

e-finance Investment Group Reports 1H2023 Results

e-finance posted its highest first half year results across both top- and bottom-lines since its inception. The Group booked revenue growth of 37.5% y-o-y coupled with a 49.8% y-o-y increase in net profit driven by impressive performances across the Group's subsidiaries in 1H23.

15 August 2023 – (Cairo) e-finance for Digital and Financial Investments S.A.E. ("e-finance", or the "Group", EFIH.CA on the Egyptian Exchange), a leading technology-focused investment firm in Egypt, announced today its standalone and consolidated results for the six-month period ended 30 June 2023. The Group's consolidated revenues increased by 37.5% y-o-y to EGP 1,735.4 million driven by broad-based growth across the Group's subsidiaries. On the profitability front, the Group recorded an EBITDA surge of 46.6% y-o-y to EGP 823.0 million, and at its bottom-line, the Group recorded a net profit after non-controlling interest (NCI) increase of 49.8% y-o-y to EGP 718.4 million, with an associated y-o-y net profit margin expansion of 3.4 percentage points to 41.4% during the six-month period.

Summary Income Statement

(EGP mn)	2Q2023	2Q2022	Change	1H2023	1H2022	Change
Total Consolidated Revenues	967.5	702.5	37.7%	1,735.4	1,262.0	37.5%
e-finance Digital Operations	857.7	594.5	44.3%	1,574.6	1,106.4	42.3%
eCards	83.6	23.3	259.8%	145.6	86.2	69.0%
eKhales	20.4	12.5	63.2%	36.2	22.6	60.4%
enable	31.6	22.0	44.0%	54.5	40.6	34.3%
eAswaaq	49.4	65.3	-24.4%	107.9	76.6	40.9%
Intercompany Eliminations	(75.3)	(15.1)	399.4%	(183.4)	(70.4)	160.5%
Cost of Sales	(416.3)	(286.9)	45.1%	(799.1)	(574.0)	39.2%
Gross Profit	551.2	415.6	32.6%	936.3	687.9	36.1%
Gross Profit Margin	57.0%	59.2%	-2.2%	54.0%	54.5%	-0.6%
SG&A	(92.2)	(95.8)	-3.7%	(177.6)	(170.8)	4.0%
SG&A-to-sales (%)	9.5%	13.6%	-4.1%	10.2	13.5	-3.3%
EBITDA	491.0	342.8	43.2%	823.0	561.5	46.6%
EBITDA Margin	50.8%	48.8%	2.0%	47.4%	44.5%	2.9%
Net Profit after NCI	436.4	279.3	56.2%	718.4	479.7	49.8%
Net Profit Margin	45.1%	39.8%	5.3%	41.4%	38.0%	3.4%

e-finance's consolidated revenues grew by 37.5% y-o-y to EGP 1,735.4 million in 1H2023 driven by solid top-line expansion across the majority of the Group's subsidiaries. e-finance Digital Operations continued to be the primary revenue growth driver backed by strong results at its cloud hosting revenue followed by its transaction revenue in 1H2023. Revenue growth was further supported by solid contributions from eCards and eAswaaq. This broad-based growth enabled the Group to build on the previous quarter's momentum and deliver strong results amid challenging market conditions. On a quarterly basis, the Group's revenue rose by 37.7% y-o-y coming in at EGP 967.5 million at the close of 2Q2023.

The Group's flagship subsidiary, **e-finance for Digital Operations** accounted for the majority of the Group's revenues in 1H2023 with a contribution of 90%. The subsidiary delivered a revenue increase of 43.9% y-o-y to EGP 1,570.4 million after inter-company eliminations in 1H2023, driven by the strong performance from the subsidiary's cloud hosting services, as well its transaction revenue. Cloud hosting revenue was up 91.9% y-o-y to EGP 597.3 million in 1H2023, while transaction revenue rose 54.1% y-o-y to EGP 636.8 million. Growth in transaction revenue was driven by an 85.9% y-o-y increase in variable-fee revenues to EGP 390.8 million in 1H2023, as well as a 21.1% y-o-y increase in fixed-fee revenue to EGP 246.0 million during the period. Meanwhile, the subsidiary's build & operate segment witnessed an 11.6% y-o-y decline in revenue to EGP 317.5 million in 1H2023.

Revenue at **eCards** rose 91.4% y-o-y to EGP 97.6 million after inter-company eliminations in 1H2023, largely driven by a significant 138.9% y-o-y increase in card management revenue to EGP 78.9 million. Revenue growth was further supported by a 25.6% y-o-y increase in card production revenue to EGP 66.8 million in 1H2023. **eKhales** saw its post-elimination revenue grow by 31.1% y-o-y to EGP 26.8 million in 1H2023 on the back of higher transaction volumes, meanwhile, **enable's** post-elimination revenue grew by 8.5% y-o-y to EGP 29.5 million in 1H2023, mainly supported by higher IT outsourcing revenue growth. At **eAswaaq**, post-elimination revenue fell to EGP 11.1 million in 1H2023, down from EGP 52.8 million recorded in 1H2022, due to the high-base effect of a one-off supply revenue contract in the same period last year.

Consolidated **gross profit** was up 36.1% y-o-y, reaching EGP 936.3 million in 1H2023. However, GPM inched down by 56 basis points y-o-y, closing the six-month period at 54.0% due to an increase in cost of sales as a percentage of consolidated revenue.

e-finance's **net profit after NCI** increased by 49.8% y-o-y to EGP 718.4 million and booked an NPM margin expansion of 3.4 percentage points to 41.4% in 1H2023 driven by the Group's higher operating margins, in addition to an increase in investment income and interest income.

Commenting on the Group's performance, e-finance Chairman Ibrahim Sarhan said: "Following a strong start to the year, the Group has successfully maintained its momentum and delivered exceptional results for the first half of 2023. Our strong performances across the board demonstrate our ability to deliver on the Group's operational, financial, and strategic goals despite the challenges presented to us. Moreover, we have continued to expand e-finance's presence in the digital payments landscape in key sectors across the nation and further maximized the value generated from our comprehensive technology infrastructure, driving the Group's solid results for the period.

During 1H2023, the Group delivered a 37.5% year-on-year top-line increase to EGP 1.7 billion, largely driven by e-finance Digital Operations as the subsidiary continued to reap the rewards of its investment in cloud services and expand its footprint in Egypt across this lucrative and fast-growing space. Our results were further supported by increased growth across our transaction revenue, where the Group saw a stellar 85.9% year-on-year increase in variable fee transactions as we continued to capitalize on our investments in key sectors and the growing adoption of digital payments. In terms of profitability, the Group recorded a 49.8% year-on-year increase in net income to EGP 718.4 million, with an associated margin expansion of 3.4 percentage points to 41.4% in 1H2023 as we continue to benefit from the higher margin nature of multiple revenue streams coupled with management's ability to alleviate the impact of Egypt's record high inflation and elevated interest rate environment by utilizing a variety of mitigation strategies.

Moreover, it is with great pride that I announce the success of our key investment in the tourism sector, which started less than two years ago. Our digital ticketing solution has become instrumental to the Group's revenue growth, contributing c.10% of e-finance's revenue in 1H2023, and stands testament to our commitment to delivering on the Group's investment strategy focusing on expanding our presence in key sectors that are undigitized and underserved. Following the success of our implementation during the initial rollout across 30 touristic sites, the Ministry of Tourism and Antiquities has awarded the Group additional locations for our digital ticketing solution, which is now active across 66 touristic sites. Moving forward, we intend to expand e-finance's digital ticketing solution further across additional touristic sites, with a target of being present at over 100 active sites by early 2024. Over the past twelve months, Egypt recorded its highest ever tourism figures, with over 15 million tourists visiting the country, bringing in revenues in excess of USD 16 billion, which represents a significant milestone for the country that the Group is aiming to capitalize on to further fuel our growth.

The Group has also taken strides in supporting Egypt's vital agriculture sector and has built a comprehensive nationwide distribution network focused on controlling the distribution of subsidized fertilizers by integrating with the seven fertilizer production facilities in the nation. Through this network, it is anticipated that around 2.5 million tons of subsidized fertilizers will be distributed annually, solely through the use of the Farmers' Card as mandated by the Ministry of Agriculture and Land Reclamation, to more than five million registered possessions. The Group is confident that this project will play a pivotal role in supporting the efficiency and development of Egypt's agriculture sector, as it will strengthen the government's ability to regulate the distribution process and ensure that it is fair and equal by eliminating potential theft and leakage.

Furthermore, as part of our growth and expansion strategy, we are working alongside Saudi Arabia's Public Investment Fund (PIF) and assessing multiple value-accretive opportunities across the kingdom and other countries. The Group is in regular discussion with various PIF-owned companies across the kingdom with regards to replicating some of e-finance's key solutions across Saudi Arabia, and in parallel, assessing opportunities where players in Saudi Arabia, who share our strategic vision and mission, can implement their services in Egypt. Moreover, we also look forward to the completion of e-finance's office in the kingdom, which is anticipated to be

concluded within the coming months and represents a major milestone in our geographical expansion strategy and a catalyst for further expansion throughout the MENA region and the African continent.

Moreover, following the Central Bank of Egypt's (CBE) recent issuance of licensing regulations for digital banks, we are currently assessing the viability of acquiring the digital banking license, which would mark a major milestone in the Group's growth and is in clear alignment with our investment strategy. e-finance already boasts a comprehensive technology infrastructure that serves tens of millions of customers annually across the country, leaving us well-positioned to seamlessly integrate digital banking services across our operations. On this front, several of the key demographics that we target are formed of individuals that lack access to traditional financial services, presenting us with an opportunity to incorporate a substantial number of Egypt's unbanked population into the formal financial system, supporting the CBE's financial inclusion strategy, and elevating the Egyptian economy.

Looking ahead, I am confident that the Group will continue recording exceptional results and delivering on our communicated targets for the year. The excellence and dedication of our people will remain the cornerstone of e-finance's success and ability to generate long-term value for our shareholders, and I am certain that they will continue to deliver on this front," **Sarhan concluded.**

e-finance Investment Group's full 1H2023 earnings release along with the Group's consolidated and standalone financial statements are available at investors.efinanceinvestment.com.

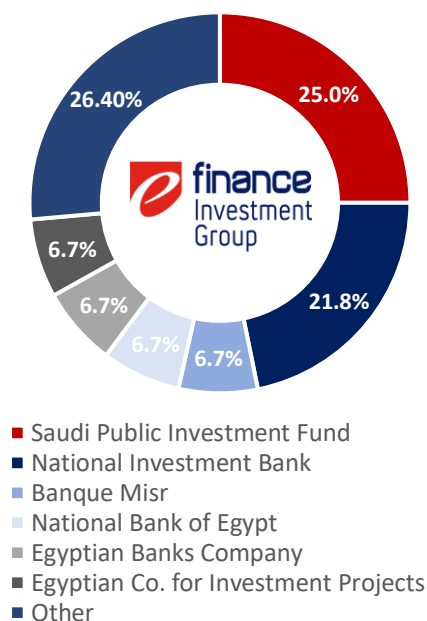
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About e-finance for Digital and Financial Investments

e-finance Investment Group is a homegrown developer of digital payments infrastructures that was established in 2005 to develop the Government of Egypt's financial network. Over the course of nearly two decades, the Group has penetrated all corners of Egypt's digital market and transformed itself into a leading technology-focused investment firm. With a dynamic business model and a flexible organizational structure, e-finance is able to focus on multiple target markets through its subsidiaries and maximize its ability to unlock value in the digital payments space. The Group boasts a portfolio of subsidiaries that has enabled e-finance's growth across multiple markets, unlocked synergies across its business lines, and enabled digital transformation for various strategic sectors throughout the nation to support the development of Egypt's digital economy and drive towards financial inclusion. Learn more at efinanceinvestment.com

Shareholder Structure

As of 30 June 2023



SHARE INFORMATION

EFIH.CA on the EGX	
Number of Shares	1,848,888,889
Par Value / Share (EGP)	0.5
Paid-in Capital	EGP 924,444,444

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