

DICE Sport and Casual Wear Report Q1-2022 Earnings

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DICE Sport and Casual Wear Report Q1-2022 Earnings

sales line increased by 29.0% Y-o-Y increasing reach EGP 383.8 mn in Q1-2022 coupled with Q1-2021 Y-o-Y.

Highlights for Q1-2022

<p>Revenue EGP 383.8mn ▲ 29.0% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP 71.8mn ▲ 13% y-o-y 18.7% GP Margin</p>
<p>EBITDA EGP 37.83mn ▲ 20% y-o-y 9.9% EBITDA Margin</p>	<p>Net Profit / (loss) EGP 10.08mn 2.6% NP Margin</p>

Highlights for Q1-2021

<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) EGP4.1mn 1.4% NP Margin</p>

Summary Income Statement (EGP mn)

In EGP 000s, unless otherwise stated	2021	Q1-2022	Q1-2021
Revenue	1,596.8	383.8	297.6
y-o-y growth, %	29.5%	29.0%	14.4%
Gross Profit	308.7	71.8	63.6
GPM, %	19.3%	18.7%	21.4%
EBITDA	154.76	37.83	31.48
EBITDA Margin, %	9.7%	9.9%	10.6%
Net Profit	34.09	10.08	4.1
NPM, %	2.1%	2.6%	1.4%

Note(1): Gross profit excludes depreciation

Important events during the current and subsequent period:

- During the month of February 2022, and in view of the political events that led to the outbreak of war between Russia and Ukraine, which led to possible repercussions on the global economy from a slowdown in growth and an increase in inflation, which will lead to a rise in the prices of primary commodities such as food and energy, which are among the basic components of many industries . The management is currently studying the repercussions of the situation on this periodic financial statements, and there are no transactions between the company and any of the two countries, whether customers or suppliers.
- On March 21, 2021, the Monetary Policy Committee of the Central Bank of Egypt decided to raise the overnight deposit and lending rates and the main operation price of the Central Bank by 100 basis points to reach 9.25%, 10.25% and 9.75%, respectively. The credit rate was also raised. And the discount by 100 basis points to 9.76%. On the same date, Egyptian banks liberalized the foreign exchange rate against the Egyptian pound.
- On April 27, 2022, Prime Minister Decree 1568 of 2022 was issued to amend some provisions of the Egyptian Accounting Standards by adding Annex (B) to the amended Egyptian Accounting Standard No. (13) 2015 Effects of changes in foreign exchange rates, which includes a special accounting treatment to deal with the effects of Stirring foreign currency exchange rates. During the current financial period, the company amended some items in the financial statements, and their statement was as follows:

Desc	statement	Differences (EGP)
Foreign exchange valuation differences	profit or loss	(54 232 069)
Cost of acquiring buildings "Note No. 6" (*)	Balance Sheet	10 743 347
Differences in the valuation of the debit currency resulting from the effect of applying Annex (B) to the amended Egyptian Accounting Standards No. (13) 2015.	Other comprehensive income	43 488 722

(*) The amount represents the value of the debit currency differences that arose as a result of obtaining a foreign currency loan to finance the acquisition of assets for the purchase of the Cairo Cotton Factory.

- On May 19, 2022, the Monetary Policy Committee of the Central Bank of Egypt decided to raise the overnight deposit and lending rates and the main operation price of the Central Bank by 200 basis points to reach 11.25%, 12.25% and 11.75%, respectively. The credit rate was also raised. And the discount by 200 basis points to reach 11.75%.

Results in Nutshell

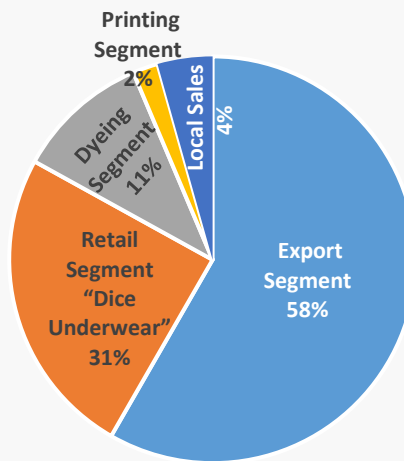
DICE reported revenues of EGP 383.8 mn, for Q1-2022, recording 29.0% y-o-y increasing.

Gross profit margin Q-o-Q, recording 18.7% in Q1-2022 compared to 21.4% in Q1-2021.

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

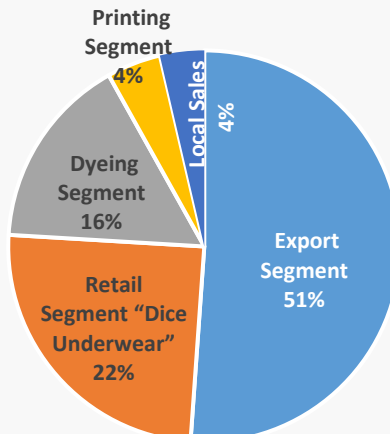
Q1 - 2022



Revenue Breakdown by Segment

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.

Q1-2021



Overview of Segmental Performance

1 Export Segment



	In EGP 000s, unless otherwise stated	2021	Q1 -2022	Q1-2021
Dice	Sewing Capacity (000s pieces)	21,000	5,250	5,250
	Utilization, %	67.0%	69.4%	46.7%
	# of pieces sold (000s)	14,076	3,642	2,454
	y-o-y growth, %	54.8%	48.4%	4.7%
	Avg. Price (USD) / piece	4.22	4.00	3.95
	y-o-y growth, %	-0.3%	1.0%	14.0%
	Revenue (USD '000)	59,458	14,552	9,703
	y-o-y growth, %	54.3%	50.0%	19.4%
	Avg. Price (EGP) / piece	66.0	61.4	62.0
	y-o-y growth, %	-2.3%	-0.9%	15.3%
	Revenue (EGP '000)	929,660	223,789	152,157
	y-o-y growth, %	51.3%	47.1%	20.7%
	Gross Profit	65,588	23,821	6,148
	Gross Profit Margin, %	7.1%	10.6%	4.0%

- In Q1-2022, export sales, denominated in USD, 50.0% increase over the same period last year beside increasing sales volume a 48.4% stemming. Blended average price per piece in USD terms increased by 1%.

- Changing in export sales price Avg (USD ,EGP / piece) is according to the mixture of sales, in addition the value of the revenues in USD or EGP includes the sale of materials (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	2021	Q1 -2022	Q1-2021
Master Line	Capacity (tons)	7,500	1,875	1,875
	Utilization, %	76.5%	63.6%	71.2%
	Volume Sold (tons/year)	5,734	1,192	1,335
	Avg. Price (EGP) / ton	30.3	31.9	28.4
	Revenue	173,944	38,061	37,889
	y-o-y growth, %	22.3%	0.5%	-3.6%
	Gross Profit	53,248	8,833	9,371
	Gross Profit Margin, %	30.6%	23.2%	24.7%
UDI	Capacity (tons)	7,200	1,800	1,800
	Utilization, %	66.9%	72.6%	71.5%
	Volume Sold (tons/year)	4,819	1,307	1,287
	Avg. Price (EGP) / ton	27.1	29.1	26.5
	Revenue	130,441	38,017	34,080
	y-o-y growth, %	-2.0%	11.6%	-13.6%
	Gross Profit	32,520	8,726	10,154
	Gross Profit Margin, %	24.9%	23.0%	29.8%
ACC	Capacity (tons)	3,600	900	900
	Utilization, %	95.0%	82.7%	101.9%
	Volume Sold (tons/year)	3,419	744	917
	Avg. Price (EGP) / ton	24	23	24
	Revenue	81,528	17,466	21,802
	y-o-y growth, %	33%	-20%	20%
	Gross Profit	23,670	-273	7,972
	Gross Profit Margin, %	29.0%	-1.6%	36.6%
Total Dyeing Segment	Capacity (tons)	18,300	4,575	4,575
	Utilization, %	76.3%	70.9%	77.4%
	Volume Sold (tons/year)	13,972	3,243	3,539
	Avg. Price (EGP) / ton	27.6	28.8	26.5
	Revenue	385,912	93,544	93,771
	y-o-y growth, %	14.6%	-0.2%	-3.3%
	Intercompany Sales	200,128	52,898	46,294
	Intercompany Sales (% of Revenue)	51.9%	56.5%	49.4%
	Gross Profit	109,438	17,286	27,498
	Gross Profit Margin, %	28.4%	18.5%	29.3%

As for its dyeing segment, DICE reported EGP 93.5 mn in revenues in Q1-2022, -0.2% y-o-y decreasing, third party sales during Q1-2022 contributed 43.5% of all dyeing sales compared to 50.6% in Q1-2021.

Overview of Segmental Performance

4 Printing Segment

In EGP 000s, unless otherwise stated		2021	Q1-2022	Q1-2021
TPP Printing	Capacity (piece)	4,000	-	1,000
	Utilization, %	43.5%	-	64.7%
	Volume Sold (piece/year)	1,740	-	647
	Avg. Price (EGP) / ton	5.59	-	3.79
	Revenue	9,736	-	2,450
	y-o-y growth, %	74.5%	-	48.1%
	Gross Profit	5,041	-	1,443
	Gross Profit Margin, %	51.8%	-	58.9%

NP Printing	Capacity (meter)	6,000	1,500	1,500
	Utilization, %	58.5%	51.4%	69.2%
	Volume Sold (piece/year)	3,509	771	1,039
	Avg. Price (EGP) / ton	11.23	10.01	12.79
	Revenue	39,399	7,721	13,280
	y-o-y growth, %	22.7%	-41.9%	102.7%
	Gross Profit	9,315	653	4,669
	Gross Profit Margin, %	23.6%	8.5%	35.2%

Total Printing Segment	Capacity (piece / meter)	10,000	2,500	2,500
	Utilization, %	52.5%	30.9%	67.4%
	Volume Sold (piece/year)	5,249	771	1,686
	Avg. Price (EGP) / ton	9.4	10.0	9.3
	Revenue	49,135	7,721	15,730
	y-o-y growth, %	30.4%	-50.9%	91.7%
	Intercompany Sales	9,736	0	2,450
	Intercompany Sales (% of Revenue)	19.8%	0.0%	15.6%
	Gross Profit	14,356	653	6,112
	Gross Profit Margin, %	29.2%	8.5%	38.9%

With the beginning of 2022 the TPP production including in Dice.

Nadine Print press : The revenue figures shown here reflect sales to third-party only,

Overview of Segmental Performance

5 Other Local Sales

In EGP 000s, unless otherwise stated	2021	Q1-2022	Q1-2021
Local Revenue	84,526	23,395	20,315
y-o-y growth	32.1%	15.2%	16.4%
Total Intercompany *	33,709	6,639	9,484
% of Local	39.9%	28.4%	46.7%
Net Revenue	50,817	16,757	10,831
y-o-y growth	46.8%	54.7%	1.9%
Gross Profit	8,910	8,031	631
GPM, %	10.5%	34.3%	3.1%

□ elastic & cordon Sales

In EGP 000s, unless otherwise stated	2021	Q1-2022	Q1-2021
Revenue	44,739	13,919	10,075
y-o-y growth	27%	38%	24%
Volume Sold (tons/year)	380	115	101
Intercompany **	36,595	12,834	7,086
% of Revenue	82%	92%	70%
Net Revenue	8,144	1,085	2,989
y-o-y growth	71%	-64%	147%

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 333 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	2021	Q1-2022	Q1-2021
Revenue	1,596.8	383.8	297.6
y-o-y growth, %	29.5%	29.0%	14.4%
Cost of Sales	(1,288.2)	(312.0)	(234.0)
Gross Profit ⁽¹⁾	308.7	71.8	63.6
Gross Profit Margin, %	19.3%	18.7%	21.4%
S&D Expenses	(77.4)	(14.6)	(7.3)
% of Revenue	4.8%	3.8%	2.5%
G&A Expenses	(134.1)	(35.9)	(31.8)
% of Revenue	8.4%	9.3%	10.7%
Export Rebate	57.6	16.5	7.0
% of Export Revenue	6.2%	7.2%	4.6%
EBITDA	154.76	37.83	31.48
EBITDA Margin, %	9.7%	9.9%	10.6%
Depreciation & Amortization of the right of use leased assets	(47.3)	(12.4)	(11.7)
EBIT	107.5	25.4	19.8
EBIT Margin, %	6.7%	6.6%	6.6%
Net Interest Expense	(63.2)	(16.8)	(14.4)
Leasing interest Expenses (right of use)	(2.4)	(0.9)	(0.4)
FX Gain / Loss	0.2	4.6	0.2
Other Income / Expense	5.1	0.5	1.4
EBT	47.3	12.8	6.6
EBT Margin, %	3.0%	3.3%	2.2%
Taxes	(13.2)	(2.8)	(2.6)
Tax Rate, %	27.9%	21.5%	38.7%
Net Profit	34.09	10.08	4.1
Net Profit Margin, %	2.1%	2.6%	1.4%

Note(1): Gross profit excludes depreciation

Consolidated Balance Sheet Statement

In EGP '000, unless otherwise stated	Q1-2022	2021	2020
Net Fixed Assets	492.7	489.3	496.3
right of use -Lease (net)	37.5	37.8	-
Other Non Current Assets	9.9	10.9	9.4
Total Non Current Assets	540.1	537.9	505.6
Cash & Cash Equivalents	28.4	110.9	110.3
Inventory	721.6	644.3	554.5
Accounts Receivable	400.5	312.0	381.6
Debtors and Other Debit Balances	265.3	214.1	158.3
Total Current Assets	1,415.8	1,281.3	1,205
Total Assets	1,955.9	1,819.2	1,710
Overdraft	786.0	728.2	806.3
CPLTD	75.8	68.5	27.0
Accounts Payable	277.5	184.1	98.0
Provisions	48.8	49.3	61.2
Due to Related Parties	3.0	3.0	22.2
Right of use Liabilities - current	9.3	9.3	-
leasing Liabilities - current	11.9	10.6	10.6
Creditors and Other Credit Balances	175.6	158.3	156.9
Total Current Liabilities	1,388	1,211	1,182.2
Long term Debt	127.5	126.5	92.8
Right of use Liabilities - non current	30.5	30.2	-
leasing Liabilities - non current	12.3	12.1	22.7
Deferred Tax Liability	38.7	38.2	37.8
Total Non Current Liabilities	208.9	207.0	153.3
Total Liabilities	1,596.9	1,418.4	1,336
Paid in Capital	106	106	106
Reserves	23.0	21.9	21.9
Retained Earnings	238.7	207.9	281.4
Net Profit / (loss)	(33.9)	31.8	(56.9)
Minority Interest	25.2	33.1	22.4
Total Shareholder's Equity	359.0	400.8	375
Total Liabilities and Shareholder's Equity	1,955.9	1,819.2	1,710

Consolidated Cash flow Statement

In EGP '000, unless otherwise stated	2021	Q1-2022	Q1-2021
EBT	47	(33)	6.6
ADD:			
Fixed assets depreciation	38.1	9.4	9.7
Right of use depreciation	9.2	2.9	2.0
Impairment provisions	5.0	-	-
Reversal of provisions	(0.6)	-	-
used Impairment	(11.9)	-	(3.1)
provisions	0.4	-	-
Interest - lease Right of use	-	0.9	0.4
Interest Income	(0.5)	(0.1)	(0.1)
Financing expense	63.7	16.8	14.4
Capital gain/(loss)	(0.5)	(0.1)	-
gain /(loss) from leasing	(0.1)	(8.6)	-
Operating profit before working capital changes	150	(12.0)	30.0
(Increase)/Decrease in inventories	(89.8)	(77.3)	(86.4)
(Increase)/Decrease accounts and notes receivable	77.0	(88.5)	19.8
(Increase)/Decrease in debtors and other debit balances	(59.5)	(51.2)	(26.7)
Increase/(Decrease) in accounts and notes payable	86.1	93.4	24.5
Increase/(Decrease) in creditors and other credit balances	3.2	29.5	(7.7)
Increase/(Decrease) in due to related parties	(19.2)	0.0	3.3
Used provisions	(12.19)	(0.49)	-
Paid taxes	(12.1)	(12.7)	(0.5)
Paid interest	(66.1)	(16.3)	(17.0)
Cash flow from operations	57.5	(135.6)	(60.8)
Interest Income	0.5	0.1	0.1
Net cash paid for the Acquisition of related parties	(2.0)	-	-
Payments for the purchase of fixed assets	(29.1)	(2.1)	(6.6)
Gain on sale of fixed assets	0.8	0.1	-
Receipts from liquidation of subsidiaries	0.0	-	-
Payments for finance leasing	(10.6)	(3.3)	-
(Increase)/Decrease in PUC	(1.7)	(1.1)	(0.7)
Cash flow from Investing Activities	(42.1)	(6.4)	(7.2)
Change in debt and credit facilities	(2.7)	53.6	5.8
Payments for finance leasing	-	-	(2.7)
Payments leasing of property & plant	(10.8)	(0.7)	(2.5)
Paid Dividends	(1.1)	(5.9)	(0.1)
Cash flow from Financing Activities	(14.5)	46.9	0.6
Net change in cash	0.9	(95.1)	(67.4)
Beginning cash balance	110.1	110.9	110.1
Ending cash balance	110.9	15.9	43