 107% YoY to 1,308 units as we remain ahead of handovers schedule across many projects including Badya, The Crown and Palm Hills New Cairo. Said improvement in handovers resulted from our steady focus on increasing construction spending to hedge against any unforeseen cost inflation in the coming periods.

Badya has turned the corner, as the city continued to witness progress in terms of sales, construction and handovers momentum during the year. We expect to introduce a wide spectrum of units' offerings to address various needs and budgets. Sales in Badya grew by a remarkable 336% YoY and 193% QoQ to reach EGP4.2 billion with 1,048 units sold during FY2021. We are planning to deliver more than c.500 units in Badya during 2022 and expect a big jump in Badya's sales this year, where actual year to date performance has already proved that we are on the right path.

Looking at our financial position, we continue to further strengthen our Balance Sheet and avail funding requirements to fuel up growth. We successfully closed two securitization transactions during the year of gross Receivables' portfolio of more than EGP2 billion, bringing cumulative gross securitized Receivables to EGP6.2 billion since we started the securitization program. Our Net Debt stood at EGP345 million by end of FY2021, implying an all-time low level. Receivables reached EGP23 billion by end of FY2021, covering Net Debt 66 times. Net Debt/EBITDA stood at 0.2 times by end of FY2021. The Board of Directors gave the go ahead to proceed with the Company's first Islamic Sukuk issuance of c. EGP3.25 billion with the objective of further strengthening Badya's funding.

Looking ahead into FY2022, we are targeting to achieve New Sales of more than EGP20 billion, spend EGP3.4 billion on construction & development activities, and to deliver more than 2,000 units.

The Company's Board of Directors has agreed to put forward a proposed Cash Dividend of EGP0.10/share, subject to our Shareholders' approval in the upcoming Annual General Assembly. 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 ambitious plans for FY2022.

### Financial Review

EGP Million	FY2021	FY2020	Change
Revenue	7,717	5,207	48%
Gross Profit	2,631	2,014	31%
Gross Profit margin	34%	39%	(5pp)
EBITDA	1,463	1,128	30%
EBITDA margin	19%	22%	(3pp)
Net Profit before Tax & Minority Interest	1,024	786	30%
Net Profit after Tax & Minority Interest	824	712	16%
Net Profit margin	11%	14%	(3pp)

Revenue stood at EGP7.7 billion in FY2021, implying an increase of 48% YoY, driven by the YoY increase in sales of primary and secondary homes as well as commercial units, coupled with 107% YoY growth in the number of handed over units, complemented by contribution from Ready to Move units.

In FY2021, Gross Profit stood at EG2.6 billion, up 31% YoY, yet Gross Profit margin came lower at 34%, mainly due to the change in delivery mix where a large portion of handovers were in Capital Gardens.

EBITDA for the year amounted to EGP1.5 billion, an increase of 30% YoY, with a margin of 19%, compared to 22% last year. EBITDA was pressured by the increase in the SG&A expenses during the 3Q2021 driven by the increase in Marketing Expenses related to the outdoor campaigns, marketing various activations events during the summer season. However, SG&A/ New Sales came at par at 6.8% compared to last year.

Depreciation & Amortization Expense increased by 66% YoY to EGP175 million in FY2021, as the Company started to book depreciation on Hacienda Bay's golf course since 4Q2020.

Net Profit After Tax & Minority Interest reached EGP824 million in FY2021, a growth of 16% YoY, with a Net Profit margin of 11%.

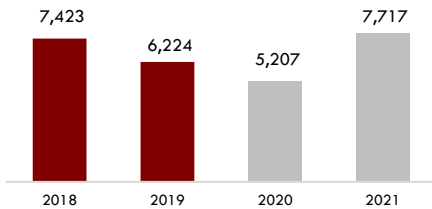
Net Debt decreased to EGP345 million by end of FY2021, implying an all-time low level, in line with Management plans to optimize leverage. Receivables stood at EGP23 billion in FY2021, covering Net Debt 66 times. Net Debt/EBITDA stood at 0.2 times by end of FY2021.

### Operational Review

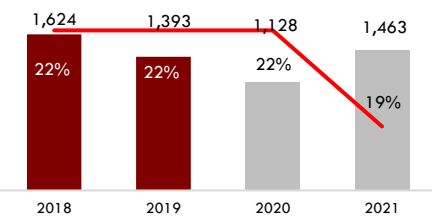
New Sales (Residential and Commercial) grew 35% YoY to record EGP17.3 billion in FY2021, representing 3,350 units sold, compared to EGP12.8 billion (1,840 units sold) last year, complemented by the YoY increase in average selling prices per sqm across all projects.

Residential New Sales grew 41% YoY to record EGP15.3 billion in FY2021, from which Badya accounted for 26%, Commercial New Sales stood at EGP2.0 billion during FY2021, a growth of 3% YoY.

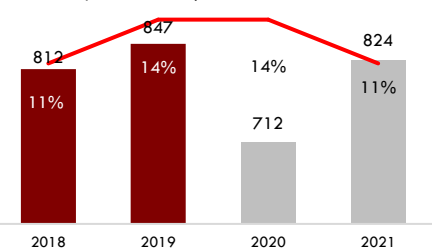
Revenue  
(2018-2021, EGP Million)



EBITDA & EBITDA Margin  
(2018-2021, EGP Million)

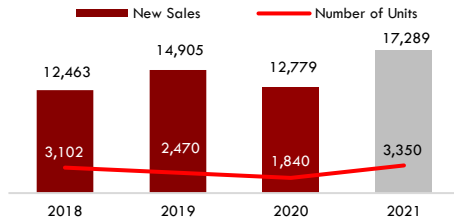


Net Profit after Tax & Minority Interest  
(2018-2021, EGP Million)

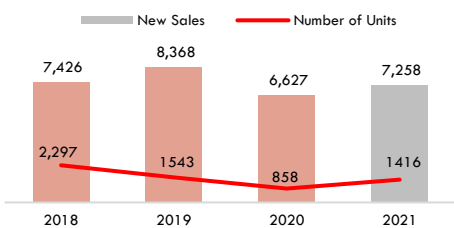


The following chart illustrates percentage contribution of each operating region to New Sales (Residential & Commercial) during FY2021:

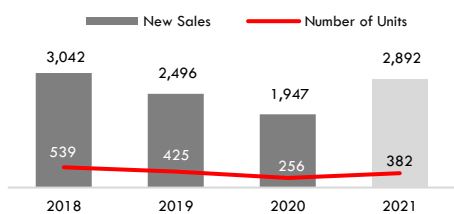
**New Sales, All Regions<sup>1</sup>**  
(2018-2021, EGP Million)



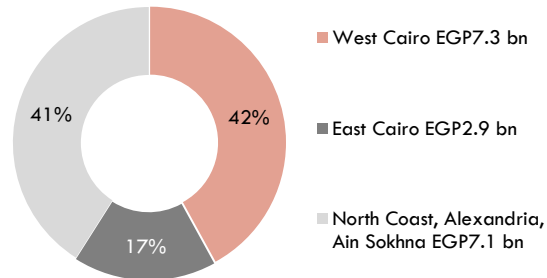
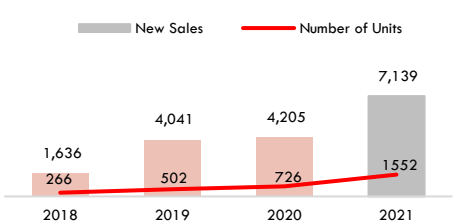
**New Sales, West Cairo<sup>1</sup>**  
(2018-2021, EGP Million)



**New Sales, East Cairo<sup>1</sup>**  
(2018-2021, EGP Million)



**New Sales, North Coast, Alexandria, Ain Sokhna<sup>1</sup>**  
(2018-2021, EGP Million)



In West Cairo, New Sales grew 10% YoY to reach EGP7.3 billion during FY2021. Residential Sales contributed EGP6.1 billion, mostly in Badya having achieved EGP4.0 billion, followed by The Crown, complemented by an uptake of Ready to Move units. Commercial New Sales amounted to EGP1.1 billion during FY2021, generated mainly by in Badya, Hale Town and Golf Central.

In East Cairo, New Sales stood at EGP2.9 billion during FY2021, a growth of 49% YoY, driven by ongoing demand for offerings in Palm Hills New Cairo, complemented by demand for Ready to Move units. The Company launched Village Gate Mall prior to year-end, which achieved New Sales of EGP153 million during 4Q2021.

In the North Coast, Ain Sokhna and Alexandria region, the Company achieved New Sales of EGP7.1 billion during FY2021, a growth of 70% YoY, supported by demand for Palm Hills Alamein (EGP2.8 billion) and strong uptake in Hacienda West, following its successful launch mid July 2021, where the project achieved New Sales of EGP2.0 billion by end of FY2021.

The Company handed over 1,308 units (Residential & Commercial) during FY2021, a growth of 107% YoY, up from 633 units delivered 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: Capital Gardens, Palm Hills New Cairo, The Crown, Hacienda Bay, PK2 Extension, Woodville, Golf Extension, Golf Views and Palm Parks and Badya. By end of FY2021, a total of 1,250 units were released from construction and are currently available for delivery within livable zone.

Construction spending increased 67% YoY to reach EGP2.5 billion during FY2021, compared to EGP1.5 billion last year. Spending during the period was mostly on Palm Hills New Cairo, Badya, The Crown, Hacienda White and Capital Gardens.

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

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

EGP Thousand	FY2021	FY2020	%
<b>Revenue</b>	<b>7,717,121</b>	<b>5,207,530</b>	48%
Cost of Revenue	(5,085,590)	(3,193,423)	59%
<b>Gross Profit</b>	<b>2,631,171</b>	<b>2,014,107</b>	31%
<i>Gross Profit margin</i>	34%	39%	5pp
General Administrative, Selling and Marketing Expenses	(1,167,865)	(886,087)	32%
<b>EBITDA</b>	<b>1,463,306</b>	<b>1,128,020</b>	30%
<i>EBITDA margin</i>	19%	22%	(3pp)
Administrative Depreciation	(174,799)	(105,251)	66%
<b>Operating Profit</b>	<b>1,288,507</b>	<b>1,022,769</b>	26%
Less:			
Finance Cost & Interests <sup>3</sup>	(333,244)	(293,536)	14%
Provisions	(5,412)	(1,400)	NA
Estimated Credit Loss	391	(5,590)	NA
<b>Add:</b>			
Interest Income - Amortization of Discount on Notes Receivables	17,449	17,121	2%
Gain on Investment in Fair Value through Profit or Loss	12,959	8,463	53%
Interest Income on Held to Maturity Investments	43,604	39,378	11%
<b>Net Profit Before Income Tax &amp; Minority Interest</b>	<b>1,024,254</b>	<b>786,844</b>	30%
Income Tax Expense	(166,719)	(37,172)	NA
Deferred Tax	(1,474)	(500)	NA
<b>Net Profit After Tax</b>	<b>856,061</b>	<b>749,172</b>	14%
Non-Controlling Interest	(31,701)	(37,354)	(15%)
<b>Net Profit After Tax &amp; Minority Interest</b>	<b>824,360</b>	<b>711,818</b>	16%
<i>Net Profit After Tax &amp; Minority Interest margin</i>	11%	14%	(3pp)

2- The Company's Consolidated Financial Statements for the period ended December 31, 2021, 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.



## FY2021 Earnings Release

### Balance Sheet

EGP Thousand	December 31, 2021	December 31, 2020
<b>Long-Term Assets</b>		
Investments in Associates	213,673	150,482
Investment Property	170,829	174,011
Fixed Assets (Net)	2,718,635	2,762,305
Projects Under Construction	7,640	97,871
Advance Payments for Investments Acquisitions	194,907	313,390
Employee Stock Ownership Plan	77,610	53,040
Deferred Tax Asset	788	3,049
Right of Use Assets	15,831	-
Other Long - Term Assets	1,338	1,505
Notes Receivable - Long Term	10,319,458	11,973,347
Notes Receivables - Undelivered Units	4,815,038	3,364,837
<b>Total Long - Term Assets</b>	<b>18,535,750</b>	<b>18,893,839</b>
<b>Current Assets</b>		
Works in Process	8,698,435	7,699,912
Accounts Receivable	1,885,116	1,475,742
Debtors & Other Debit Balances	1,437,231	1,084,156
Suppliers - Advance Payments	657,534	514,994
Due from Related Parties	343,877	439,196
Held to Maturity Investments	2,435,941	1,369,132
Investments at Fair Value	60,726	215,713
Notes Receivable - Short Term	4,040,524	3,521,425
Notes Receivable - Undelivered Units	1,787,053	1,504,137
Cash	1,017,869	1,579,150
<b>Total Current Assets</b>	<b>22,364,308</b>	<b>19,403,559</b>
<b>Total Assets</b>	<b>40,900,058</b>	<b>38,297,398</b>
<b>Current Liabilities</b>		
Banks - Credit Balances	99,796	90,967
Banks - Overdraft	1,661,691	1,334,506
Short Term Debt	220,788	834,287
Notes Payable - Short Term	1,340,828	1,030,233
Advances from Customers	8,374,372	10,760,054
Clients' Checks	6,602,091	4,868,974
Completion of Infrastructure Liabilities	58,063	58,063
Leasing Liabilities - Short Term	5,315	-
Current Portion of Land Purchase Liabilities	127,785	134,159
Due to Related Parties	4,864	2,535
Due to Joint Arrangements Partners	2,161,334	1,179,376
Creditors & Other Credit Balances	1,042,545	784,588
Suppliers & Contractors	1,130,852	834,286
Investments Purchase Credits	20,717	-
Income Tax Payable	166,759	37,270
Provisions	182,587	176,792
<b>Total Current Liabilities</b>	<b>23,200,391</b>	<b>21,475,243</b>
Working Capital	(836,083)	(2,071,684)
<b>Total Investment</b>	<b>17,699,666</b>	<b>16,828,154</b>
<i>Financed as Follows:</i>		
<b>Shareholders' Equity</b>		
Issued and Paid-In Capital	6,162,499	6,235,199
Treasury Shares	(69,839)	(46,990)
Legal Reserve	809,229	779,730
Special Reserve	176,513	176,513
ESOP Re-measurement Reserve	(390)	(24,960)
Retained Earnings	1,235,062	1,036,333
Net Profit for the Period	824,360	711,817
<b>Equity Attributable to Equity Holders of Parent Co.</b>	<b>9,137,434</b>	<b>8,867,643</b>
Non-Controlling Interest	454,189	583,302
<b>Total Shareholders' Equity</b>	<b>9,591,623</b>	<b>9,450,944</b>
<b>Long Term Liabilities</b>		
Long Term Loans	1,877,815	2,193,851
Notes Payable - Long Term	2,212,834	2,151,086
Land Purchase Liabilities	84,252	90,488
Other Long-Term Liabilities - Residents' Association	3,856,264	2,935,783
Lease Liabilities - Long Term	5,998	-
Due to Joint Arrangements Partners - Long Term	70,877	-
<b>Total Long-Term Liabilities</b>	<b>8,108,043</b>	<b>7,371,209</b>
<b>Total Equity &amp; Long-Term Liabilities</b>	<b>17,699,666</b>	<b>16,828,154</b>



## FY2021 Earnings Release

### Cash Flow Statement

EGP Thousand	December 31, 2021	December 31, 2020
<b>Net Profit for the Period (Before Income Tax &amp; Non-Controlling Interest)</b>	<b>1,024,253</b>	<b>786,844</b>
Administrative Depreciation	185,914	125,124
Provision Formed	12,052	1,400
Finance Costs & Interest	333,244	293,536
Share of Profit/Loss of Associates	(26,095)	4,888
Estimated Credit Loss	(391)	5,950
Gain (loss) on Disposal of Fixed Assets	(10,908)	(75)
Interest Income - Amortization of Discount on Notes Receivables	(17,449)	(17,121)
Gains on Investments in Fair Value through Profit or Loss	(12,959)	(8,463)
Gains & losses on Held to Maturity Investments	(43,603)	(39,377)
<b>Operating Profit Before Changes in Working Capital Items</b>	<b>1,444,058</b>	<b>1,152,706</b>
Cash flow from Operating Activities		
Change in Work in Process	(958,422)	722,073
Change in Held to Maturity Investments	(1,066,809)	(444,755)
Change in Notes Receivables	1,151,727	(336,137)
Change in Investments in Fair Value through Profit or Loss	154,987	(128,200)
Change in Accounts Receivable	(409,374)	(207,871)
Change in Suppliers - Advance Payments	(142,540)	(63,466)
Change in Debtors & Other Debit Balances	(353,072)	(166,812)
Change in Due from Related Parties	96,202	(21,654)
Change in Advances from Customers	(2,385,682)	1,416,419
Change in Completion of Infrastructure	-	(37,020)
Provisions	(6,257)	(5,326)
Change in Notes Payables	510,384	9,979
Change in Suppliers & Contractors	296,564	72,126
Income Tax Paid	(37,229)	(97,523)
Change in Due to Related Parties	2,328	(4,104)
Change in Creditors & Other Credit Balances	257,956	153,408
Change in Other Long Term - Residents' Association	920,480	562,927
Change in Guaranteed Payments - Joint Arrangements	1,052,835	(673,948)
<b>Net Cash (Used In) Operating Activities</b>	<b>528,239</b>	<b>1,903,218</b>
Cash Flows from Investing Activities		
Payments for Purchase of Fixed Assets	(57,798)	(52,719)
Proceeds from Sale of Fixed Assets	13,037	543
Payments for Associates Investment	(10,367)	(12,000)
Payments of Lease Liabilities	(4,517)	-
Proceeds from Investing in Sister Companies	77,471	-
Payments Advance for Investments	-	(118,483)
Payments for Projects Under Construction	(1,145)	(40,528)
Adjustments to Investment Properties	(318)	(1,000)
Other Payments	167	(114)
Proceeds from Investments in Fair Value through Profit or Loss	12,959	8,463
Proceeds from Held to Maturity Investments	43,604	39,377
<b>Cash Flows from Investing Activities</b>	<b>73,092</b>	<b>(176,461)</b>
Cash Flows from Financing Activities		
Credit Balance	8,829	3,729
Banks - Overdraft	327,185	71,193
Treasury Shares	(69,839)	(46,990)
Dividends Distribution	(337,844)	-
Adjustments to Retained Earnings	(171,456)	(764,891)
Minority Interests	(160,813)	(8,793)
Deferred Tax	787	-
Proceeds from Loans	(779,316)	(930,147)
Repayment of Loans	491,123	464,454
Finance Costs & Interests	(471,284)	(311,240)
<b>Net Cash Provided by Financing Activities</b>	<b>(1,162,630)</b>	<b>(1,522,685)</b>
Net Cash Flow during the Period	(561,298)	204,072
Cash & Cash Equivalents at Beginning of the Period	1,579,150	1,375,178
Impact of Estimated Credit Losses	17	(100)
<b>Cash &amp; Cash Equivalents as of December 31, 2021</b>	<b>1,017,869</b>	<b>1,579,150</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 34.6 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) and Ain Sokhna (Red Sea).

As at end of FY2021, PHD delivered 12,475 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.EGP15 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

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.