

SODIC ("Sixth of October Development & Investment Company") (EGX OCDI.CA) has released its consolidated operational and financial results for the three months ended 31<sup>st</sup> of March 2023

### SODIC achieves EGP 2.8 billion of sales driven by strong demand for projects in both West and East Cairo despite limited new launches

#### First Quarter 2023 Operational Highlights

- Gross contracted sales of EGP 2.78 billion;
- Cancellations of 21% of gross contracted sales;
- Cash collections reached EGP 2.10 billion;
- Timely delivery of 208 units across SODIC's projects;

#### First Quarter 2023 Financial Highlights

- Revenues amounted to EGP 1.50 billion, up 26% YoY;
- Gross profit reached EGP 563 million, up 12% YoY, and reflecting a gross profit margin of 38%;
- Operating profit amounted to EGP 165 million, down 38% YoY, and implying an operating profit margin of 11%;
- Net profit after tax and non-controlling interests recorded EGP 187 million, down 17%YoY, and delivering a net profit margin of 13%.

Commenting on the results Ayman Amer SODIC's General Manager said "We have witnessed very healthy demand for the limited launches that we have released during the quarter. We will continue bringing forward releases across our projects during the year as we closely monitor the macro operating environment and its impact on our pricing strategies."





## Earnings Release

Q1 2023

Cairo, Egypt | 2<sup>nd</sup> of May 2023

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### Operational Review

#### First Quarter Ended 31<sup>st</sup> of March 2023

##### Gross Contracted Sales

SODIC sold 274 units during the first quarter of 2023, generating gross contracted sales of EGP 2.78 billion. This compares to sales of EGP 3.74 billion recorded during the first quarter of 2022. The YoY drop in sales is mainly attributable to the limited launches in 2023 compared to 2022, as the company had temporarily halted sales during the beginning of 2023 to revisit sales prices amid increasing construction costs. Going forward SODIC will periodically review its selling prices as it seeks to balance maximizing sales with managing cost inflation risk in the current inflationary environment.

Gross contracted sales during the quarter were driven by the strong demand for SODIC's projects in both West and East Cairo. West Cairo projects accounted for 52% of gross contracted sales, primarily driven by the continued strong demand for SODIC's relaunched 464-acre project, which contributed 39% of the quarter's sales. On the other hand, East Cairo projects accounted for 48% of SODIC's first quarter sales, on the back of robust sales on both Vilette and SODIC East, which contributed 33% and 13% respectively.

##### Cancellations

Cancellations of EGP 579 million were recorded during Q1 2023, representing 21% of the quarter's gross contracted sales. This compares to a cancellation rate of 10% during the first quarter of 2022. The increase in cancellations is mostly due to the company prioritizing the cancellation of units in default, allowing the company to resell these units at current market prices, supporting margins and increasing total returns.

##### Collections

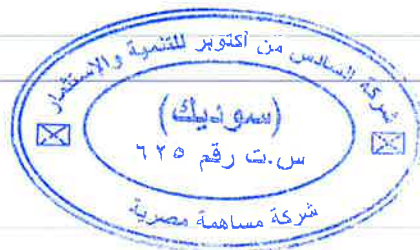
Net cash collections reached EGP 2.03 billion for the quarter, with delinquencies at 8.2%. This compares to collections of EGP 1.37 billion and a delinquency rate of 8.8% recorded during the same quarter of 2022.

##### Deliveries

SODIC delivered some 208 units during the quarter, of which 104 were in West Cairo projects, while East Cairo and North Coast projects accounted for 103 and 1 of the delivered units respectively. This compares to 165 units delivered during the same quarter last year.

##### CAPEX

CAPEX spent on construction during the quarter amounted to EGP 861 million, compared to EGP 634 million spent during Q1 2022.



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### Financial Review

#### Income Statement

##### First Quarter Ended 31<sup>st</sup> of March 2023

Revenues of EGP 1.50 billion were recorded during the quarter, an increase of 26% over EGP 1.20 billion recorded during the first quarter of 2022. Revenues were mainly driven by deliveries in our West Cairo projects which accounted for 60% of deliveries by value, led by commercial project Pavilion which accounted for 32%. East Cairo projects accounted for a further 39%, led by SODIC East which made up 26% of the quarter's deliveries by value.

Gross profit increased 12% YoY to reach EGP 563 million, implying a gross profit margin of 38%. This compares to a gross profit of EGP 492 million and a gross profit margin of 42% recorded during the first quarter of last year, with the large number of early phase deliveries on SODIC East slightly weighing down the margins YoY.

Operating profit came in at EGP 165 million, implying an operating profit margin of 11%, compared to an operating profit of EGP 267 million and an operating profit margin of 22% recorded during Q1 2022. The YoY drop in operating profit is primarily driven by the direct recognition of increased expenses associated with higher sales and backlog execution on the company's income statement, while the associated revenues will only be recognized upon the delivery of the sold units.

Net profit after tax and non-controlling interests came in at EGP 187 million, implying a net profit margin of 13%, and an EPS of EGP 0.53. This compares to a net profit of EGP 226 million, a net profit margin of 19% and EPS of EGP 0.64 during the first quarter of 2022, with the increased operating costs weighing down net income in 2023.

#### Balance Sheet

SODIC continues to maintain a strong liquidity position with total cash and cash equivalents<sup>1</sup> amounting to EGP 3.32 billion.

Bank leverage remains low, with bank debt to equity standing at 0.42x. Bank debt outstanding amounted to EGP 3.16 billion as of 31 March 2023. SODIC has been gradually increasing leverage mainly to enhance returns. Debt to equity amounted to 0.43x at year-end 2022, with EGP 3.16 billion of outstanding debt; and to 0.38x at year-end 2021, with EGP 2.55 billion of outstanding debt.

Total receivables stood at EGP 30.8 billion, of which EGP 6.75 billion are short term receivables providing strong cash flow visibility for the company. A total of EGP 4.09 billion of receivables are reported on the balance sheet, reflecting only the receivables relating to delivered units already recognized as revenue. On the other hand, some EGP 26.7 billion of receivables related to undelivered units are disclosed in the footnotes.

SODIC's total backlog of unrecognized revenue stood at EGP 34.4 billion as of 31 March 2023, providing strong revenue visibility for the company.

<sup>1</sup> Including Treasury Bills



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### Selected Consolidated Income Statement Items

EGP in million	Q1 2023	Q1 2022 (after reclassification)
Total Revenue	1,496	1,197
Cost of Revenue	(933)	(705)
<b>Gross Profit</b>	<b>563</b>	<b>492</b>
Gross Profit Margin	38%	42%
<b>Operating Profit</b>	<b>165</b>	<b>267</b>
Operating Profit Margin	11%	22%
<b>Net Profit Before Tax</b>	<b>242</b>	<b>301</b>
Taxes	(51)	(72)
Non-Controlling Interests	(4)	(2)
<b>Net Profit After Tax and Non-Controlling Interests</b>	<b>187</b>	<b>226</b>
Net Profit Margin	13%	19%

### Selected Consolidated Balance Sheet Items

EGP in million	Mar-23	Dec-22
<b>Assets</b>		
Work In Process	15,564	15,171
Long Term & Short Term Net Trade and Notes Receivable (on-balance sheet)	4,088	4,046
Cash & Cash equivalent & Treasury Bills	3,323	2,902
<b>Total Assets</b>	<b>31,687</b>	<b>30,385</b>
<b>Liabilities &amp; Shareholder Equity</b>		
Bank Facilities & Loans	3,156	3,164
Advances from Customers	9,578	8,700
<b>Total Liabilities</b>	<b>24,185</b>	<b>23,074</b>
<b>Total Equity</b>	<b>7,502</b>	<b>7,311</b>
<b>Total Liabilities &amp; Equity</b>	<b>31,687</b>	<b>30,385</b>



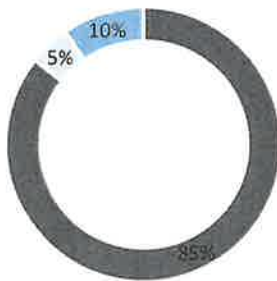
# Earnings Release

## Q1 2023

Cairo, Egypt | 2<sup>nd</sup> of May 2023

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### Shareholding Structure as at 31/03/2023



- Aldar-ADQ Consortium
- Equity Holding
- Others

### About SODIC

Building on a history of 25 years of successful operations in Egypt, SODIC is one of the country's leading real estate development companies, bringing to the market award-winning large-scale developments to meet Egypt's ever-growing need for high quality housing, commercial and retail spaces.

Headquartered in Cairo and listed on the Egyptian stock exchange (EGX) under OCDI.CA, SODIC is one of the few non-family-owned companies traded on the EGX.

### Forward Looking Statements

Statements contained in this document that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of SODIC. Such statements involve known and unknown risks, uncertainties and other factors; undue reliance should not be placed thereon. Certain information contained herein constitutes "targets" or "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of SODIC may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of SODIC is subject to risks and uncertainties. Various factors could cause actual results to differ materially from those expressed or implied by the forward-looking statements in this document including worldwide economic trends, the economic and political climate of Egypt, the Middle East and changes in business strategy and various other factors.



### SODIC Investor Relations

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