



**finance**  
Digital Partner of Choice

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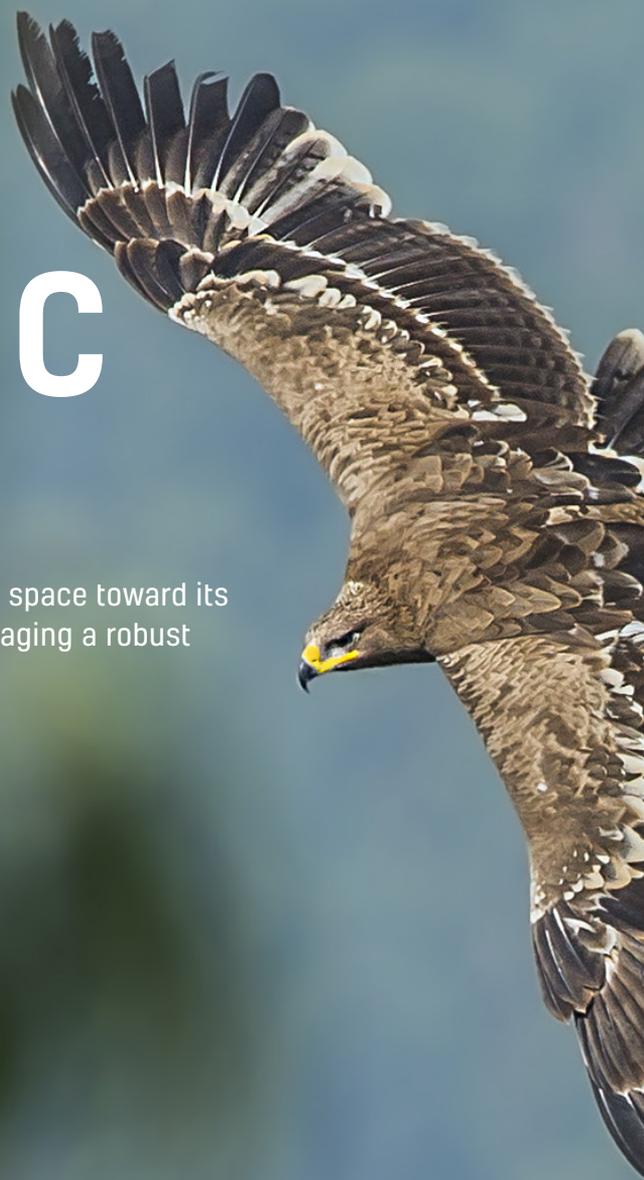


ANNUAL REPORT **2019**

# A STRATEGIC TAKEOFF

A homegrown developer steering the Egyptian digital payments space toward its transformation into a high-functioning digital economy by leveraging a robust network architecture and deeply rooted industry experience.

[www.efinance.com.eg](http://www.efinance.com.eg)





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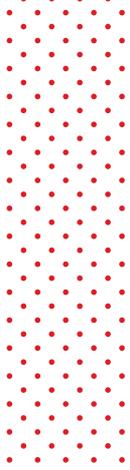
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# Introduction

e-finance is the leading force behind Egypt's push to develop a digital finance ecosystem. It provides state-of-the-art, end-to-end solutions that form the beating heart of Egypt's digital transformation.





# At a Glance

e-finance is a homegrown developer of digital payments infrastructures and was the first established fintech company in Egypt and is a driving force behind the nation's growing digital economy. Established in 2005 to build, operate and manage the Egyptian Government's financial payments hub, e-finance has grown to become the "Digital Partner of Choice" for digital transformation in Egypt, offering convenience to government, businesses and citizens alike, through a fully-integrated suite of digital services.

With Egypt's digital economy rapidly developing, the Egyptian government is proactively pushing forward an agenda to automate and facilitate access to all of the government's public services. As Egypt moves towards a high-functioning digital economy, a main priority is to maximize inclusivity while gradually strengthening that growth across the public and

private sector. e-finance is an integral partner in the Egyptian government's push for digitization and is a leading force in the development of integrated platforms that help grow the private sector, boost competitiveness and attract foreign investment.

Driven by a team of highly qualified professionals with decades of industry and field experience, e-finance adheres to best-in-class local and international quality standards, maintaining strategic partnerships with key communications centers, technology providers and vendors in a robust network architecture that ensures continuity and stability. With its leading market position, strategic partnerships and operational capacities that allow the company to pursue multiple growth avenues, e-finance stands to benefit from the incredible growth opportunity presented by Egypt's transformation towards a digital economy.



## MISSION

Investing in people and technology to develop advanced solutions for Egypt and beyond

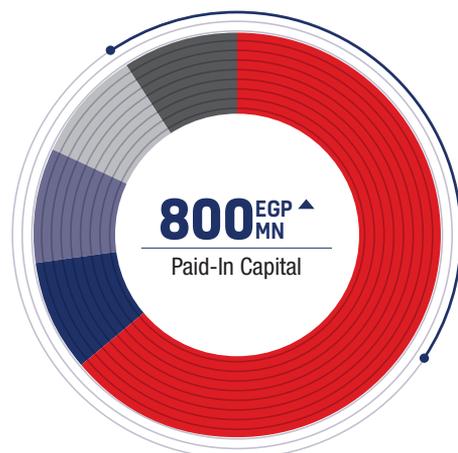


## VISION

Enabling digital solutions to benefit economies and citizens

## Shareholder Structure

Founded as an Egyptian joint stock company in accordance with the provisions of investment incentives Law No. 8 of 1997 and Law No. 159 of 1982



■ National Investment Bank	63.64%
■ National Bank of Egypt	9.09%
■ Banque Misr	9.09%
■ Egyptian Banks Company-EBC	9.09%
■ Egyptian Company for Investment Projects	9.09%

“

Driven by a team of highly qualified professionals with decades of industry and field experience, e-finance adheres to best-in-class local and international quality standards.

Among e-finance’s key achievements since establishment was the development and continued operation of three primary networks on which e-finance has built the foundation to provide advanced digital payments solutions. Through these key financial networks, e-finance brings accessibility to multiple initiatives across Egypt’s digital space, offering hassle free solutions and services that bring efficiency and ease of use in traditionally complex transactions.

**984** EGP MN ▲

2019 Revenues, up 34% y-o-y

**271** EGP MN ▲

2019 Net profit, up 53% y-o-y

## e-finance Network Landscape

### Government Integrated Financial Network

Processing an annual aggregate of 500 million transactions for government payments and collections with a total value of EGP 1.6 trillion and serving more than 20 million beneficiaries



### Egypt’s Social Safety Network

Digitizing and managing Egypt’s subsidy programs, collaborating with the Ministry of Social Solidarity and in partnership with the World Bank and benefiting 2.75 million people under the Takaful and Karama program, 8 million pensioners and 7 million companions



### Khales Retail Network

A full-fledged digital payments solution provider and fintech accelerator, driving financial inclusion by building networks and enabling innovative digital e-payments



## e-finance Digital Payment Highlights

Leveraging a dynamic business model covering the entire digital payments value chain, e-finance delivers a positive experience to millions of customers with state-of-the-art, innovative technology and end-to-end solutions. e-finance is the largest digital enabler in Egypt with a successful track record for developing and operating the national digital payments hub. The company has invested in the latest fintech infrastructure and is the only processor of the government's digital payments and collections, with over EGP 1.6 trillion in annual transactions between government payments and collections. e-finance hosts and manages the largest data warehouse in Egypt and is top-ranked for reliability and security. The company also owns the largest card center in Egypt, utilizing best-in-class technologies to issue and personalize cards and adheres to international standards, including PCI, Visa and Master Card certificates.

**^ 500**mn

transactions per year

**^ 1.6** EGP  
TN

total transaction value of government payments and collection

**^ +13,000**

digitally integrated ATM machines

**^ +40**mn

cards issued to date and operating over 26 mn cards

**^ 4,600**

digitally connected insurance and post offices

**^ 38**

digitally integrated banks across 5,400 branches

**^ 3,200**

digitally connected accounting offices across 27 governorates

**^ 5,000**

digitally integrated fuel stations and large accounts

**^ +50,000**

owned and managed POS and digitally integrated with 320 thousand POS

**^ 800**

contact center seats processing over 2 million calls per month

**^ 400**

digitally integrated tax and custom offices

**^ 27**

support offices with more than 400 technical experts

# The e-finance Group



## E-payments Infrastructure Services

e-finance leverages its expansive, nationwide network infrastructure to power its proprietary e-payments services to serve B2G and B2B segments

### e-finance subsidiaries



#### Integrated Smart Solutions (B2B)

Specializes in smart card production, management and third-party processing.



#### KhaLES Retail Network (B2C - B2B2C)

Digital payment solution that eases the payment and collection process.



#### E-commerce Market Platform (B2C - B2B)

E-commerce platform providers for agriculture, commercial and industrial solutions.

### e-finance sister companies



#### Misr Technology Services (B2B)

A unified end-to-end integrated digital platform for digitization of the Egyptian customs processes.



#### Misr for Government Technological Services (G2G)

An operator of the Government Service Bus (GSB), developed to manage the efficient data exchange process between different governmental entities.



#### ACIS (B2G)

A consultancy services company focused on overseeing the digital transformation of key national projects, where e-finance holds a management contract.



#### El Delta Electronic Systems (B2C)

Specializes in charging prepaid electricity meters via mobile phones using NFC technology.



### Shared Services Offered Across Our Platforms



#### Cloud Services

e-finance's expansive digital payments services are supported by a robust and secure network architecture ensuring continuity and sustainability



#### Contact Center

e-finance outsources a 24/7 contact center service to complete its fully integrated, end-to-end offering



#### Operational Support Services

e-finance offers clients full on-site support across Egypt's 27 governorates and remote service desk support with 24/7 customer support

# Chairman's Note



“ We continued to focus on strengthening our operations, expanding our core offerings and successfully delivered our strongest performance to date.

## Dear Shareholders,

2019 was a transformational year for e-finance, as we kicked-off the strategic restructuring of our organization, with an eye on maximizing value ahead of our potential initial public offering (IPO) earmarked for 2020. Even though the year was saturated with transition, we continued to focus on strengthening our operations, expanding our core offerings and successfully delivered our strongest performance to date. Our solid performance has cemented e-finance's position as the market leader in the digital payments space across Egypt. Moreover, we have established a sustainable growth strategy that aims to unlock synergies and maximize value for both our country and our stakeholders.

## Highlights from Our Transformation Program

As 2019 kicked-off with e-finance positioned as the primary enabler in Egypt's digital transformation and a leader within the fintech space, our company was selected as part of the government's IPO program in 2020 with a goal of expanding our ownership base, enhancing our performance and supporting the Egyptian economy by unlocking investment opportunities.

Accordingly, a key focus of 2019 was initiating and kick-starting an IPO readiness program. The program entailed a capital increase of EGP 300 million to enhance the company's capacity and infrastructure scale. The capital increase in 2019 provided the necessary liquidity to drive the key transformation pillars that allowed e-finance to fully capitalize on its assets, core offerings and leading market position to maximize its value and establish a solidified platform for stable revenue generation and sustainable growth in the fintech space.

e-finance engaged global professional services firm Ernst & Young to support it in formulating this new strategic outlook that would enhance the company's operational and

financial performance in preparation for its upcoming IPO and to fully maximize the role e-finance plays in Egypt's digital transformation and financial inclusion strategy. The approach is centered on enhancing e-finance's existing capabilities, streamlining our services and organizational structure as well as defining new growth opportunities. Our new strategy redefined our offering around four key pillars, namely, solutions, services, platforms and fintech accelerators.

On the restructuring front, we took the strategic decision to spinoff our retail network Khaled into a separate entity with an efficient organizational structure, arming it with operational strategies that will allow it to capture the growing opportunity in the B2C and B2B2C e-payment space. We retained the services of business consulting firm Simon Kucher to develop a new strategy and mission for Khaled, and to maximize its potential as a separate retail-focused company. In parallel, we are working to establish a new and direct digital B2C business while simultaneously building technical solutions that position us as an enabler in the industry.

### **Launching new subsidiaries and enhancing current capabilities**

Additionally, in early 2020, e-finance will spinoff its cards business under a new entity, e-cards, to provide it with the necessary resources to establish itself as the leading card production and management company and supplier of third-party processing services in Egypt. Finally, by the end of 1Q 2020, we will establish e-aswaaq as a developer of e-commerce platforms. The company will initially capitalize on e-finance's expertise from its agricultural possessions project and its success in digitizing the farmers' subsidies program to launch its agriculture platform, AgriMisr, offering micro-finance, e-commerce and financial inclusion services. As AgriMisr gains stronger footings in this maiden market,

e-aswaaq will then leverage this experience to expand into the commercial and industrial sectors with similar platforms.

On the investments front, a primary focus was the expansion of our capacities and strengthening e-finance's capabilities by investing in our infrastructure. During 2019, we invested in TIBCO, a leading global software platform that will allow e-finance to accelerate the government's digital transformation process. TIBCO will increase the capacity of electronic payments and collection transactions to 20 million transactions per day, will update government information systems' security and coding databases and facilitate a rapid adoption of mobile technology, internet and social media usage. Furthermore, we also pressed ahead with the expansion of our contact center's capacity, investing in 400 seats at a new Nasr City facility to bring our total capacity to 800 seats and allowing us to capture the strong growth potential in the industry. Meanwhile at e-cards, we invested EGP 30 million into Drop on Demand (DOD), the latest technology in card printing machines. This new technology allows for high-quality picture printing as well as comprehensive and fast solutions for the full personalization of payment cards. These value offerings support the issuance of the awarded companion card project and accommodate the requirements of the unified citizen card.

As e-finance seeks to enable digital solutions that will benefit economies and citizens alike through financial inclusion and digital transformation, our new strategy, organizational structure and expanded capacities will allow us to continue delivering on our mission of being the Digital Partner of Choice for governments and the private sector alike.

### **Our Operational and Financial Performance**

While carefully executing e-finance's new strategies and transformation drive, our financial and operational performance

continued to accelerate during 2019. Financially, we reached a record top line of EGP 984 million, up by a solid 34% y-o-y. Our bottom-line also grew at an accelerated 53% y-o-y to EGP 271 million for 2019, yielding a three percentage-point expansion in net profit margin to 27%. This strong performance reflects our successful service expansion across our business lines, as well as e-finance's strategic shift toward increased transaction-based revenue as opposed to our previous focus on contracts. While our contract business has built the solid infrastructure foundation on which we stand today, a transaction-based business model allows us to fully leverage our capabilities and generate higher-margin returns.

Across our business lines, we have achieved multiple operational milestones that support our forward momentum and our leading market position. At our e-payments infrastructure business, we began leveraging our investment in TIBCO and enhanced the services of this core offering, including the expansion of e-government services such as tax settlements and electronic customs collections. At e-cards, we were awarded a service contract by the Ministry of Social Solidarity to issue seven million cards targeting special needs citizens eligible for financial donations, as well as a seven million Meeza cards award by Banque Misr, the Commercial International Bank, the Agricultural Bank of Egypt and other retail banks. Our retail digital payments services also delivered a strong operational performance, with Khaled having witnessed a substantial increase in the number of transactions and the signing of several memoranda of understanding to support the business' transformation and growth potential. Finally, our cloud services and contact center continued to provide security and support to our expanding client pool. We also witnessed growth in our e-support service with the opening of our first support center for the government's digital services in Port Said, with plans to replicate across Egypt's governorates to offer B2C and B2B customer support services.

Parallel to this strong operational and financial performance, we remained committed to the highest corporate governance

standards, shaped by the goal of cultivating a responsible and ethical work environment for our employees and safeguarding the interests of our shareholders. To maintain sustainability and long-term success, we continuously review our policies and procedures to ensure we are adhering to ethical business practices across the entirety of our operations. In 2019, we established new committees and continued to adopt best practices as an integral part of our journey towards becoming a publicly traded company.

## Outlook

We are heading into 2020 with clearly defined growth strategies, supporting infrastructure capabilities and efficient organizational structures that strategically position us to achieve our goals. As part of our effort to overhaul the group's strategy, e-finance has identified a number of growth avenues across its business lines that will usher in a new phase of value creation. Key highlights include the introduction of a new citizen card service, which will allow for improved disbursement of subsidies and benefits to citizens, an expansion of our digital services and provision of data analytics and cybersecurity offerings, while establishing a fintech accelerator that would operate as a venture capital arm to capitalize on adjacent opportunities in the fintech space. The accelerator will also be complemented with an innovation lab to promote the expansion of the digital ecosystem across Egypt by investing in the capabilities of high-potential fintech startups.

As we enter 2020 on optimal footing, we are bullish about the future. Our growth remains steady and we are confident that we have the tools, resources and, most importantly, the people and talent to build upon our status as Egypt's digital partner of choice for financial inclusion and digital transformation.

I would like to thank our shareholders for their trust and the confidence they have in our company, as well as our Board of Directors, management team and employees for their commitment, dedication and continued support that has allowed us to deliver a stellar performance. I look forward to reporting on e-finance's future successes and its journey to create long-term sustainable value.

**Ibrahim Sarhan**  
Chairman & Managing Director

“

We are heading into 2020 with clearly defined growth strategies, supporting infrastructure capabilities and efficient organizational structures that strategically position us to achieve our goals.



# Highlights of 2019

2019 marked several milestones in e-finance's transformational journey, kicking off a strategic restructuring to maximize the company's value while maintaining operational excellence and delivering a solid financial performance

## Corporate Restructuring

e-finance kicked-off a strategic and organizational restructuring to maximize value ahead of its potential IPO on the EGX in 2020



As part of the Egyptian government's privatization program, e-finance was selected to be the first publicly listed fintech company on the EGX.

### Initial Public Offering



Capital increase of EGP 300 million and targeting to reach EGP 800 million to kickstart an IPO-readiness program with an eye on maximizing the company's value.

### Capital Increase



Management retained the services of world-class consultancy firm Ernst & Young to formulate e-finance's future growth strategy.

### New Strategy

#### Khales

Engaged with Simon Kucher and Partners to set a new strategy for Khales to lead innovation in the B2B2C and B2C digital payment segment, and consequently **spun-off Khales** into its own entity fortified with key partners to allow the company to fully capitalize on its potential.



### Spinoffs

#### e-cards

Beginning 2020, took the strategic decision to spin-off the cards business into a separate entity, e-cards, to capture the strong opportunity in card production and supply and third-party processing of smart card management.



### e-commerce

e-finance marked its expansion into e-commerce with the establishment of e-aswaaq, a digital purchasing platform specializing in Egypt's promising agriculture, commercial and industrial markets.



### ESOP

Engaged with Willis Towers Watson to develop an employee stock option program (ESOP) to retain e-finance's talented professionals that can deliver on the company's future strategies.

## Operational Excellence

Continued strengthening of e-finance's capabilities by investing in its infrastructure and capacities



### Enhanced Processing Capabilities

Upgrading software architecture and adopting TIBCO Service Bus to elevate e-finance's readiness to process up to 20 million transactions per day with room for further expansion when needed.



### Invested in New Cards Technology

e-cards invested EGP 30 million into Drop on Demand, the latest technology in card printing that allows for high-quality, secured colored pictures and comprehensive and fast solutions for the full personalization of payment cards.



### Expanded Contact Center Capacities

e-finance pressed ahead with the expansion of its contact center's capacity, adding in 400 seats at a new Nasr City facility to bring its total capacity to 800 seats.



### Established Electronic Collection for Government Payments

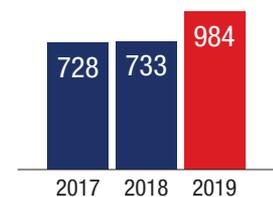
The Ministry of Finance issued decrees number 269 for 2018, stating that all government payments above EGP 500 are to be paid digitally. e-finance responded by issuing 16 thousand POS across various government agencies to meet the expected annual volume of 228 million transactions.

## Solid Performance

Delivered the company's strongest financial performance to date, with record revenues and expanding profitability

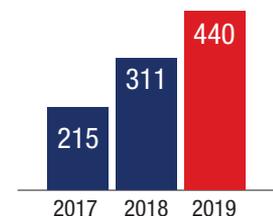
### Revenues

Increased 34% in 2019 to EGP 984 million.



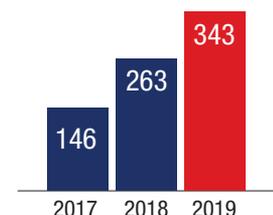
### Gross Profit

Recorded EGP 440 million in 2019, up 41% and with a strong 45% margin.



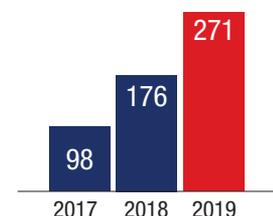
### EBITDA

Accelerated by a solid 30% in 2019 to EGP 343 million, with a 35% EBITDA margin.



### Net Profit

Increased by an impressive 53% in 2019 to EGP 271 million, with a three percentage-point expansion in margin to 28%.



# The e-finance Story

Since inception, e-finance has swiftly cemented itself as the backbone of the Egyptian digital payments space, offering a comprehensive suite of services and solutions, as well as a full-fledged digital payments platform.





# The e-finance Story

## 14 Years of Delivering Exceptional Service

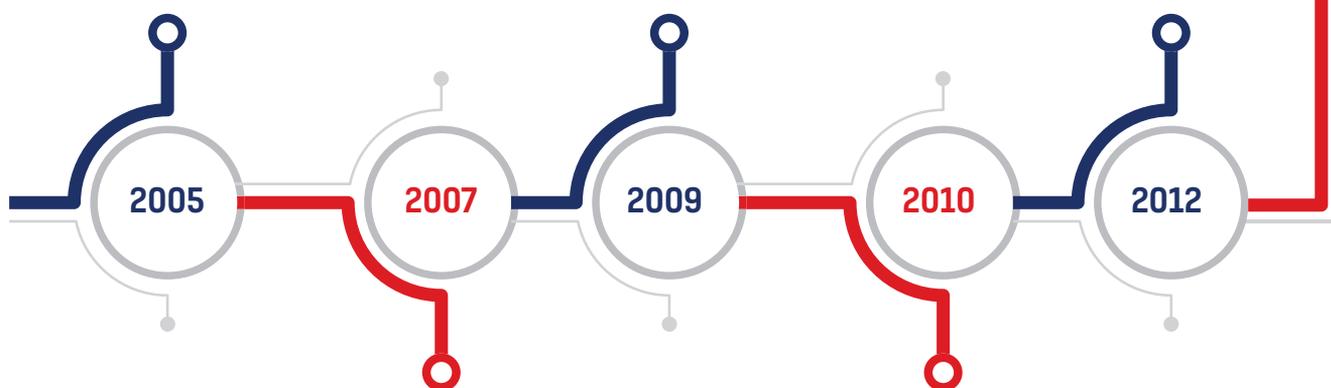
What began as a directive to develop the Egyptian Government's vehicle of executing transactions digitally with citizens, institutions and corporations, quickly grew into Egypt's Digital Partner of Choice. For 14 years, e-finance continued to develop and fill the gaps in Egypt's digital economy, expanding both its government and proprietary

services and partnerships. Today, e-finance builds and operates financial networks and offers a fully integrated suite of end-to-end digital payment services and is continuing to expand as Egypt becomes a truly digital society.

- e-finance was established as the first fintech company in Egypt with the purpose of developing and operating the government's financial network, becoming a driving force in Egypt's digital transformation.
- Issued capital of EGP 120 million and a paid-in capital of EGP 30 million.

- e-finance performed the first electronic tax collection. In the same year, e-finance built the Treasury Single Accounts system and started the Pension Automating Project.

- e-finance introduced the Corporate Payment Solutions service to the banking sector and built CAMS for Custom Authority. Paid-in capital increased to EGP 120 million.



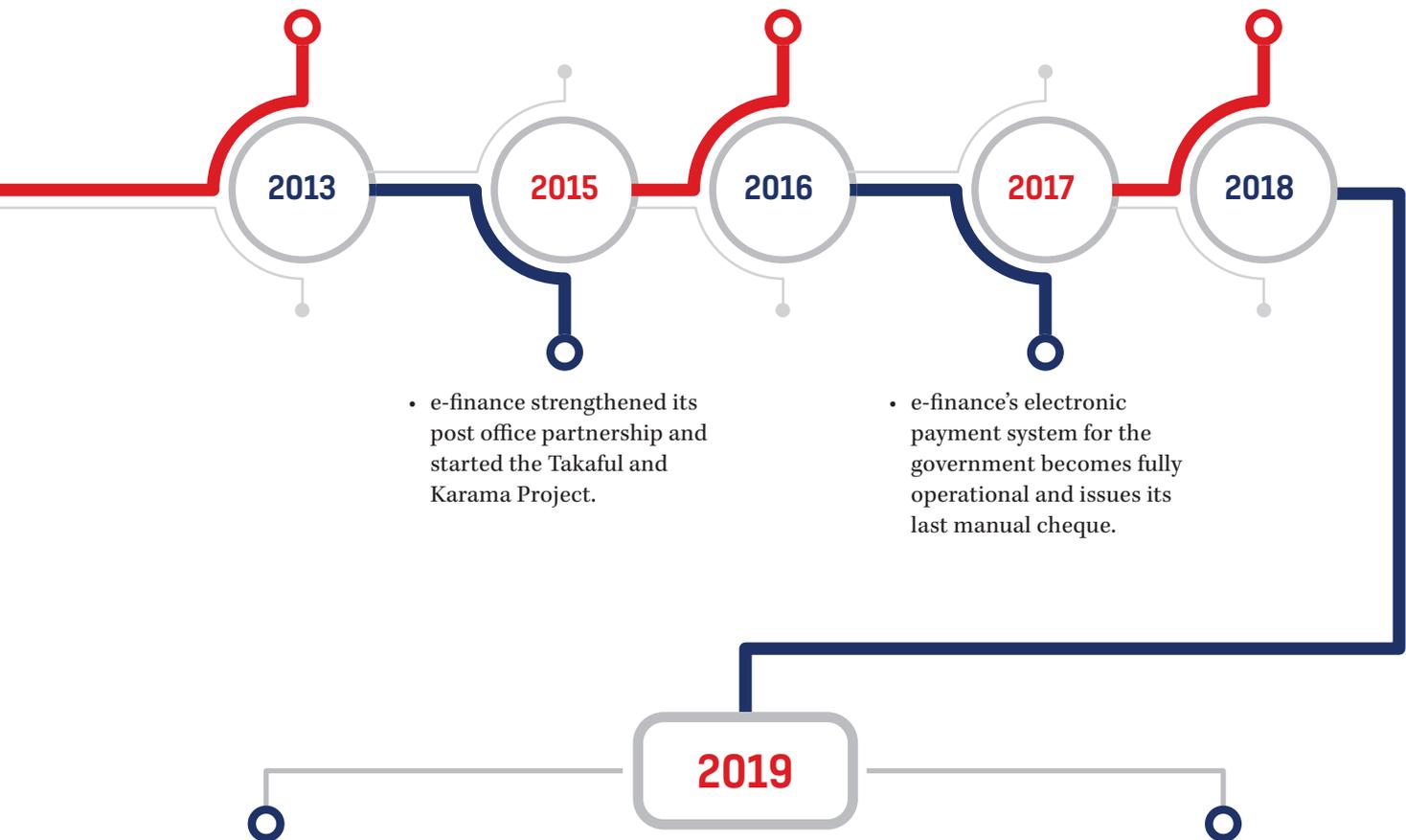
- e-finance is contracted by the Ministry of Finance to be the Government's e-payment hub and started the Government's payroll project.

- e-finance performed the first electronic payment order.
- e-finance performed the first electronic collection for customs.

- e-finance expanded the card center's production capabilities and began operating the fuel control and management system.
- Paid-in capital increased to EGP 175 million.

- e-finance started the farmers card system.
- Paid-in capital increased to EGP 231 million.
- Egyptian Projects company became a shareholder.

- Paid-in capital increased to EGP 500 million.
- Completion of the Egyptian government's financial network.
- Upgraded infrastructure capacity.



- e-finance strengthened its post office partnership and started the Takaful and Karama Project.

- e-finance's electronic payment system for the government becomes fully operational and issues its last manual cheque.

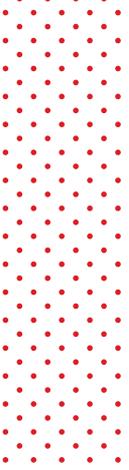
- e-finance was selected to be the first publicly-listed fintech company on the EGX as part of the Egyptian government's privatization program.
- Management initiated an IPO-readiness and a capital increase of EGP 300 million with a target to reach EGP 800 mn to maximize e-finance's value as follows:
  - Retained world-class consultancy firm Ernst & Young to help formulate our future growth strategy.
  - Engaged Simon Kucher to offer consultancy services to Khales.
  - Spun-off both Khales and e-cards into separate legal companies.
  - Expanding into e-commerce by establishing e-aswaaq company.
  - Invested in world class technology TIBCO.
  - Doubled the contact center's service capacity.
  - Engaged with Willis Towers Watson to study ESOP implementation.



# Our Services and Subsidiaries

Establishing secure electronic payment networks that accelerate the government's digital transformation, e-finance leverages its leading market position to carve out strategic partnerships with public and private institutions.





# E-Payments Infrastructure

e-finance's primary service is the development and operation of financial networks, offering a fully integrated suite of end-to-end payments infrastructure. As Egypt continues to push towards societal digitalization, e-finance is leveraging its expansive nationwide networks infrastructure to power its proprietary e-payments services. By developing and modernizing Egypt's payment systems, e-finance aims to improve the Egyptian economy's performance, achieve rapid turnover and stimulate investments through a secure and encrypted electronic network.

## 2019 Operational Highlights

As a key player in Egypt's digital transformation and a core partner in the digital payments landscape, e-finance has set its eyes on greater targets and further growth in the coming years. To that end, e-finance is investing to expand its capabilities, grow its transaction revenue, secure recurring revenue streams, acquire strategic new projects and expand its lines of business and services offering.

### Expanding Capabilities

- **Scalability** – Upgrading SW Architecture and adopting TIBCO Service Bus to elevate e-finance's readiness to process up to 20 Million transactions per day with room for further expansion when needed.

TIBCO will allow e-finance to expedite the government's digital transformation process by increasing the capacity of millions of electronic payment transactions, efficiently facilitating the needs of citizens and enhancing proposed government services. Through TIBCO, e-finance updated the

“

e-finance aims to improve the Egyptian economy's performance, achieve rapid turnover and stimulate investments through a secure and encrypted electronic network.

security and coding of government information systems and facilitated a rapid adoption of mobile technology, internet and social media usage, continuing Egypt's movement towards fully digitizing government payment transactions.

- **Security** – Adopting TIBCO to further extend systems security, along with retaining the services of top security consultants in Egypt to upgrade security strategy and perform security testing for its systems to ensure that the highest security standards are in place.
- **Time to Market** – By enhancing SW architecture, e-finance has started a process toward reducing time to market for its new services.
- **Service Level** – Enhanced SW Architecture has a positive impact on monitoring and control of transactions processing, leading to faster issues detection and resolution.



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*e-finance celebrating the launch of their new strategy at their annual conference, which was attended by Dr. Mohamed Maait, Minister of Finance, Dr. Hala Al-Saeed, Minister of Planning and Administrative Reform, Dr. Ghada Wali, former Minister of Social Solidarity, and Dr. Amr Talaat, Minister of Communications and Information Technology.*



*e-finance presents the latest developments in electronic payments and collections to the Egyptian Prime Minister, the Governor of the Central Bank and multiple ministers at the Seamless North Africa Conference in 2019.*

## Recorded Growth in Electronic Collection

### Taxes

During 2019, e-government collections, taxes and customs continued to expand. The number of payment transactions grew more than 70%, resulting in the amount of e-tax collections increasing to EGP 268 billion in 2019 vs. EGP 113 billion in 2018, up by 137%.

### Customs

The electronic customs collection through bank branches in 2019 reached EGP 108 billion, with the transaction value rising by approximately 32% y-o-y.

### Single Window System

In cooperation with MTS, e-finance's sister company, e-finance activated an electronic collection service for the single-window system at the logistics center of Cairo Airport and Port Said Customs. Since launching in March 2019, the number of transactions reached 87 thousand, totaling EGP 6.1 billion.

### Suez Canal Transit Services Fees Collection

During 2019, Banque Misr and First Abu Dhabi Bank joined the electronic collection service for the unified bill for ship transit services fees in the Suez Canal, bringing the total bank

participation in the system to 10, with the total collection during the year amounting to approximately USD 89.1 million and EGP 4.7 million.

### Hajj Lottery Fees Collection

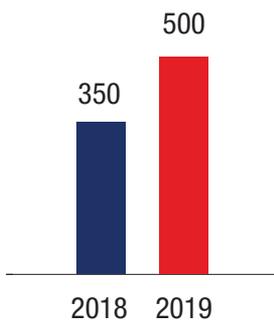
e-finance continued its cooperation with the Ministry of Interior's administrative affairs sector in the electronic collection of Hajj lottery fees. In 2019, 24 thousand pilgrims paid the fees for the Hajj lottery and 11.2 thousand pilgrims affiliated with the Ministry of Social Solidarity, totaling EGP 2.6 billion.

### Social Insurance Subscription Collection

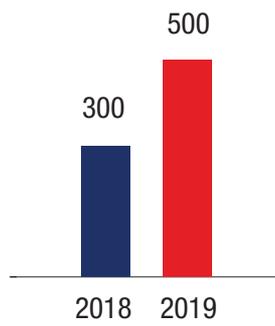
In 2019, e-finance facilitated the launch of the electronic collection service for social insurance subscriptions through its existing points of sale in all outlets of the Social Insurance Authority. In March 2019, the first three payments were collected, bringing the number of proceeds through the points of sale to 435 thousand transactions, totaling EGP 673 million. Additionally, the electronic collection of insurance subscriptions through bank branches reached 323 thousand transactions, totaling EGP 30 billion, an increase of 314% from 2018.



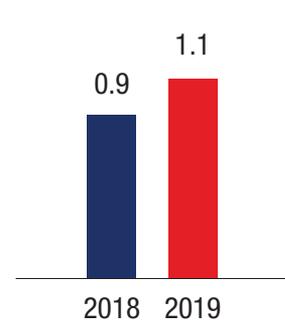
**Transaction Processing  
Capability**  
(mn Transactions)



**Total e-collections  
Value**  
(EGP bn)



**Total e-payments  
Value**  
(EGP tn)



## New Transactional Agreements in 2019

### Collecting Payments for Land Allocations

e-finance began collecting payments for land allocations for industrial opportunities. The project aims to collect fees on behalf of the Industrial Development Authority and the National Authority for State Lands. Fees are paid online with bank cards or through the Government Integrated Financial Network's participating banks, with total transactions value amounting to EGP 34 million.

### Electronic Tax Declaration Portal

e-finance began collecting website subscriptions for the tax declaration portal. This project aims to collect taxpayer subscription fees through electronic tax returns offered through the Ministry of Finance's Egyptian Tax Authority website. Fees are paid online with bank cards. Since the system's launch in April, the total number of declarations made in 2019 reached 254 thousand, amounting to over EGP 77 million.

### Collection of Late Payment Fines

e-finance began collecting fines on late taxes through the Egyptian Tax Authority website. Fines are paid online with bank cards. Since its launch in December 2019, the number of transactions made on the system was 1,180, amounting to EGP 1 million.

### Initiation of New Digitized Public Services

- Traffic Prosecution Services – e-finance began collecting clearance certificate fees for traffic prosecution services through the Egyptian government's online portal.
- Public Notary Services – e-finance launched the online fee collection for notary services offered through the Ministry of Justice's online portal.

### Digital Transformation Project – Port Said

Digital Egypt is the first fully integrated digital transformation project in Egypt, in collaboration with the Ministry of Communication and Information Technology.

Digitizing the payment and collections system was the first phase of the Port Said digital transformation project, while digitizing the government sectors and the services within it and linking it to Egypt's unified database followed. The platform was built to be replicated across all of Egypt's governorates, standardizing the country's digital transformation program. Starting August 2019, payments were made through partners of the Khaled network.



A screen grab of Port Said Governmental Services Portal



## National Projects

### The Pensions National Project

The Pensions National Project is one of e-finance’s most significant projects, which started in 2009. The system provides a safety shield to pensioners, where they can obtain their pensions at any time and from any place, due to the geographical spread of POS machines across all insurance outlets and post offices. During 2019, e-finance managed and operated nearly 6.7 million pension cards.

the Ministry of Finance issued decrees number 269 and 760 for 2018, stating that all government payments above EGP 500 are to be paid digitally with an expected volume amounting to 228 million transactions. By the end of 2019, the total value of transactions made on Gov-POS amounted to EGP 8.3 billion.

### Takaful and Karama

The first conditional cash subsidy program in Egypt in collaboration with the World Bank, serving 3.1 million households and distributed in 5.9 thousand villages. In 2019, Takaful and Karama cards recorded a total of 25 million transactions.

### Agricultural Possessions Project

In cooperation with the Ministry of Agriculture and Land Reclamation and the Agricultural Bank of Egypt, e-finance provided a set of tablets that are used to assess agricultural possessions. Also as a first phase, e-finance provided 1,600 POS for fertilizers in the various agricultural cooperatives across four governorates Al Gharbeya, Asyuut, Sohag and Port Said.

### Fuel Management System

e-finance renewed the fuel management system contract with the Egyptian General Petroleum Corporation and will come into effect in May 2020. The renewal comes on the back of the success of the fuel management system, which produced positive economic and organizational results for various stakeholders, including the Ministry of Petroleum, Ministry of Finance and the Egyptian General Petroleum Corporation. The contract covers the entire spectrum of fuel monitoring and control for Liquefied Petroleum Gas (LPG) repositories.

### Pension Disbursement Channels

1,266 POS in all branches of the Agricultural Bank of Egypt

2,184 POS in insurance offices

8,655 POS in the National Post Authority offices

Over 300 ATMs in government premises

Nearly 13,000 ATMs through the 123 network for pension disbursement

### Electronic Collection of Government Payments

Through the e-collection of government payments, users can pay all their governmental financial payments electronically through the government Point of Sale (POS) network that are implemented in all accounting units across Egypt, including approximately 16,000 Gov-POS distributed between two settlement banks—Banque Misr and the National Bank of Egypt. The project’s trial operation started in May 2019 when



# Khaless



## Khaless Retail Network

Khaless Retail Network is a B2B2C digital payments platform, enabling customers to connect with the whole payments ecosystem in the market. Khaless leverages e-finance's network and infrastructure to provide innovative digital payment and bill presentment services, offered through the e-finance ecosystem of partners, which include prominent financial institutions and over 320,000 in aggregated POS networks to facilitate and process retail payments.

Operating one of the largest retail POS networks in Egypt, Khaless plays a key role as a central bill hub for different kinds of retail payments including utilities, education and telecom services through a network of 13 POS partners and inter-operable digital wallet platform serving 30 million cards and 12 million wallets in the market. Khaless's comprehensive digital payments platform positions it strategically to propel Egypt's efforts in promoting financial inclusion and moving towards a cashless society.

## 2019 Spin-Off

As part of e-finance's growth strategy and IPO readiness program, a strategic decision was made to spin off Khaless into its own entity fortified with key partners that would allow the company to fully capitalize on its potential. By the end of 2019, Khaless became an established subsidiary of e-finance, enjoying an efficient organizational structure and operational strategies best-suited to capture the growing opportunity in the retail e-payments space.

In March 2019, e-finance engaged with Simon Kucher and Partners to set a new strategy for Khaless to lead innovation in the B2B2C and B2C digital payment segment. The strategy focuses on transforming Khaless from a pure bill aggregator to a full-fledged digital payments solution provider and fintech accelerator. The revamped strategy and business model is focused on enabling all electronic payment providers and fintechs across the value-chain by expanding the demand and market potentials for digital payments in Egypt.

## Strategic Pillars

- Payment aggregation – Number one bill payment aggregator in Egypt
- Payment gateway – Enabling online payment solutions for B2C providers
- Digital solutions – White labelling digital apps and wallets
- B2C Payment Enabler – Deploying and managing payments infrastructure
- Digital channels – Driving iconic B2C digital payments solution
- Fintech engagement – Leveraging future innovation and growth

## 2019 Operational Highlights

Khaless witnessed a substantial increase in the number of transactions stemming from the billing service extended to electricity distribution companies in Egypt. By leveraging its wide-reaching partner collection network, Khaless accomplished a remarkable y-o-y growth of 400% in number of transactions executed in 2019.

In 2019, Khaless signed the following memoranda of understanding to support business transformation and growth potential:

- MoU with the Water Holding Company for the digitization of payment processes targeting 350 thousand prepaid meters with the potential to grow to two million over the course of 2020.
- MoU with the Egyptian Gas Authority to digitize the payment process targeting 4 thousand POS for activation of pay from home service.
- MoU with the Egyptian Electricity Holding Company to develop a mobile app targeting pre-paid customers through digital wallets using NFC technology, and the digitization of payment process targeting 7 million electric meters with the potential of growing this number annually.
- Two MoUs with Vodafone and Orange to onboard Khaless bills on operators' networks to target the operators' wallet customers.



## Shareholders Structure



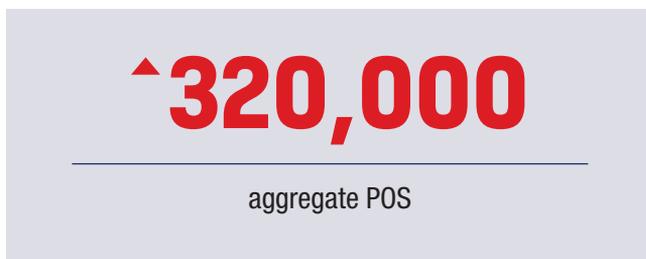
### Market Outlook

As Egypt transitions towards a digital society, an integral part of its economic development is digital transformation and financial inclusion. Although Egypt is one of the top emerging markets for online payments, the country is still relatively new to the concept, providing an excellent opportunity for Khaless to grow its digital platform.

The fact that less than 5% of the Egyptian population currently pay their bills online, there is a tremendous market potential for Khaless to orchestrate migrating the remaining 95% into the e-payments ecosystem. Data suggests that by 2024, 2.7

billion B2C transactions will be conducted through digital channels, while the market potential for these solutions is valued at EGP 10 billion, with 44 million potential new customers entering the market.

As Khaless emerges from an established market leader in e-payments for B2B and B2G, the retail company plans to utilize its technical capabilities and integrated approach to increase B2C services on digital platforms, where it can enable new digital payment channels, drive the market and grow as a leader.





**^5X**

increase in POS coverage

**^100%**

uptime in 2019

**^4X**

increase in number of transactions in 2019

**^13**

cash collection network partners

**^2 MN**

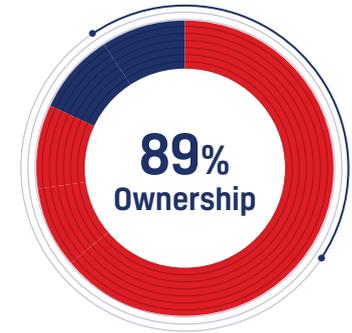
monthly transactions

**^6.6X**

revenues growth in 2019



## e-cards



### Integrated Smart Solutions

Integrated Smart Solutions (e-cards) represents a fundamental part of the e-payment value chain offered by e-finance. With over 40 million cards circulating in the market to date, e-cards is the largest producer of cards in the country and also Egypt's governmental cards market leader. e-cards' production includes chip embedding, personalization and card issuing services. The company also provides TPP services, including payment gateway. e-cards' core mission is to leverage its strong presence in the smart card market in Egypt to offer multi-application solutions that consolidate and maximize the value of services offered by each card to its card-holder, while adopting the latest technology in data management and e-KYC solutions.

### 2019 Spinoff

Originally established in 2009 as e-finance's card services business, the company took the strategic decision to spin off the business beginning 2020 and create the e-cards company. The spinoff was a result of the unmistakable market opportunity in card production and supply and third-party processing of smart card management. Demand for smart cards in Egypt is to surge as more institutions move to cashless payments. This will necessitate further investment in capacities, clear growth strategies and the on-boarding of strategic partners to capture the opportunity, all of which were made attainable through the spinoff.

The opportunity includes providing e-SIM telecom operator personalization services for the Egyptian market and beyond. In the next three years, e-cards expects to produce 30 million SIMs and 15 million e-SIM creations. There is also an opportunity to deploy Smart Chip Modules implementation and provide full processing services of payment cards for banks and financial entities powered by CORTEXCard Management System.

### 2019 Operational Highlights

In 2019, e-cards signed a service contract with the Ministry of Social Solidarity and Nasser Social Bank to issue 7 million companion cards.

As part of the government's efforts to increase financial inclusion across Egypt and transition to a cashless society,



e-Cards provides a comprehensive suite of smart card production and management services as well as third-party processing services

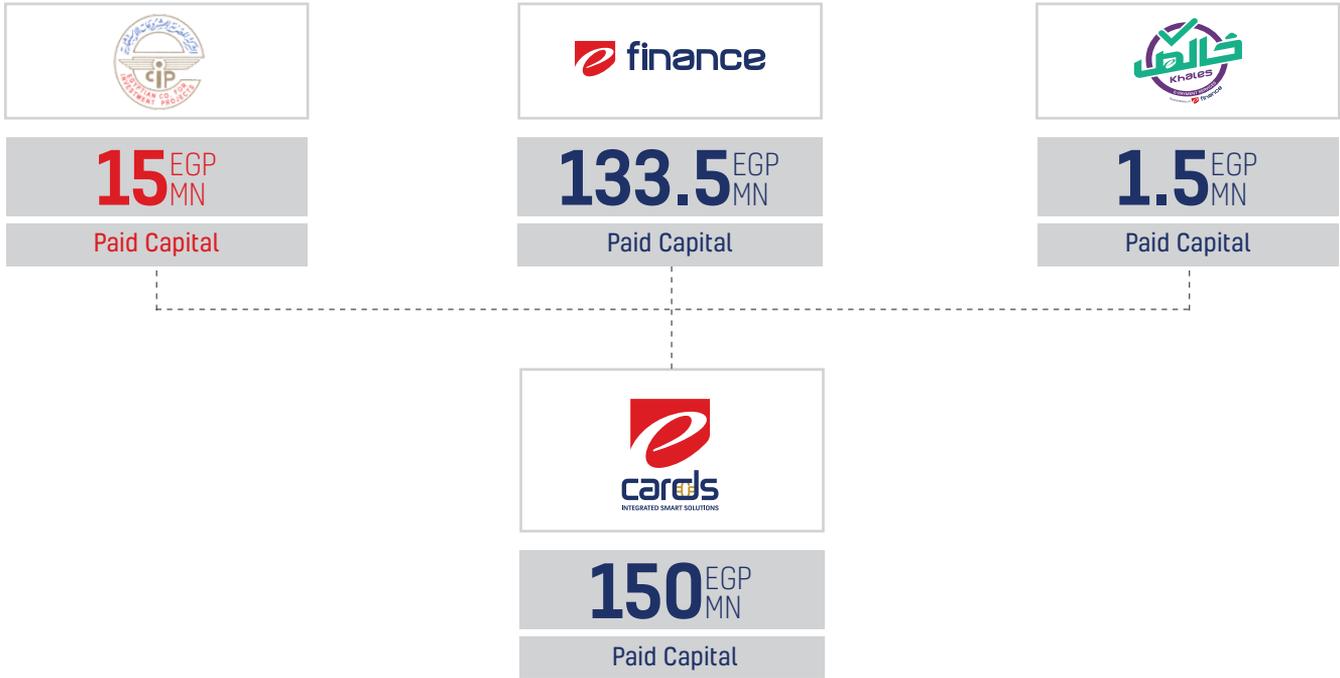
e-cards was awarded the BIDs of Banque Misr, the Commercial International Bank, the Agricultural Bank of Egypt, Nasser Social Bank and the Housing and Development Bank to supply and issue 7 million Meeza debit cards. The Meeza Card facilitates electronic payment for government employees and allows customers to withdraw cash from ATMs and conduct purchases and e-commerce transactions locally.

Building on the service card agreement, e-Cards invested EGP 30 million into Drop on Demand, the latest technology in card printing machines in 2019. This new technology allows for high-quality, secured colored pictures and comprehensive and fast solutions for the full personalization of payment cards. The full personalization of cards offers e-cards more payment card differentiation. This investment included the expansion of the e-cards premises, allowing e-finance to future-proof the facility for the fast acquisition of future smart technologies as they emerge.

### Market Outlook

As part of the Egyptian government's push for digital transformation, the Central Bank of Egypt is considering developing regulations that will allow electronic identity checks (e-KYC), opening a window for e-cards to create a specialized card system and a platform for e-KYC identification. Moreover, e-finance is targeting to penetrate the transportation sector and smart cities by leveraging their card production capabilities to issue cards to access transportation services as well as cards that are used to operate and maintain smart meters for services such as electricity, water and gas.

## Shareholders Structure



**^40mn**

cards issued for government, financial and non-financial institutions

**#1**

market leader with a 100% market share of government cards

**^30mn**

smart card production capacity per year

**^150K** cards per Day

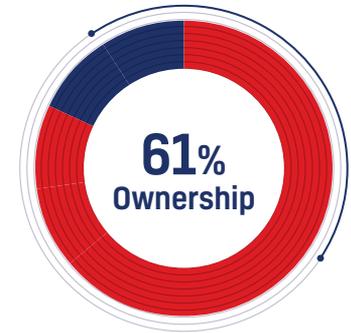
smart card production, laser engraving, magnetic personalization, smart card personalization

**19%**

y-o-y increase in revenues from 2018

**^15K** cards per Day

thermal printing



In November 2019, e-finance marked its expansion into e-commerce with the establishment of e-aswaaq, a digital purchasing platform specializing in agriculture, commercial and industrial markets. The company will provide enterprise marketplace management, offer micro-lending services and seize market expanding and exporting opportunities, with an initial focus on Egypt's thriving agriculture market.

The agriculture sector is one of Egypt's vital pillars for stimulating and promoting economic activity across the country, the sector contributes approximately 17% of Egypt's gross national product and is responsible for employing over 32% of the country's labor force. The agriculture sector

is also a key contributor to the flow of foreign currency to Egypt, where 20% of the agriculture sector's revenues is foreign currency. To ensure the sustainability and continuity of this vital sector, the Egyptian government has designed an agriculture development strategy that is responsive to the needs of farmers to ensure the progressive development of the sector across the country.

To align with the government's strategy, e-aswaaq has leveraged e-finance's deeply rooted knowledge of the Egyptian digital financial space and the expertise it holds having operated and managed the agricultural possessions project and the farmers card, in an effort to digitize the agriculture sector. In cooperation

## Market Landscape



## Shareholders Structure



with the Ministry of Agriculture and the Agriculture Bank of Egypt, e-aswaaq launched in early 2020 AgriMisr, Egypt's first comprehensive agriculture e-commerce platform.

The platform takes an open-loop approach to maximize the market potential and support the government's need to open new markets for Egypt's agricultural exports. Doing so will increase Egypt's exports as a whole and have a positive impact on the economy.

AgriMisr connects all parties related to the agricultural system by organizing and facilitating commercial transactions between them. Through a single e-marketplace, parties can sell produce, offer a competitive marketing edge and purchase agricultural goods and services. As part of Egypt's efforts to increase financial inclusion, the platform also provides financing services to farmers through farm loans or subsidy payments to support agricultural production.

## Business Development Plan

With the initial focus on growing the agricultural portal, e-aswaaq has signed several MoUs to help it deliver on its strategies, including with global institutions such as the United Nations' World Food Program (WFP), the UN Technology Innovation Lab (UNTIL), the Foreign Agriculture Service (FAS) and the United States Agency for International Development (USAID). e-aswaaq also signed MoUs with several banks, namely the National Bank of Egypt, Banque Misr and the Agriculture Bank of Egypt.

Once the agricultural portal is fully functioning and delivering results, e-aswaaq will launch the commercial and industrial portals. Doing so will enable e-aswaaq to capitalize off AgriMisr's expected success and use it as a reference as the other portals are developed.



# Contact Center

e-finance outsources a 24/7 contact center service to complete its fully integrated, end-to-end offering. Serving 15 million customers, the contact center's clients include government bodies, banks, civil society organizations, retail and construction companies.

## 2019 Operational Highlights

In 2019, e-finance expanded the capacity of the Contact Center with 400 new seats at its facility.

The Contact Center acquired six new clients during 2019 serving six different industries, namely Inma Developments, the Agricultural Bank of Egypt, Al Nas Hospital, Cash Egypt, ETA Egypt and the Misr El Khair Foundation.

During the year, the Contact Center developed a growth strategy aiming to expand the current targeting model into an independent outsourced service provider model. The new model will enable e-finance to acquire new accounts from the market as it continues to serve its existing core business clients. Potential industries include, but are not limited to, pharmaceuticals, retail, real estate, telecom and fast-food chains.



e-finance expanded the capacity of the Contact Center with 400 seats at its new site.

## Market Outlook

The current domestic market size is 50 thousand agents with the potential to grow by 45% to 90 thousand agents in the next three years. The offshore market shows a similar growth pattern, with a potential agent increase by 37%.

As digital transformation accelerates and Egypt moves towards becoming a fully digitalized economy, social media is becoming the first line of communication between service providers and their clients. e-finance stays competitive by ensuring the Contact Center is supported by an advanced IT infrastructure and strong analytics.

In addition to robust technological infrastructure, the Contact Center has a team of highly skilled staff, Service Level Agreements addressing the customer experience and advanced reporting derived from voice and video services, chats, SMS messages and more. With the latest technology, backup and contingency setup and strategic advancements such as unified omnichannel communications and a forward-looking digital transformation strategy, the Contact Center stands out as a Digital Partner of Choice in Egypt.

**^120%**

y-o-y increase in revenues  
from 2018

**^800**

seats

**^2**

locations

**^1.8mn**

monthly calls

**^6**

new contracts

**^7**

industries served



e-finance  
Partner of Choice

Success at work starts by adopting a positive attitude



e-finance  
Partner of Choice

Harder to succeed than your desire for success should be your fear of failure



e-finance  
Partner of Choice

Less chance of getting a positive attitude



e-finance  
Partner of Choice

Think Positive Talk Positive Feel Positive



e-finance  
Partner of Choice

Success is falling nine times and getting up



e-finance  
Partner of Choice

Success is the sum of small efforts, repeated day in and day out



e-finance  
Partner of Choice

Think Positive Talk Positive Feel Positive



e-finance  
Partner of Choice

Success is the sum of small efforts, repeated day in and day out



e-finance  
Partner of Choice

Success is falling nine times and getting up ten





# Cloud Services

e-finance's expansive e-payment infrastructure is supported by a robust network architecture ensuring continuity and sustainability. This new architecture allows e-finance to extend cloud services to its clients such as cloud development and hosting, in addition to communication and infrastructure security services using TIBCO middleware.

By leveraging its strategic partnerships with leading technology and internet service providers, e-finance guarantees data security and service continuity for its clients. Cloud Services also operates two Tier 3 data centers at Egypt's two primary central offices, providing clients with space to store crucial applications and data with essentially no downtime.

## 2019 Operational Highlights

### Data Security

In 2019, e-finance Cloud Services enhanced its data security by creating a platform to monitor the full spectrum of e-finance's services. With the support of the Department of Information Security, Cloud Services designed the platform using technology from LogRhythm, which provides Security Information and Event Management, log management, network and endpoint monitoring and forensics and security analytics.

### Customer Service Management

To enhance its customer service management, e-finance Cloud Services developed a system to receive service requests and monitor daily breakdowns using technology from the BMC Software. The new system provides multiple new forms of communications between customers and Cloud Services, as well as live reports and dashboards for customers, contributing to a smoother daily workflow.

### Project Management

To enhance project management, e-finance Cloud Services updated all IT infrastructure components with the most up-to-date technology, effectively improving e-finance's ability to absorb



e-finance's expansive digital payments and collection services are supported by a robust network architecture, ensuring the continuity and sustainability of the business.

multiple large-scale projects at any time, including taxation projects and MTS .

During the year, e-finance Cloud Services implemented cost control measures for its expenditures, leading to a 30% in reduced costs for the department in 2019 compared to 2018. Cost management was enhanced primarily by amending several maintenance contracts with manufacturers and redesigning the existing infrastructure.

## New Projects

In 2019, e-finance Cloud Services implemented several strategic projects for major clients including the Egyptian Tax Authority, MTS and the implementation of a backup center for the government's social insurance program. This is considered one of the most important strategic projects for the Ministry of Social Solidarity in light of the 2017 fire at their main center that could have potentially destroyed their data.

Other projects e-finance Cloud Services took on during the year included updating the IT infrastructure for over 400 social insurance offices across Egypt, reinforcing the stability of social insurance services provided to the public. Cloud Services also developed data centers for the National Investment Bank, significantly contributing to the stability and provision of services at the highest level.

## Market Outlook

In today's world, big data is becoming increasingly relevant to e-finance's operations as it manages multiple vital national projects with immense amounts of data. However, access to big data is only capitalized through investment in data analytics capabilities to identify new business opportunities, provide insights for better decision making and strategic business moves. To leverage the market potential of data analytics and have access to substantial client data, e-finance has begun to create specialized platforms for management and analysis that will allow it to tap into these opportunities and offer its clients additional value.

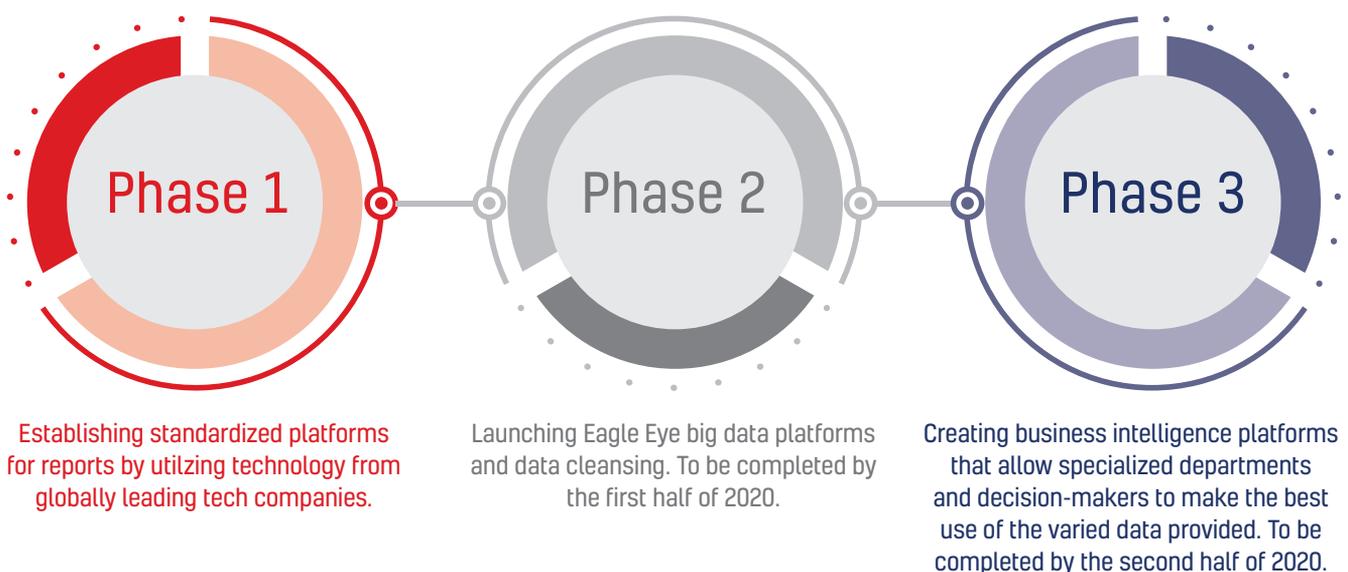
e-finance prides itself on being the sole entity in Egypt that possesses capacities large enough to process and analyze immense amounts of data. Its unique capabilities and success history enable it to further grow its business dramatically. Therefore, e-finance has started the **Eagle Eye** Project to unleash the power of data to achieve four main objectives: acquire new customers, introduce new services, increase its transactional revenues and increase its profitability.

e-finance's data strategy is to convert existing and future data assets into an analytics-enabled platform as a service for e-finance, its subsidiaries and selected customers. This is expected to add great benefits to many government entities and provide them with accurate recommendations and insights to steer their development plans and optimize their investments and spending.

Eagle Eye's target is to enhance data quality, augment data with missing parts, correlate different data together and use data sciences, machine learning and artificial intelligence to analyze this data and reveal its hidden power. e-finance is also intending to further expand the capabilities of Eagle Eye to include forecasting services based on the history of existing data.

In 2019, e-finance started to analyze existing data and assess different technologies to kick-off Eagle Eye in 2020, building achievements in 2019 in unification of data presentation tools, generating business dashboards and reports and ongoing enhancements for data architecture.

e-finance Cloud Services has established a new service specializing in creating and operating data analytics platforms, which will be implemented in three phases:





# Operational Support

## On-Site Support

e-finance offers clients 24/7 on-site support services across Egypt's 27 governorates. The On-Site Support team includes more than 350 engineers that provide a wide range of field, operational and technical support services to its customers, including:

 Training and workshops	 Site preparations and rollout	 Technical support	 POS maintenance	 Merchants services
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## 2019 Operational Highlights

### GOV-POS Project

In 2019, e-finance developed the new government e-collection system operated through government point of sale machines (GOV-POS), providing field and telephone technical support services and maintenance. During the year, Technical Support successfully activated over 13 thousand GOV-POS machines.

million commission by activating around two thousand new companies, up from 400 in 2018. Additional contributions to the system included training and reactivating 155 suspended companies and providing technical field support to over two thousand companies with 3,806 trainees.

### Agriculture Possession System - Phase II

On-Site Support launched the second phase of its agricultural possession system, conducting over 1,800 training and awareness sessions and retraining and operating 415 units through a new system URL.

### Corporate Payment System (CPS)

Contributions to the ongoing corporate payment system continued in 2019, with On-Site Support reaching an EGP 12

**^ On-Site**

full on-site support services offered according to international standards with responsive service-level agreements for all enterprise accounts

**^ 24/7**

technical support services offered

**^ +350**

technical support agents

**^ 27**

service support centers across all of Egypt's Governorates

“

The On-Site Support team includes more than 350 engineers that provide a wide range of field, operational and technical support services to its customers.

### Technical Phone Support Service Center

e-finance provides round the clock technical phone support services to resolve issues reported by users of the government’s financial network (payment and collection services, treasury single account system and general budget), users of social security network services (pensions, Takaful and Karama) and users of Khales.

Building on e-finance’s core digital transformation services

and infrastructure, the company invested in Remedy, a people-centric solution and one of the best communication systems in the world, providing out-of-the-box IT Information service support functionality.

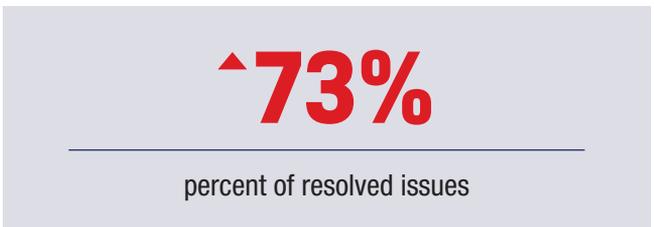
The program enables e-finance to link its business services to its IT infrastructure to help manage the impact of technology changes on the business, providing real time insights.



### 2019 Operational Highlights

The technical phone support service team has resolved 65% of the 16 thousand reports for e-tax—tax declaration project received directly with 99% service level compliance. The team also resolved 30% of the 24,160 reports directly received for the government e-collection project.

In 2019, e-finance hired Nielsen International to conduct a survey on customer satisfaction with the services provided, with the majority of services receiving a positive rating.





# Our Strategy

e-finance aims to optimize and expand its core offerings to further unlock synergies across Egypt's nascent digital payments space by exploring unique and innovative assets across the data analytics, cybersecurity, e-commerce and venture capital spaces.



# Our Forward-Looking Strategy

In anticipation of its forthcoming IPO, e-finance engaged the global professional services firm Ernst & Young (EY) to support it in formulating a new forward-looking strategy to set its next wave of growth, maximize value for all of its stakeholders and further contribute to the realization of Egypt Vision 2030. The company's new four-pronged strategy will add to e-finance's well-established core competencies and value propositions to enable digital solutions that will benefit economies and citizens alike, and reinforce its positioning as the provider of choice for governments and the private sector.

The new vision and mission statements reflect e-finance's aspirations and are centered around benefitting people and economies through the development of advanced digital solutions.

With this vision in mind, e-finance will invest in people and technology as it develops advanced solutions to contribute to Egypt's digitization drive and eventually expand into new markets. More specifically, the company realigned its existing services with the newly formulated strategic pillars, namely, solutions, services, platforms and fintech.

## Vision

Enabling digital solutions to benefit economies and citizens

## Mission

Investing in people and technology to develop advanced solutions for Egypt and beyond

### Pillar I - Solutions

Building tailored, scalable solutions for essential services. Under this pillar, e-finance offers electronic payroll and pension payment programs, social programs, the government's GFMS and petroleum payment portals.

### Pillar II - Platforms

Enabling third parties to connect and transact. By leveraging its capabilities as a developer of digital payments infrastructure, e-finance will seek to expand on this business line. The company currently operates multiple platforms, channels and outlets on behalf of a number of government and private sector clients, including, 1) acquiring platform for POS and ATM, which includes a certified financial switch and payment gateway, processing the largest number of transactions in the country; 2) e-payments platform in banks' branches and online retail corporate banking channels; 3) B2C digital payment platform through its subsidiary Khaled; 4) e-commerce expansion throughout our marketplace and establishing digital lending platforms that support micro-financing and accelerate financial inclusion in the country; and 5) a state-of-the-art management platform integrated with

the latest tools such as e-KYC and multi-application solutions, offering third party processing.

### Pillar III - Services

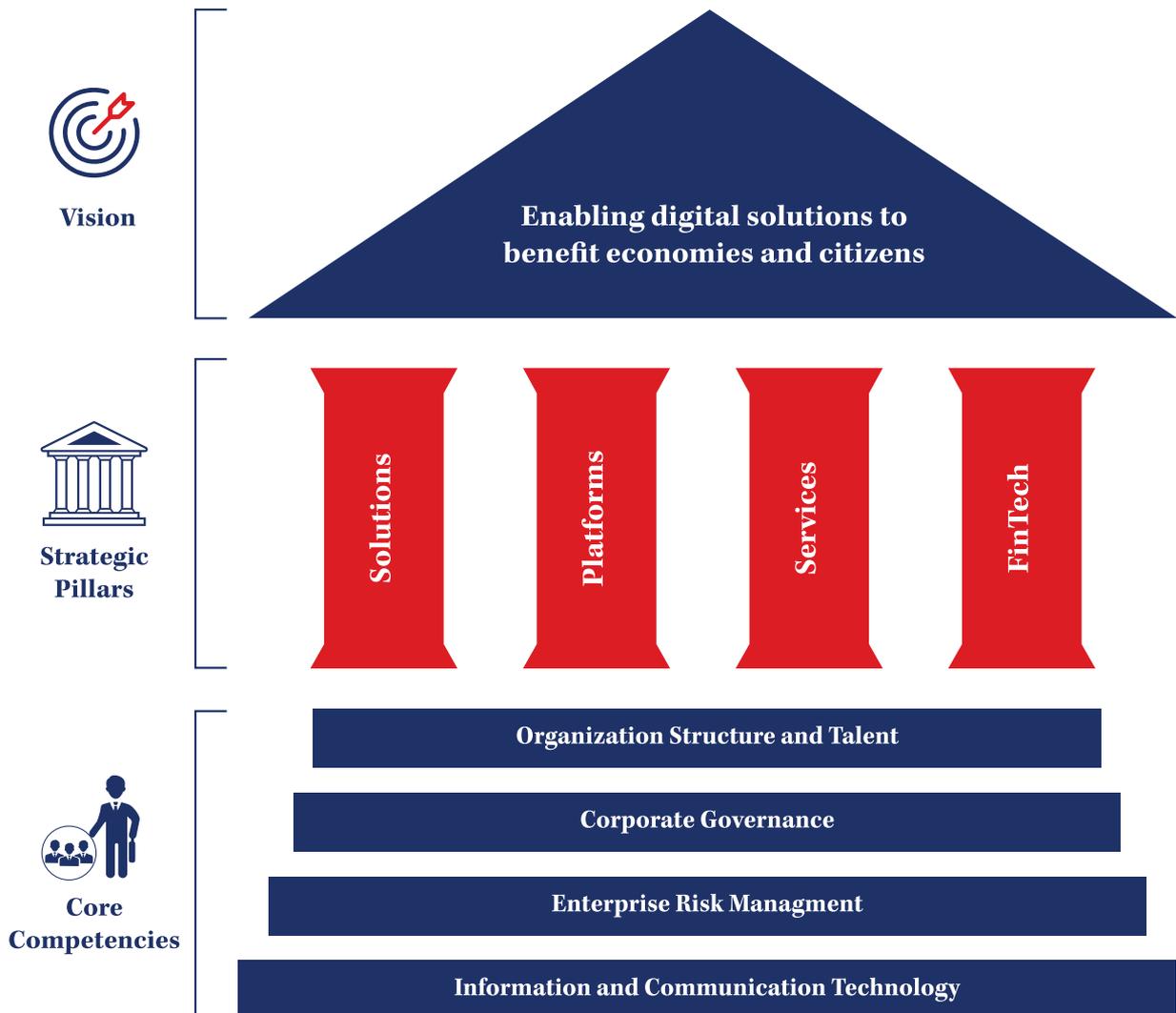
e-finance's digital services line of business is core to its business model because it aims to maximize the value generated from e-finance's platforms and solutions. In addition to the existing data hosting, ATM, POS, call centers, card services and smart solutions, e-finance will build best-in-class capabilities to introduce new services in line with market trends and requirements such as data analytics, cybersecurity and enhanced hosting.

### Pillar IV - Fintech

Accelerating innovation. e-finance will also seek to establish a fintech accelerator that will support emerging high-potential new players in financial services, achieve their aspirations, drive innovation and achieve sustainable profitability. Egypt is uniquely positioned to become the leading fintech hub in the region driven by a mostly young, educated and ambitious population coupled with a large market and e-finance seeks to be part of this journey.

“

e-finance is the leading digital payment transformation partner for government and financial services companies in Egypt and beyond.



The new strategy will contribute to the realization of Egypt Vision 2030, accelerate financial inclusion and enable the overall digital transformation of the nation by providing advanced and tailored solutions in payments, financial services and government services.

e-finance's value propositions will witness important new additions in line with market requirements and trends, such as:

- **Data Analytics** – e-finance will seek to expand its digital services line of business, offering data analytics, an asset that can help enhance decision-making and optimize performance, support decision-making and create new value for businesses.
- **Cybersecurity** – The company also plans to offer cybersecurity services including access management, vulnerability assessments, data protection and a cyber program management to shield clients from potential cyber threats.
- **E-commerce** – Moving forward, the company will seek to expand into managing e-commerce platforms, facilitating online commercial transactions on behalf of its clients by

leveraging its successful experience managing e-aswaaq, its subsidiary agricultural marketplace, as well as real-time payments to complement Egypt's national financial inclusion strategy.

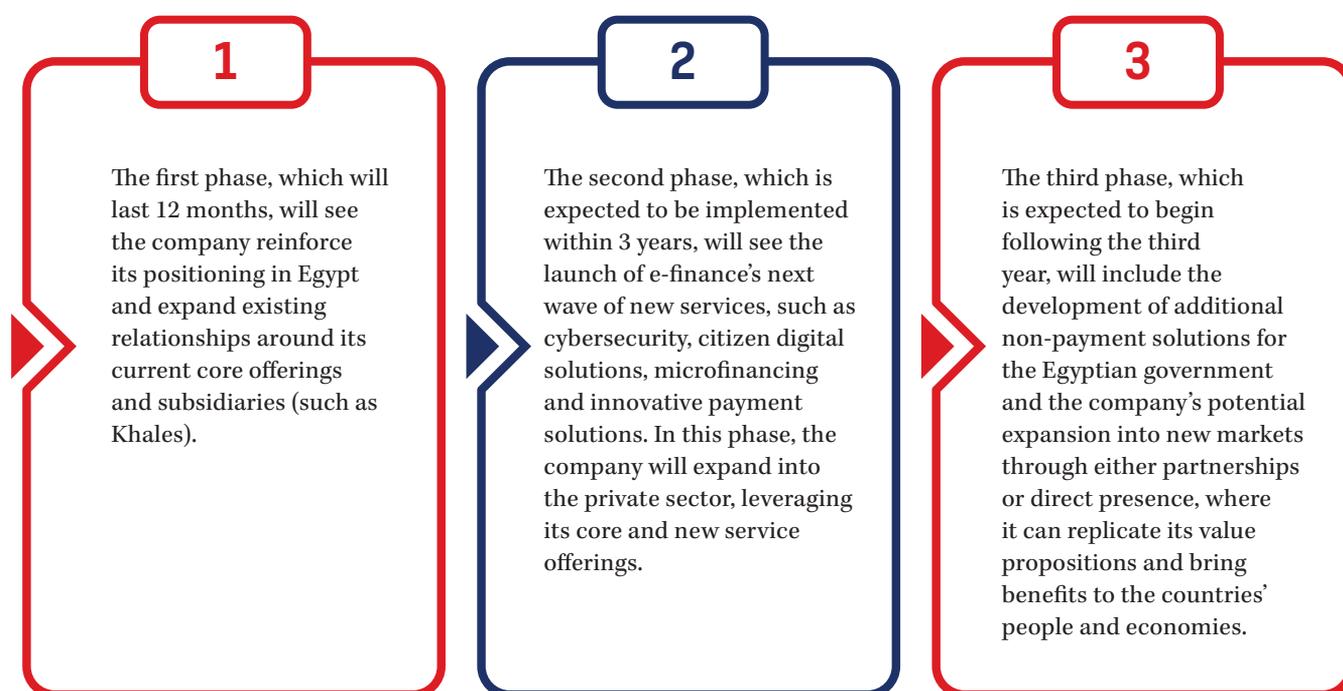
e-finance will deliver on these strategic pillars through the pursuit of both organic and inorganic growth opportunities. These opportunities will seek to increase e-finance's market share while allowing other stakeholders to benefit from its leading technology infrastructure. Among these investment opportunities are direct investments in other sectors, mergers and acquisitions with high growth potential entities in the market, micro and nano financing opportunities, as well as utilizing its fintech accelerator.

In addition to the realignment of its client services, e-finance will utilize its core competencies including its solid organization structure, talented team, strong corporate governance framework, robust enterprise risk management systems and information and communication technology capabilities to successfully pave the way for its growth strategy.

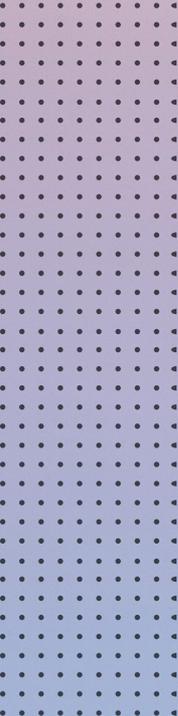
## Action Plan

Following the Board of Directors' approval of the new strategy in December 2019, e-finance mobilized its senior management team and initiated the strategy's execution to expand the company's positioning as the leading provider of digital solutions for the private sector and government.

### The strategy will be executed in three phases:







# Our People

Led by a team of experienced professionals that boast multidisciplinary experiences, e-finance capitalizes on the team's deep knowledge of Egypt's fintech space to set the company on a sustainable path to growth.





# Management Biographies



## **Ibrahim Sarhan**

Chairman and CEO

Ibrahim Sarhan is e-finance's Chairman of the Board and CEO. He brings valuable experience having held several leadership positions in the fintech and telecommunications industry, with a solid and extensive track record of more than 30 years. Prior to e-finance, Ibrahim spent 13 years at ICL, and before that, held key management stints at Triangle and Raya Integrated before establishing e-finance in 2005. Throughout his career, Ibrahim joined a number of Community Service and Board memberships such as at the American Chamber of Commerce, the Software Industry Chamber and the Federation of Egyptian Industries. He holds a Bachelor of Commerce from Cairo University and a Senior Executive Management Diploma from Harvard University in 2011.



## **Ahmed Ismail**

Chief E-Payment Consultant

Ahmed Ismail joined the company's team in 2007 and is currently the Chief E-payment Consultant at e-finance. Ahmed has extensive experience in the government sector and has played an important role in building and developing the electronic payment and collection systems for the government. During his career, Ahmed has worked for the Egyptian Customs Authority, leading delegations at international conferences, and was also a member of the High Commission for Customs Regulations and Policies. As a member of the commission, Ahmed was responsible for negotiating custom policies with trade partners including Tunisia and Japan. He also played an instrumental role in introducing the new Treasury Single Account (TSA) at the Egyptian Ministry of Finance, which later played a key role in helping the ministry transition over to an electronic payment system. Ahmed Ismail holds a Bachelor of Commerce degree with a concentration in Accounting and a postgraduate degree in Auditing and Taxation from Ain Shams University.



**Essam Bahgat**  
Chief Financial Officer

Essam Bahgat has been the Chief Financial Officer at e-finance since 2011. He joined the company in 2007 and boasts over 29 years of industry experience. Over the course of his career, he has contributed to the establishment and support of various companies and has executed multiple international agreements and partnerships. Prior to e-finance, he worked as a Chief Accountant at Oratech Information Technology for 7 years and as a Senior Accountant for Arab Union Contracting for 8 years. Essam Bahgat holds a Bachelor of Commerce with a concentration in Accounting from Ain Shams University and an MBA in Financial Management from the Arab Academy for Banking and Financial Sciences.



**Hossam El Goly**  
Chief Technology Officer

Hossam El Goly has been the Chief Technology Officer (CTO) at e-finance since 2007. During his time with the company he was instrumental in developing the company's e-payment system. He also worked on the development and deployment of the new digital tax and customs collection and pension distribution system recently adopted by the Egyptian government. Prior to joining e-finance, Hossam worked as a Project Manager at NCR. Hossam holds a BSc. in Civil Engineering from Cairo University and an MBA from Maastricht School of Management in Holland.



**Islam Mamoun**  
Chief Business Officer

Islam Mamoun is currently the Chief Business Officer at e-finance, a position he has held since 2019. Prior to joining the company, Islam spent 20 years at NCR, including seven years as country General Manager. Islam has over 22 years of experience working in digital transformation and financial inclusion mega projects in both public and private sectors. He is experienced in payment platforms, self service, digital solutions, including mobile banking, internet banking, ATMs, data centers, and transaction processing technologies. Islam holds a BA in Economics from the American University in Cairo.



**Khaled Abdel Ghany**  
Chief Project Management Officer

Khaled Abdel Ghany joined e-finance in December 2008 and has supervised projects worth a total of more than EGP 4 billion during his time with the company. Prior to his current role, Khaled worked as a PMO at CIT Global and as a Senior Project Manager at Intercom. Khaled first began his career as a Programmer at TEA Computers before taking on the roles of Senior Programmer, Assistant Manager and then Manager of the Application Department at the company. Khaled holds a BSc. in Computer Science and Mathematics from Ain Shams University and an MBA in Marketing from Maastricht School of Management in Holland.



**Tag Eldin Eltabbakh**  
Director of Human Resource and Organizational Development

Tag Eldin Eltabbakh is currently the Director of Human Resource and Organizational Development at e-finance, a position he has held since 2007. Upon joining, Eltabbakh was assigned to build the human resources management infrastructure of e-serve, he was responsible for developing the organizational structure, job descriptions, salary structures, job interview structures, job contracts, internal workflow models as well as setting the overarching management policies and guidelines for the human resources department. Prior to joining e-finance, Tag Eldin worked as the HR Section Head at Ahli United Bank. Tag Eldin first started his career in 1999 working as a lawyer. He holds a Bachelor of Law from Ain Shams University, an MBA in Project Management from the Arab Academy for Science, Technology, and Maritime Transport and is currently pursuing a Doctorate of Business Administration in Project Management from the Arab Academy for Science, Technology and Maritime Transport.



### **Mahmoud Hosny**

Strategic Planning and Investment Director

Mahmoud Hosny has been the Strategic Planning and Investment Director since 2017, where he leads strategy development for each of e-finance's lines of business and serves as an advisor to the Board of Directors on potential investment options. Mahmoud holds an extensive 23 years of experience in leading corporate finance, business planning, financial analysis, budgeting and strategy formulation. Prior to joining e-finance, Mahmoud worked for 14 years in the telecommunication sector and nine years as a strategy and financial advisory consultant in various sectors, including Strategy and Business Planning Director for Banglalink Digital Communication, Strategic Planning Director for Orascom Telecom Holding and Business Planning, Profitability Senior Manager at Orange and a Financial Consultant at KPMG. Mahmoud started his career in Air Bus Industries, Toulouse, France. He acquired an MBA from the Maastricht School of Management in 1999.



### **Mohamed Nasr**

Internal Audit Director

Mohamed Nasr joined e-finance as Internal Audit Director managing corporate governance, compliance, internal control and business processes. Prior to his time at e-finance, Mohamed worked at MCMAN Consulting as the lead consultant for audit and finance, providing leadership and administrative management to audit and finance staff and supervising large external assignments. Mohamed has conducted several management, financial and audit-based trainings and academic sessions in Egypt and abroad. Mohamed has over 20 years of experience in the field of finance, audit and corporate governance, including nine years of international experience. He holds an MBA from ESLSCA Business School and a DBA from the International Business School of Scandinavia and is a graduate of Ain Shams University's Faculty of Commerce English Section.



### **Yasmine Rashed**

Marketing and Communications Senior Manager

Yasmine Rashed boasts over 16 years of experience in marketing and communications across various industries, including telecom, retail and technology. Over the course of her career, Yasmine has worked in multiple areas of brand communications, including relationship management, planning, strategy, creative development, implementation, production, execution, event management and public relations. Yasmine holds a Bachelor of Mass Communications with a concentration in Integrated Marketing Communications and an Integrated Advertising Association Diploma (IAA) from the American University in Cairo.



# Management Discussion & Analysis

e-finance has cultivated a unique and dynamic revenue generation model over the years that has been the cornerstone of the company's exceptional financial performance.





# Management Discussion and Analysis

e-finance delivered a solid financial performance in 2019, recording a strong 34% increase in top-line with expanding bottom-line profitability

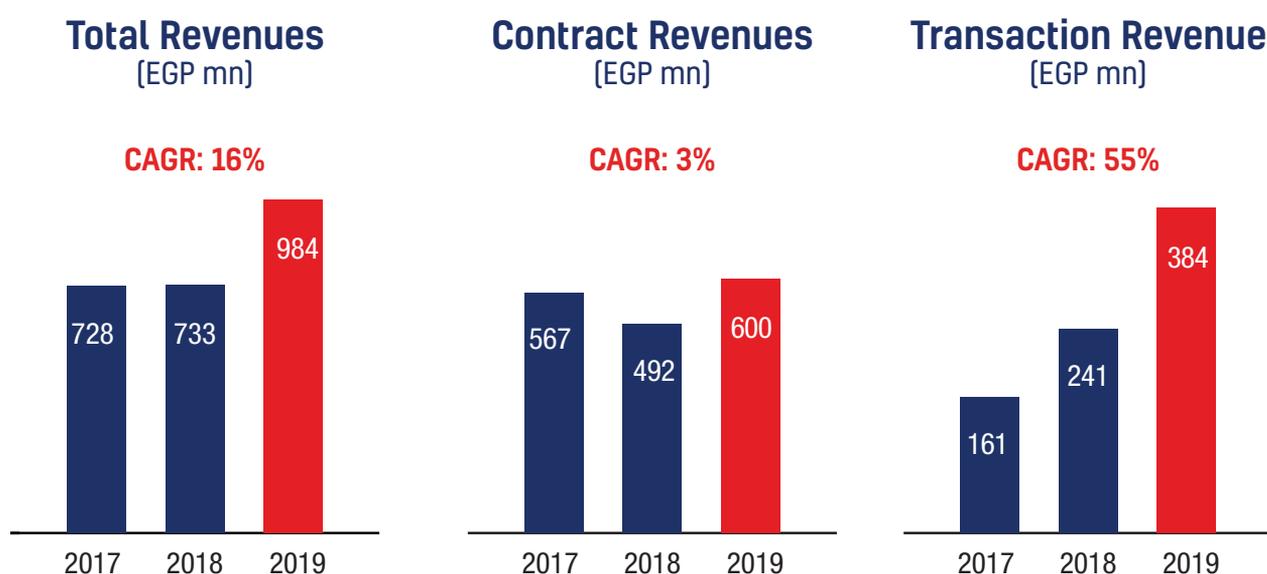
e-finance has maintained an accelerated growth trajectory with revenue recording a three-year CAGR of 16% between 2017-2019. The company recorded its highest top-line in 2019 at EGP 984 million, thanks to a carefully implemented strategy that has seen e-finance expand its services offering year-on-year, building a full-fledged one-stop solution that capitalizes on government services to offer B2C transactions.

The company adopts a unique revenue generating model divided primarily between contract revenues and transaction revenues. In contract revenues, e-finance applies a cost-plus model in return for development and operations of client networks and management of the end-to-end process. In 2019, contract revenues recorded EGP 600.4 million, up 22% y-o-y

and constituting 61% of total revenue for the year. E-finance's contracts typically have a three to five-year tenor and most of which are automatically renewed.

On the other hand, transaction revenues are generated as a fee per transaction on total throughput or transactions processed. In 2019, transaction revenue totaled EGP 383.6 million, up by an impressive 59% y-o-y and accounting for 39% of total revenue for the year.

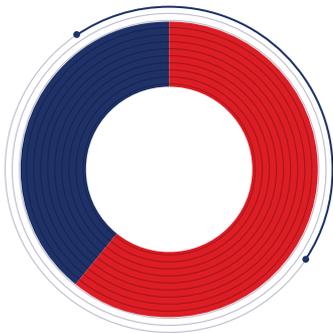
Revenues generated from e-cards (contracts), Khaled (transactions) and the contact center (contracts), recorded a 49% y-o-y increase in 2019 to EGP 82 million, making up the balance of total revenues with an 8% contribution.



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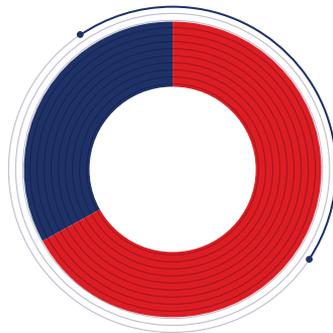
The company adopts a unique revenue generating model divided primarily between contract revenues and transaction revenues.

**Revenue Breakdown  
2019**



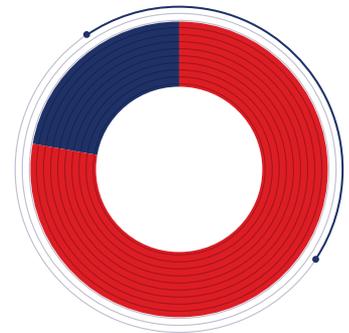
■ Contract Revenue	61%
■ Transaction Revenue	39%

**Revenue Breakdown  
2018**



■ Contract Revenue	67%
■ Transaction Revenue	33%

**Revenue Breakdown  
2017**



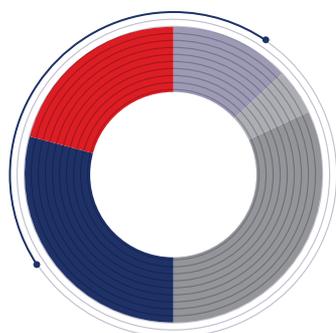
■ Contract Revenue	78%
■ Transaction Revenue	22%

e-finance has been increasingly shifting its revenue composition toward the transaction-based model, with the segment recording a three-year CAGR of 55% versus the contract segment’s CAGR of 3%. This reflects the company’s efforts in redefining its strategy as a provider of end-to-end solutions across a wide spectrum of digital transaction services, as opposed to having been previously driven by the awarding of service-based contracts. This is a natural transition whereby the company’s business model upon establishment was geared toward infrastructure development for the government’s financial network, and later other layered networks utilizing the same architecture and foundation. With the infrastructure now in place,

e-finance can recalibrate its focus to offer new value adding propositions built on its existing infrastructure and billed at a transaction processing fee.

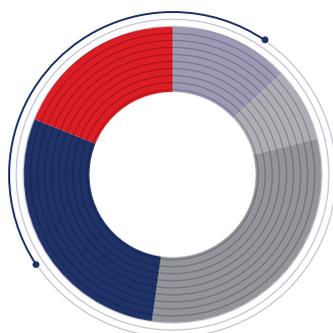
With the majority of costs related to network development and infrastructure operation already incurred and being of fixed nature, this migration to a transaction-based model creates ample opportunity for margin expansion and earnings growth. E-finance’s largest single cost component used to be cost of after sales support, which is mostly related to contract revenues. With a shift toward transaction revenues, it currently stands at c. 21% of total COGS, second to salaries and wages, and down from 38% in 2017 with room for further operating leverage.

### COGS Breakdown 2019



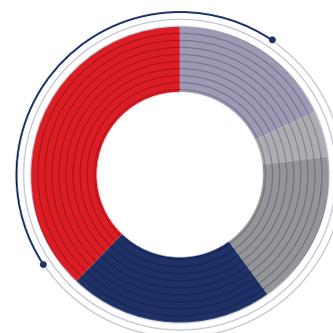
■ Cost of After Sales Support	21%
■ Other Direct Costs	29%
■ Salaries and Wages	32%
■ Salaries and Wages	5%
■ Others	13%

### COGS Breakdown 2018



■ Cost of After Sales Support	19%
■ Other Direct Costs	29%
■ Salaries and Wages	31%
■ Salaries and Wages	8%
■ Others	13%

### COGS Breakdown 2017



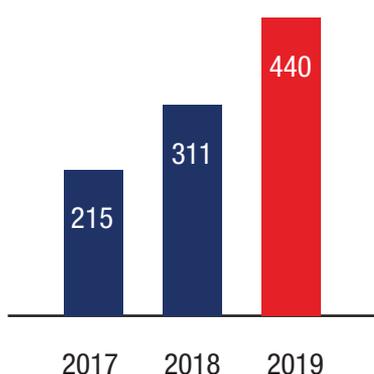
■ Cost of After Sales Support	38%
■ Other Direct Costs	22%
■ Salaries and Wages	17%
■ Salaries and Wages	5%
■ Others	18%

In 2019, e-finance recorded a gross profit of EGP 440 million, up 41% with gross profit margin recording 45%, remaining stable y-o-y but up by 16 percentage points versus the 29% recorded in 2017. Stability in y-o-y margins in 2019 was due to hardware procurement services extended to clients, which typically come at a lower margin however are necessary as part of e-finance's comprehensive service offering.

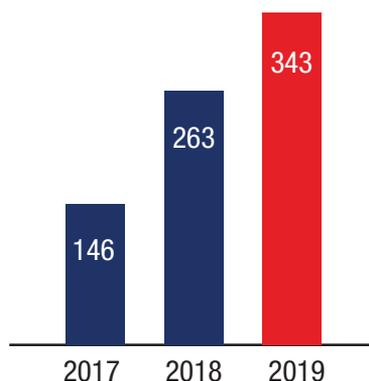
e-finance's EBITDA also recorded solid growth in 2019, up by 30% y-o-y to EGP 343 million and with a stable margin at 35%, up 15 percentage points versus 2017.

Finally, the company's net profit for the year was EGP 271 million, recording an accelerated 53% y-o-y with a 3 percentage-point expansion in net profit margin to 28%. The boost in net

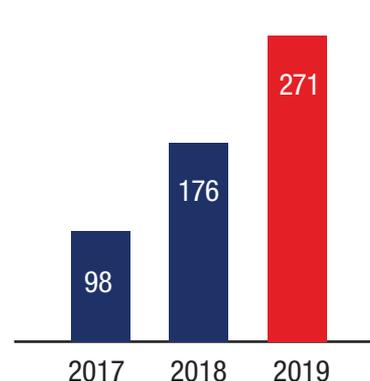
### Gross Profit\* [EGP mn]



### EBITDA [EGP mn]



### Net Profit [EGP mn]



\*Gross profit figures include depreciation of EGP 27 million in 2017, EGP 31 million in 2018 and EGP 23 million in 2019

profits comes on the back of a decline in interest expense and an increase in interest and dividend income driven by a stronger cash position. Net margin was also up by an impressive 14 percentage points compared to 2017.

On the balance sheet front, e-finance enjoys a strong financial position with a well-capitalized and underleveraged balance sheet. The company's paid in capital has consistently increased in tandem with e-finance's growth to support delivery on the company's strategies. As of 31 December 2019, paid in capital was EGP 800 million, up from EGP 500 million at year-end 2018, and with total equity increasing from EGP 688 million to EGP 1,139 million between the same periods.

As of year-end 2019, e-finance had zero debt, down from EGP 98 million in overdrafts two years prior as of 31 December 2017. Meanwhile, its balance sheet remains liquid with EGP 612 million in cash balances as of 31 December 2019, consistently increasing from EGP 59 million at year-end 2017 and EGP 172 million at the close of last year, demonstrating e-finance's strong cash generating ability.

## Balance Sheet Highlights

**^1,139**<sup>EGP</sup><sub>MN</sub>

Total Equity as of 31 December 2019

**Zero**

Debt as of 31 December 2019

**^612**<sup>EGP</sup><sub>MN</sub>

Net Cash Balance as of 31 December 2019

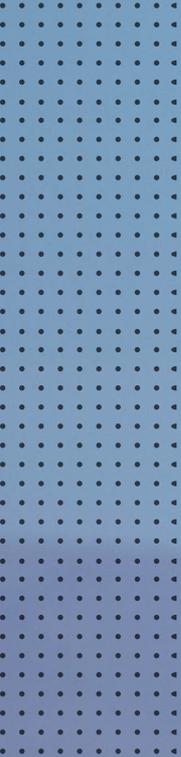


e-finance executive management team



# Corporate Governance

e-finance abides by the highest standards of corporate governance, setting frameworks and implementing policies that ensure the business runs in a transparent, ethical and sustainable manner.





# Corporate Governance

e-finance adheres to and promotes ethical business practices across the full scale of its operations to facilitate effective and prudent managerial processes that ensure transparency and accountability. e-finance's corporate governance strategy is driven by the goal of cultivating a responsible work environment for our employees, ultimately leading to the continued sustainability and long-term success of the firm. e-finance is continuously assessing its governance policies, charters and methodologies including effective controls, information security, different codes and many more to ensure that they are aligned with international best practices across the governance and compliance environment.

## Board of Directors

The Board of Directors' primary responsibility is to ensure the prosperity of e-finance by collectively directing the company's affairs and strategic objectives, as well as defining the values that dictate the company's operations and safeguard the interests of its stakeholders. The Board of Directors at e-finance is led by the company's Chairman and Managing Director, Mr. Ibrahim Sarhan, who is responsible for carrying out the executive tasks of the Board and reviewing the progress reports that are delivered to the board on a regular basis. The Board is composed of 10 members and are mainly Non-Executive board members. The members who sit on the Board have been rigorously vetted to ensure that their experience, qualifications and expertise align with e-finance's overarching strategy of maximizing value generation. e-finance is armed with a wealth of tools and mechanisms that are specifically designed to efficiently dictate and navigate the communication channels between the Board and e-finance's employees and shareholders.

## Board Composition

Ibrahim Sarhan	Chairman and Managing Director
Ibrahim Abdel Salam	Independent Director
Hesham Shaarawy	Non-executive Director
Ayman Hussein	Non-executive Director
Khaled Zakaria	Non-executive Director
Wahid Awad	Non-executive Director
Mohamed Mostakeem	Non-executive Director
Ahmed Gad	Non-executive Director
Abdallah El Serafy	Non-executive Director
Moataz Motawea	Non-executive Director

## Board Committees

e-finance's Board of Directors utilizes four committees to ensure the effective and efficient monitoring of the company's corporate governance activities:

Audit Committee

Executive Committee

Compensation and Benefits Committee

Investment Committee

## Internal Audit Department

e-finance recognizes the value and necessity of evaluating and improving the effectiveness of control and governance processes to ensure the security and sustainability of the business, as well as managing the company's exposure to credit, liquidity, market and capital management risks. In order to manage e-finance's exposure to risk and effectively monitor governance processes, the company has an Internal Audit Department. The Internal Audit Department was established to implement a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes by ensuring:

- Effective control systems are properly implemented and monitored across the company's wide and complex business operation.
- Existing financial controls and IT infrastructure are operating efficiently and up to standards.
- Policies and procedures introduced throughout the company's departments are sufficient and aligned to meet the company's operational goals.
- Employees are operating in line with the established policies.

Meanwhile, e-finance's Internal Audit Department develops proper and effective methodologies and charters and such important documents will lead to the best work environment.

## Audit Committee

### Structure and Composition

The audit committee is composed of three non-executive members who boast multidisciplinary experiences that are relevant to e-finance's operations. It is required that one member of the committee to have experience in financial affairs in order to properly carry out the tasks of the committee.

### Purpose of the Committee

The purpose of the audit committee is to ensure integrity and independence across all business operations and assists the board of directors in overseeing the company's financial controls. In order to accomplish this, the audit committee monitors and ensures:

- The effectiveness and efficiency of internal control systems.
- The integrity of the financial statements.
- The efficiency and independence of the company's external auditor.
- The performance of the company's internal audit procedures and controls.
- The submission of the periodical recommendations and reports to the board of directors.

### Report Preparation

Based on requests from the board and as indicated in the company bylaws, the committee is responsible for providing the board with various reports, including an annual audit report that highlights the committee's performance over the year for the purpose of determining the effectiveness of the committee's work.

The audit committee's core responsibilities are ensuring that the highest control standards are being implemented across the business regarding the issuance of performance reports, monitoring operations and the application of internal control systems.

The committee's top priority is preserving the interest of its shareholders by providing the highest levels of transparency and disclosure through adherence to the company's internal policies and regulations. The vital role that the company plays in the Arab Republic of Egypt as a leader in the areas of digital transformation and information technology has driven the committee to further ensure the application strict control policies.

## Executive Committee

### Structure and Composition

The executive committee is composed of four non-executive members who boast multidisciplinary experiences that are relevant to e-finance's operations. It is required that one member of the committee to have experience relevant to the industry e-finance operates in as well experience in governance and in the field of investments in the Arab Republic of Egypt and internationally to qualify them to perform the committee's scope of work.

### Purpose of the Committee

The executive committee is an independent body that resides within the company and is composed of highly qualified members. The committee's responsibilities are to ensure the implementation of the strategies that the board of directors has recommended and that they align with the required control standards and risk parameters as well as the optimal use of company resources.

Moreover, the executive committee adheres to a set of professional covenants to ensure compliance with the control guidelines and internal policies of the company.

### Principles of the Committee

The board of directors is responsible for implementing the overarching strategy of the company and to monitor its performance for their shareholders. The board dictates and steers the company's activities in accordance with the principles of Egyptian law and the company's general regulations and guidelines. The committee's scope of work includes:

- Supporting the strategic direction of the company by working alongside executive management to develop and implement the company's vision, mission, goals, strategy and general objectives for its performance.
- Ensure that the necessary supervisory procedures are in place to ensure the rights of all relevant parties.
- Assist in the selection, appointment and supervision of executive managers (if required).
- Supervising the recommendations related to capital structure and expenditure, dividend policies and other similar activities.
- Monitoring internal control and reporting systems.
- Maintaining an independence whilst taking into account the interests of all related parties.
- Preparing and submitting reports to the board of directors that pertain to the financial position of the company, developments in the business as well as other key material topics.

## Compensation and Benefits Committee

### Structure and Composition

The compensation and benefits committee is composed of three non-executive members which one of whom is required to have relevant experience in the field of human resources to ensure that the committee performs its duties to the fullest.

### Purpose of the Committee

The compensation and benefits committee was formed to assist the board of directors in performing multiple tasks, with a focus on:

- Aligning the compensations and benefits for the executive and senior management with the general goals of the company.
- Evaluating employee performance and providing recommendations to the board of directors regarding incentive and compensation plans.
- Managing the compensation programs for the company's executive members.

### The Committee also Performs the Following:

- Managing the company's incentive plans and programs and approving compensation packages as well as implementing individual performance-based assessments that determine the remuneration for the members of the board of directors and the members of the other various committees.
- Review and approve the compensation of senior management set by the committee.
- Developing programs and plans as well as presenting recommendations to the board regarding entitlement to incentives.
- Preparing an annual report that covers the performance of the committee and its adherence to governance standards.

### Principles of the Committee:

The committee is responsible for its actions in front of the board and all committee members shall abide by the same code of conduct as the board members, this includes safeguarding the company's confidential and sensitive information and no committee or board member has a right to share this information with others directly or indirectly, except within the context of what the system dictates.

### Report Preparation

The committee submits a periodic report to the board of directors regarding the performance of the committee

and its milestones as well as publish an annual report in accordance with the requirements of the applicable laws and regulations. The committee must also periodically inform the board of directors periodically about its activities and key recommendations

## Investment Committee

### Structure and Composition

The investment committee is composed of five non-executives who boast multidisciplinary experiences that are relevant to e-finance's operations. It is required that one member of the committee to have experience in financial affairs in order to properly carry out the tasks of the committee.

### Purpose of the Committee

- Developing strategies and investment policies with executive management that align with the company's business operations, activities and risk exposure.
- Studying periodic reports received from executive management regarding the progress of investment opportunities.
- Perform periodical reviews of the investment policies and strategies to ensure that they are able to adapt to dynamic market changes, regulatory changes or changes to the company's goals and strategies. The committee is responsible for presenting recommendations to the board on how to tackle these changes.
- General supervision of the company's investment activities, setting standard procedures for measuring and evaluating investment performance and methods of prioritizing investment opportunities.
- Assess and evaluate the investment opportunities proposed by the company's management with regards to the following transactions:
  - Mergers or acquisitions of companies or assets.
  - Any termination, sale, transfer of ownership, exit from or disposal of an existing investment.
  - Investing in new or existing projects or project expansion.
  - Investment opportunities that company management have expressed interest in.
  - Assess financing opportunities for the abovementioned transactions.

**Principles of the Committee:**

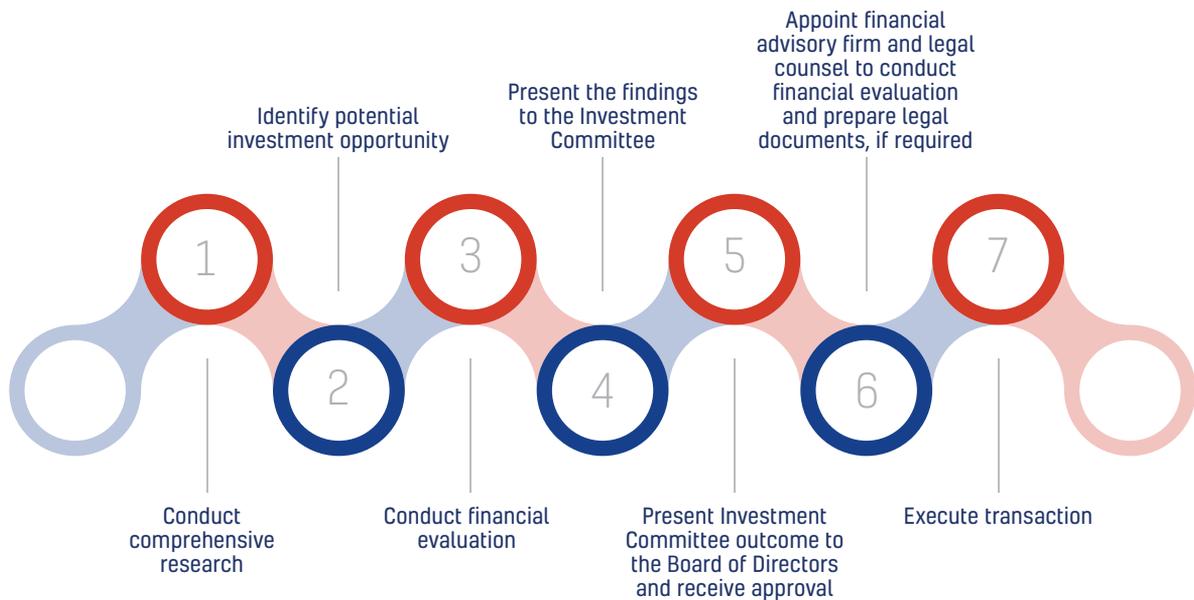
Members of the committee adhere to the regulations dictated by capital and financial markets, the company's executive regulations as well as articles of association of the company when exercising their duties. Members shall also refrain from carrying out or participating in any action that would harm the interests of the company.

**Report Preparation**

Based on requests from the board and as indicated in the company bylaws, the committee is responsible for providing the board with various reports that highlights the committee's performance over the course year.

**Strategic Investment Methodology**

e-finance adheres to international best practices in regard to the identification, assessment and execution of their various investment decisions throughout their business operations. e-finance has established a roadmap that dictates the company investment strategy and it goes as follows:









**finance**  
Digital Partner of Choice