

DICE Sport and Casual Wear Report Q1-2021 Earnings

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DICE Sport and Casual Wear Report Q1-2021 Earnings

Due to the decrease in the severity of the impact of the Corona virus (COVID-19) pandemic, sales line increased by 14.4% Y-o-Y increasing reach EGP 297.6 mn in Q1-2021 coupled with Q1-2020 Y-o-Y.

Highlights for Q1-2020

| | |
|---|---|
| <p>Revenue EGP 297.6mn ▲ 14.4% y-o-y</p> | <p>Gross Profit⁽¹⁾ EGP 63.6mn ▲ 25% y-o-y 21.4% GP Margin</p> |
| <p>EBITDA EGP 31.48mn ▲ 140% y-o-y 10.6% EBITDA Margin</p> | <p>Net Profit / (loss) EGP 4.1mn 1.4% NP Margin</p> |

Highlights for 2019

| | |
|---|--|
| <p>Revenue EGP 260.2mn ▲ 23.1% y-o-y</p> | <p>Gross Profit⁽¹⁾ EGP 50.8mn ▼ -34% y-o-y 19.5% GP Margin</p> |
| <p>EBITDA EGP 13.1mn ▼ -74% y-o-y 5% EBITDA Margin</p> | <p>Net Profit / (loss) EGP(43.3)mn -16.6% NP Margin</p> |

Summary Income Statement (EGP mn)

| In EGP 000s, unless otherwise stated | 2020 | Q1-21 | Q1-20 |
|--------------------------------------|----------------|--------------|---------------|
| Revenue | 1,232.8 | 297.6 | 260.2 |
| y-o-y growth, % | -21.5% | 14.4% | -23.1% |
| Gross Profit | 209.4 | 63.6 | 50.8 |
| GPM, % | 17.0% | 21.4% | 19.5% |
| EBITDA | 64.8 | 31.48 | 13.12 |
| EBITDA Margin, % | 5.3% | 10.6% | 5.0% |
| Net Profit | (54.7) | 4.1 | (43.3) |
| NPM, % | -4.4% | 1.4% | -16.6% |

Note(1): Gross profit excludes depreciation

The General measures to contain the effect of an outbreak of Corona virus (COVID-19)

- The company's management formed a teamwork to develop and implement contingency plans to counter the negative effects on the expected business and cash flows of the company in terms of a decrease in revenues and an expected decrease in operating cash receipts and is currently closely monitoring and continuous evaluation of all developments and accordingly the following decisions were taken:
- 1) Providing the necessary raw materials for the continuation of production operations without interruption and with the full production capacity of the company, so that the main raw materials are relied on in production from the local market and try to communicate with external suppliers to provide sufficient quantities for the continuation of production as the company depends on providing the raw materials used in the industry from the two local markets And external.
 - 2) The company resumed export operations for the requirements of external clients, based on official correspondence from clients.
 - 3) The company's plan not to dispense with employees, so that the necessary preventive measures were taken to maintain the health of its employees.
 - 4) The management monitors the cash flows on a monthly basis and concluded that the expected cash flows will be positive during the coming months without any problems in the current cash flow. Accordingly, in the previous year the administration decided to pay all bank loans on time and take advantage of the central bank's initiative to postpone the installments for a period of six months.
- The management evaluation included the following areas in consideration while assessing the impact of the emerging coronavirus.
- The risk of impairment of fixed assets
 - The risk of declining inventory value due to the presence of slow moving items.
 - Risks of not being able to pay the obligations owed to banks, creditors and workers on the due date.
 - Risks that may arise from any claims resulting from lawsuits
- The management concluded that there is no impact on the company's work that could lead to a decrease in the value of fixed assets, as the factory operates as planned to meet customers' demand and the company pays all its obligations on the due date, in the previous year The company has also chosen to benefit from the initiative announced by the Central Bank of Egypt to postpone installments for a period of six months. The company's management also believes that, in the current circumstances, it is able to continue production, sales and purchases, and pay its obligations and cash flows to meet the company's objectives.

Results in Nutshell

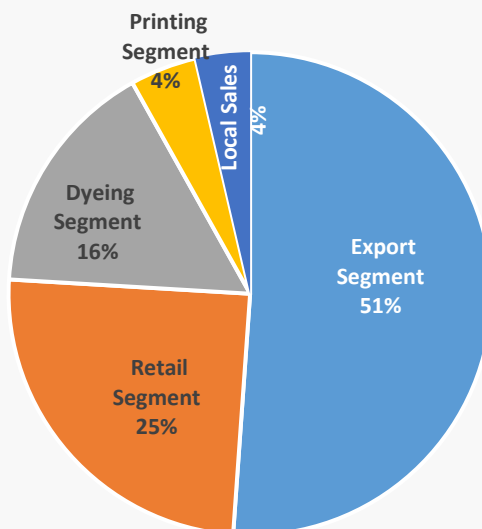
DICE reported revenues of EGP 297.6 mn, for Q1-2021, recording 14.4% y-o-y increasing.

Gross profit margin Q-o-Q, recording 21.4% in Q1-2021 compared to 19.5% in Q1-2020.

It appears from this graph that the export segment improved compared to the same period last year after the negative effects of the Corona virus decreased.

Revenue Breakdown by Segment

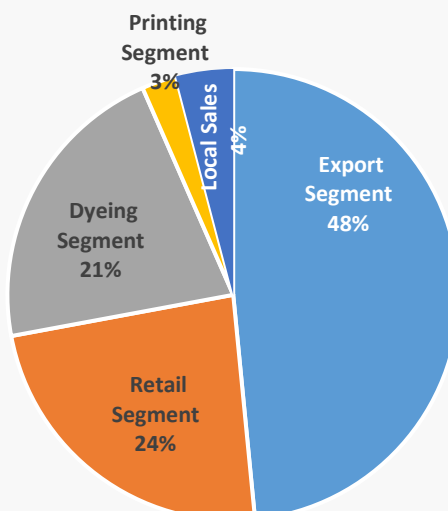
Q1 - 2021



Revenue Breakdown by Segment

DICE reported revenues of EGP 260.2 mn for Q1- 2020, recording -23.1% y-o-y decreasing. Gross profit margin Q-o-Q, recording 19.5% in Q1 - 2020 compared to 22.9% in Q1-2019.

Q1 - 2020



Overview of Segmental Performance

1 Export Segment



| In EGP 000s, unless otherwise stated | | 2020 | Q1-21 | Q1 -20 |
|--------------------------------------|--------------------------------|----------------|----------------|----------------|
| Dice | Sewing Capacity (000s pieces) | 21,000 | 5,250 | 5,250 |
| | Utilization, % | 43.3% | 46.7% | 44.7% |
| | # of pieces sold (000s) | 9,095 | 2,454 | 2,344 |
| | y-o-y growth, % | -46.6% | 4.7% | -44.4% |
| | Avg. Price (USD) / piece | 4.24 | 3.98 | 3.47 |
| | y-o-y growth, % | 30.8% | 14.8% | 29.7% |
| | Revenue (USD '000) | 38,544 | 9,763 | 8,129 |
| | y-o-y growth, % | -30.2% | 20.1% | -27.9% |
| | Avg. Price (EGP) / piece | 67.6 | 62.0 | 53.8 |
| | y-o-y growth, % | 26.3% | 15.3% | 14.0% |
| | Revenue (EGP '000) | 614,532 | 152,157 | 126,082 |
| | y-o-y growth, % | -32.6% | 20.7% | -36.6% |
| | Gross Profit | 4,336 | 6,148 | 710 |
| | Gross Profit Margin, % | 0.7% | 4.0% | 0.6% |

- In Q1-2021, export sales, denominated in USD, 20.1% increase over the same period last year beside increasing sales volume a 4.7% stemming. Blended average price per piece in USD terms increased by 14.8%.

- Export Avg. Price (USD ,EGP) / piece increased due to change in sales mix (decrease in kids product) ,in addition the value of the revenues in USD or EGP includes the sale of materials (cloth and elastic) and the number of pieces sold does not show what represents this value, and this also affects the average price of the piece in USD or EGP.

Overview of Segmental Performance

2 Retail Segment

- Refer to the attached file “Dice Retail (Underwear) report”

Overview of Segmental Performance

3 Dyeing Segment

| | In EGP 000s, unless otherwise stated | 2020 | Q1-21 | Q1 -20 |
|-----------------------------|--------------------------------------|----------------|---------------|---------------|
| Master Line | Capacity (tons) | 7,500 | 1,875 | 1,875 |
| | Utilization, % | 57.3% | 71.2% | 74.8% |
| | Volume Sold (tons/year) | 4,298 | 1,335 | 1,403 |
| | Avg. Price (EGP) / ton | 33.1 | 28.4 | 28.0 |
| | Revenue | 142,175 | 37,889 | 39,313 |
| | y-o-y growth, % | -21.3% | -3.6% | -15.4% |
| | Gross Profit | 47,755 | 9,371 | 13,846 |
| | Gross Profit Margin, % | 33.6% | 24.7% | 35.2% |
| UDI | Capacity (tons) | 7,200 | 1,800 | 1,800 |
| | Utilization, % | 70.1% | 71.5% | 86.5% |
| | Volume Sold (tons/year) | 5,045 | 1,287 | 1,557 |
| | Avg. Price (EGP) / ton | 26.4 | 26.5 | 25.3 |
| | Revenue | 133,133 | 34,080 | 39,452 |
| | y-o-y growth, % | -20.5% | -13.6% | 4.9% |
| | Gross Profit | 38,868 | 10,154 | 12,185 |
| | Gross Profit Margin, % | 29.2% | 29.8% | 30.9% |
| ACC | Capacity (tons) | 3,200 | 900 | 800 |
| | Utilization, % | 84.1% | 84.8% | 94.7% |
| | Volume Sold (tons/year) | 2,693 | 763 | 757 |
| | Avg. Price (EGP) / ton | 23 | 29 | 24 |
| | Revenue | 61,530 | 21,802 | 18,196 |
| | y-o-y growth, % | -12% | 20% | 3% |
| | Gross Profit | 14,389 | 7,972 | 4,716 |
| | Gross Profit Margin, % | 23.4% | 36.6% | 25.9% |
| Total Dyeing Segment | Capacity (tons) | 17,900 | 4,575 | 4,475 |
| | Utilization, % | 67.2% | 74.0% | 83.1% |
| | Volume Sold (tons/year) | 12,036 | 3,385 | 3,718 |
| | Avg. Price (EGP) / ton | 28.0 | 27.7 | 26.1 |
| | Revenue | 336,838 | 93,771 | 96,960 |
| | y-o-y growth, % | -19.4% | -3.3% | -4.8% |
| | Intercompany Sales | 136,825 | 46,294 | 41,410 |
| | Intercompany Sales (% of Revenue) | 40.6% | 49.4% | 42.7% |
| | Gross Profit | 101,012 | 27,498 | 30,747 |
| | Gross Profit Margin, % | 30.0% | 29.3% | 31.7% |

As for its dyeing segment, DICE reported EGP 93.8mn in revenues in Q1-2021, 3.3% y-o-y decreasing, third party sales during Q1- 2021 contributed 50.6% of all dyeing sales compared to 57.3% in Q1-2020.

Overview of Segmental Performance

4 Printing Segment

| In EGP 000s, unless otherwise stated | | 2020 | Q1-21 | Q1-20 |
|--------------------------------------|---------------------------------|--------------|--------------|--------------|
| TPP Printing | Capacity (piece) | 4,000 | 1,000 | 1,000 |
| | Utilization, % | 29.6% | 64.7% | 29.3% |
| | Volume Sold (piece/year) | 1,186 | 647 | 293 |
| | Avg. Price (EGP) / ton | 4.71 | 3.79 | 5.64 |
| | Revenue | 5,580 | 2,450 | 1,654 |
| | y-o-y growth, % | -30.5% | 48.1% | -31.6% |
| | Gross Profit | 2,800 | 1,443 | 907 |
| | Gross Profit Margin, % | 50.2% | 58.9% | 54.9% |

| | | | | |
|-------------|---------------------------------|---------------|---------------|--------------|
| NP Printing | Capacity (meter) | 6,000 | 1,500 | 1,500 |
| | Utilization, % | 44.4% | 69.2% | 38.9% |
| | Volume Sold (piece/year) | 2,663 | 1,039 | 584 |
| | Avg. Price (EGP) / ton | 12.05 | 12.79 | 11.23 |
| | Revenue | 32,098 | 13,280 | 6,552 |
| | y-o-y growth, % | -3.7% | 102.7% | -13.8% |
| | Gross Profit | 4,210 | 4,669 | 932 |
| | Gross Profit Margin, % | 13.1% | 35.2% | 14.2% |

| | | | | |
|------------------------|-----------------------------------|---------------|---------------|--------------|
| Total Printing Segment | Capacity (piece / meter) | 10,000 | 2,500 | 2,500 |
| | Utilization, % | 38.5% | 67.4% | 35.1% |
| | Volume Sold (piece/year) | 3,849 | 1,686 | 877 |
| | Avg. Price (EGP) / ton | 9.8 | 9.3 | 9.4 |
| | Revenue | 37,678 | 15,730 | 8,205 |
| | y-o-y growth, % | -8.9% | 91.7% | -18.1% |
| | Intercompany Sales | 5,888 | 2,450 | 1,726 |
| | Intercompany Sales (% of Revenue) | 15.6% | 15.6% | 21.0% |
| | Gross Profit | 7,009 | 6,112 | 1,839 |
| | Gross Profit Margin, % | 18.6% | 38.9% | 22.4% |

With the beginning of 2018 Nadine Print press was Acquired as a fixed asset and added to complete the production internally stages & The revenue figures shown here reflect sales to third-party only, in addition to the existence Textile Print Plus Press and 100% of its production intercompany.

Overview of Segmental Performance

5 Other Local Sales

| In EGP 000s, unless otherwise stated | 2020 | Q1-21 | Q1-20 |
|--------------------------------------|---------------|---------------|---------------|
| Local Revenue | 63,969 | 20,315 | 17,447 |
| y-o-y growth | -31.4% | 16.4% | -46.8% |
| Total Intercompany * | 29,342 | 9,484 | 6,821 |
| % of Local | 45.9% | 46.7% | 39.1% |
| Net Revenue | 34,627 | 10,831 | 10,626 |
| y-o-y growth | -37.6% | 1.9% | -2.0% |
| Gross Profit | 15,819 | 631 | 440 |
| GPM, % | 24.7% | 3.1% | 2.5% |

□ elastic & cordon Sales

| In EGP 000s, unless otherwise stated | 2020 | Q1-21 | Q1-20 |
|--------------------------------------|---------------|---------------|-------|
| Revenue | 35,132 | 10,075 | 8,099 |
| y-o-y growth | 100% | 24% | 411% |
| Volume Sold (tons/year) | 298 | 101 | 75 |
| Intercompany ** | 30,356 | 7,086 | 6,887 |
| % of Revenue | 86% | 70% | 85% |
| Net Revenue | 4,776 | 2,989 | 1,212 |
| y-o-y growth | 87% | 147% | 205% |

Other local sales comprise of :

- i) second tier export products.
- ii) scrap sales.
- iii) elastic & cordon sales

* Subsidiary company sales by sales invoices.

** Internal operation without sales invoices, but it is evaluated to know the value of the total revenue of elastic and cordon.

Outlook

DICE remains optimistic about its future growth. Management finalized the acquisition transaction of currently leased assets of Cairo Cotton Centre in Feb 2020. Furthermore, a new expansion in manufacturing elastic & cordon takes a place in 2019, an expansion that would lead to a cost reduction as well as adding a new segment of revenue.

DICE also intends to increase third party sales from its dyeing segment in order to capitalize on the low utilization rates.

Overall, DICE aims to reduce client concentration by attracting new clients; scaling its retail platform to improve revenue mix; and utilizing its dyeing and printing capacities to enhance profit margins.

About DICE Sport and Casual Wear S.A.E.

DICE Sport and Casual Wear, founded in 1989, is a leading garment manufacturer, serving multiple clients primarily in Europe, from operating facilities in Egypt. The Company offers a manufacturing value chain comprising knitting, sewing, dyeing, printing, and a retail brand. The Company has 13 owned manufacturing facilities, and 287 retail stores distributed across 20 governorates. Learn more about DICE by visiting www.ir.dicefactory.net

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Consolidated Income Sheet Statement

| In EGP mn unless otherwise stated | 2020 | Q1-21 | Q1-20 |
|---|----------------|--------------|---------------|
| Revenue | 1,232.8 | 297.6 | 260.2 |
| y-o-y growth, % | 21.5- | 14.4% | -23.1% |
| Cost of Sales | (1,023.4) | (234.0) | (209.4) |
| Gross Profit ⁽¹⁾ | 209.4 | 63.6 | 50.8 |
| Gross Profit Margin, % | 17.0% | 21.4% | 19.5% |
| S&D Expenses | (48.8) | (7.3) | (10.8) |
| % of Revenue | 4.0% | 2.5% | 4.2% |
| G&A Expenses | (127.0) | (31.8) | (37.4) |
| % of Revenue | 10.3% | 10.7% | 14.4% |
| Export Rebate | 31.2 | 7.0 | 10.6 |
| % of Export Revenue | 5.1% | 4.6% | 8.4% |
| EBITDA | 64.79 | 31.48 | 13.12 |
| EBITDA Margin, % | 5.3% | 10.6% | 5.0% |
| Depreciation & Amortization of the right of use leased assets | (39.3) | (11.7) | (9.5) |
| EBIT | 25.5 | 19.8 | 3.6 |
| EBIT Margin, % | 2.1% | 6.6% | 1.4% |
| Net Interest Expense | (46.2) | (14.4) | (20.2) |
| Leasing interest Expenses (right of use) | - | (0.4) | - |
| FX Gain / Loss | 4.9 | 0.2 | 10.4 |
| Other Income / Expense | (25.1) | 1.4 | (31.2) |
| EBT | (41.0) | 6.6 | (37.4) |
| EBT Margin, % | -3.3% | 2.2% | -14.4% |
| Taxes | (13.8) | (2.6) | (5.9) |
| Tax Rate, % | -33.6% | 38.7% | -15.7% |
| Net Profit | (54.7) | 4.1 | (43.3) |
| Net Profit Margin, % | -4.4% | 1.4% | -16.6% |

Note(1): Gross profit excludes depreciation

Consolidated Balance Sheet Statement

| In EGP '000, unless otherwise stated | Q1-21 | 2020 | 2019 |
|---|----------------|----------------|----------------|
| Net Fixed Assets | 493.2 | 496.3 | 377.0 |
| right of use -Lease (net) | 28.3 | - | - |
| Other Non Current Assets | 10.0 | 9.4 | 96.5 |
| Total Non Current Assets | 531.6 | 505.6 | 473.5 |
| Cash & Cash Equivalents | 45.1 | 110.3 | 28.7 |
| Inventory | 640.9 | 554.5 | 654.2 |
| Accounts Receivable | 364.9 | 381.6 | 337.9 |
| Debtors and Other Debit Balances | 185.1 | 158.3 | 185.9 |
| Total Current Assets | 1,236 | 1,205 | 1,207 |
| Total Assets | 1,768 | 1,710 | 1,680 |
| Overdraft | 766.1 | 806.3 | 821.6 |
| CPLTD | 49.6 | 27.0 | 23.3 |
| Accounts Payable | 122.5 | 98.0 | 102 |
| Provisions | 61.2 | 61.2 | 47.4 |
| Due to Related Parties | 25.6 | 22.2 | 21.4 |
| Right of use Liabilities - current | 6.7 | - | - |
| leasing Liabilities - current | 10.6 | 10.6 | 7.9 |
| Creditors and Other Credit Balances | 148.9 | 156.9 | 134.4 |
| Total Current Liabilities | 1,191.1 | 1,182.2 | 1,158.2 |
| Long term Debt | 118.4 | 92.8 | 35.8 |
| Right of use Liabilities - non current | 21.6 | - | - |
| leasing Liabilities - non current | 20.0 | 22.7 | 18 |
| Deferred Tax Liability | 37.5 | 37.8 | 36.0 |
| Total Non Current Liabilities | 197.6 | 153.3 | 89.5 |
| Total Liabilities | 1,389 | 1,336 | 1,248 |
| Paid in Capital | 106 | 106 | 106 |
| Reserves | 21.9 | 21.9 | 17.6 |
| Retained Earnings | 224.5 | 281.4 | 171.9 |
| Net Profit / (loss) | 3.2 | (56.9) | 116.3 |
| Minority Interest | 23.3 | 22.4 | 20.7 |
| Total Shareholder's Equity | 379 | 375 | 433 |
| Total Liabilities and Shareholder's Equity | 1,768 | 1,710 | 1,680 |

Consolidated Cash flow Statement

| In EGP '000, unless otherwise stated | 2020 | Q1-21 | Q1-20 |
|--|----------------|---------------|----------------|
| EBT | (41) | 6.6 | (37.4) |
| ADD: | | | |
| Fixed assets depreciation | 39.3 | 9.7 | 9.5 |
| Right of use depreciation | - | 2.0 | - |
| Impairment provisions | 34.4 | - | 32.2 |
| Reversal of provisions | (2.5) | - | - |
| Interest - lease Right of use | - | 0.4 | - |
| Interest Income | (0.3) | (0.1) | (0.06) |
| Financing expense | 46.6 | 14.4 | 20 |
| Capital gain/(loss) | 0.03 | - | (0.21) |
| Used of impairment | (16.9) | (3.1) | - |
| Operating profit before working capital changes | 59.7 | 30.0 | 24.4 |
| (Increase)/Decrease in inventories | 99.7 | (86.4) | (71.2) |
| (Increase)/Decrease accounts and notes receivable | (48.5) | 19.8 | 21.5 |
| (Increase)/Decrease in debtors and other debit balances | 113.8 | (26.7) | (11.4) |
| Increase/(Decrease) in accounts and notes payable | (4.2) | 24.5 | (42.6) |
| Increase/(Decrease) in creditors and other credit balances | 6.4 | (7.7) | 80.9 |
| Increase/(Decrease) in due to related parties | 0.8 | 3.3 | (0.5) |
| Used provisions | (3.2) | - | - |
| Paid taxes | (35.2) | (0.5) | (0.9) |
| Paid interest | (44.1) | (17.0) | (20.3) |
| Cash flow from operations | 145.2 | (60.8) | (20.1) |
| Interest Income | 0.3 | 0.1 | 0.06 |
| Minority interests at the time of Acquisition | - | - | - |
| Payments for the purchase of fixed assets | (110.8) | (6.6) | (101.2) |
| Gain on sale of fixed assets | 1.6 | - | 0.35 |
| (Increase)/Decrease in PUC | (5.4) | (0.7) | 0.07 |
| Cash flow from Investing Activities | (114.3) | (7.2) | (100.7) |
| Change in debt and credit facilities | 61.0 | 5.8 | 76.2 |
| Payments for finance leasing | - | (2.7) | - |
| Payments leasing of property & plant | 7.8 | (2.5) | 84.5 |
| Paid Dividends | (2.5) | (0.1) | (2.1) |
| Cash flow from Financing Activities | 66.3 | 0.6 | 158.6 |
| Net change in cash | 97.2 | (67.4) | 37.8 |
| Beginning cash balance | 12.9 | 110.1 | 28.7 |
| Ending cash balance | 110 | 43 | 66.4 |