

e-finance Investment Group Reports FY2022 Results

Despite challenging macroeconomic conditions impacting economies and businesses globally, e-finance closed out the year with solid double-digit growth across the board, with the Group's EBITDA and adjusted net profit booking strong increases of 49% y-o-y and 83% y-o-y, respectively, in FY2022.

21 February 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 year ended 31 December 2022. The Group's consolidated revenues increased by 34.7% y-o-y to EGP 2,644.0 million, primarily driven by solid performances from two of the Group's subsidiaries, e-finance Digital Operations and eAswaaq, in FY2022. On the profitability front, the Group recorded an EBITDA increase of 49.0% y-o-y to EGP 1,116.2 million, yielding an EBITDA margin expansion of 4.1 percentage points to 42.2% in FY2022. At its bottom-line, the Group recorded a net profit after non-controlling interests (NCI) increase of 54.7% y-o-y to EGP 803.9 million, yielding a year-on-year net profit margin expansion of 3.9 percentage points to 30.4% in FY2022. The Group's adjusted net profit after NCI, which excludes non-cash ESOP expenses, recorded an increase of 82.5% y-o-y to EGP 948.6 million in FY2022.

Summary Income Statement

(EGP mn)	4Q2022	4Q2021	Change	FY2022	FY2021	Change
Total Consolidated Revenues	706.2	663.7	6.4%	2,644.0	1,963.3	34.7%
e-finance Digital Operations	693.3	424.6	63.3%	2,420.1	1,550.8	56.0%
eCards	10.1	224.6	-95.5%	226.2	375.8	-39.8%
eKhales	17.3	11.6	49.5%	57.0	65.5	-13.0%
enable	21.2	13.7	54.5%	85.9	53.8	59.7%
eAswaaq	47.4	11.4	317.1%	141.3	23.3	505.2%
Intercompany Eliminations	(83.1)	(22.1)	275.8%	(286.4)	(105.9)	170.4%
Cost of Sales	(422.2)	(355.3)	18.8%	(1,278.9)	(1,040.5)	22.9%
Gross Profit	284.0	308.5	-7.9%	1,365.1	922.9	47.9%
Gross Profit Margin	40.2%	46.5%	-6.3%	51.6%	47.0%	4.6%
EBITDA	204.8	225.6	-9.2%	1,116.2	749.3	49.0%
EBITDA Margin	29.0%	34.0%	-5.0%	42.2%	38.2%	4.1%
Net Profit after NCI	121.5	139.3	-12.8%	803.9	519.7	54.7%
Net Profit Margin	17.2%	21.0%	-3.8%	30.4%	26.5%	3.9%
Adjusted Net Profit¹	232.7	139.3	67.0%	948.6	519.7	82.5%
Adjusted Net Profit Margin	33.0%	21.0%	12.0%	35.9%	26.5%	9.4%

e-finance's consolidated revenues increased by 34.7% y-o-y to EGP 2,644.0 million in FY2022. Revenue growth came on the back of a solid performance from e-finance Digital Operations, which supported the Group in delivering strong results at year-end despite the challenging market conditions. The subsidiary's performance was primarily driven by its cloud hosting services, which delivered stellar results in FY2022, as well as strong revenue growth generated from the subsidiary's variable-fee transactions. Additionally, the Group's performance was further supported by a significant expansion in eAswaaq's top-line during the period. On a quarterly basis, the Group recorded a revenue increase of 6.4% y-o-y to EGP 706.2 million in 4Q2022.

The Group's flagship subsidiary, **e-finance for Digital Operations** contributed the majority of the Group's top-line in FY2022, which stood at a contribution of 90% at year-end. The subsidiary delivered a revenue increase of 55.5% y-o-y to EGP 2,377.3 million after inter-company eliminations in FY2022; this was driven primarily by the subsidiary's cloud hosting services, which recorded a near 3x increase in year-on-year revenue to EGP 779.1 million in FY2022 versus EGP 265.3 million in FY2021. Moreover, the subsidiary's build & operate revenues increased by 32.5% y-o-y to EGP 726.5 million, and transaction-based revenues grew by 27.1% y-o-y to EGP 849.9 million in FY2022. Growth in transaction-based revenue was driven by a 119.1% y-o-y increase in variable-fee revenue to EGP 495.4

¹ Adjusted net profit excludes non-cash ESOP expenses of EGP 145 million.

million in FY2022. Revenues from fixed-fee transactions declined by 19.9% y-o-y to EGP 354.4 million, driven partly by the adoption of an accounting treatment whereby revenue from annual tax declarations is now being amortized over a twelve-month period, as well as the ongoing migration of pension cards from non-banking to banking cards. It is worthy to note that this trend will normalize starting 1Q2023.

Revenue at **eCards** declined by 65.1% y-o-y to EGP 119.0 million after inter-company eliminations in FY2022, primarily due to eCards' smart solutions services, which is a project-based revenue stream for the subsidiary and recorded a decline in revenue to EGP 33.1 million in FY2022 compared to EGP 186.5 million in FY2021. Additionally, the decline was driven by the company's decision to lower card production revenues as a result of an unfavorable FX environment and the impact of global supply chain issues on SIM availability. Furthermore, the company reversed revenue booked in the previous quarter for an order which was replaced with upgraded specifications and better margins for one of its strategic clients. **eKhales** recorded a 27.8% y-o-y decline in post-elimination revenue to EGP 43.2 million in FY2022. The decline reflects a base effect from the booking of approximately EGP 28.9 million in one-time POS sales completed during FY2021. Adjusting for the one-off, eKhales would record a strong revenue increase of 57.0% y-o-y in FY2022, reflecting growth in the subsidiary's core aggregation business. At **enable**, post-elimination revenue grew by a solid 87.6% y-o-y to EGP 44.5 million in FY2022, which was driven by the subsidiary's successful efforts at expanding its client base. Meanwhile, **eAswaaq's** recorded a 538.1% y-o-y increase in post-elimination revenue to EGP 59.9 million in FY2022. The subsidiary's performance was supported by increased recurring revenue generation from the rollout of its digital ticketing service at 32 operational touristic sites.

Consolidated **gross profit** grew by 47.9% y-o-y to EGP 1,365.1 million in FY2022, yielding a year-on-year GPM expansion of 4.6 percentage points to 51.6% at year-end as the Group reaped the rewards of its higher margin lines of business. On a quarterly basis, the Group's gross profit declined by 7.9% y-o-y to EGP 284.0 million, yielding a year-on-year GPM contraction of 6.3 percentage points to 40.2% in 4Q2022. The decline was due to an increase in the Group's cost of sales by c. 18.8% y-o-y during the period, which was driven by rising inflationary pressures mainly due to the devaluation of Egypt's local currency; mostly pronounced at the Group's card production segment, as well as an increase in headcount and salaries expense in FY2022.

e-finance's **net profit after NCI** grew by 54.7% y-o-y to EGP 803.9 million, yielding a year-on-year NPM margin expansion of 3.9 percentage points to 30.4% in FY2022. e-finance's adjusted net profit, which excludes non-cash ESOP expenses, booked an increase of 82.5% y-o-y to EGP 948.6 million, reflecting a margin expansion of 9.4 percentage points to 35.9% in FY2022. The Group's growth in net profit was driven by increased value generated from higher margin revenue streams and was further augmented by a rise in investment income. On a quarterly basis, net profit after NCI declined by 12.8% y-o-y to EGP 121.5 million, yielding a year-on-year NPM contraction of 3.8 percentage points in 4Q2022. Adjusted net profit, which excludes non-cash ESOP expenses, recorded an increase of 67.0% y-o-y to EGP 232.7 million in 4Q2022.

Commenting on the Group's performance for the quarter, e-finance Chairman Ibrahim Sarhan said: "The past year has seen challenging macroeconomic conditions and headwinds that not only hindered the Egyptian market but impacted regional and global economies as a whole in 2022. Over and above the global supply chain constraints and inflationary pressures that resulted from the Russia-Ukraine conflict, Egypt witnessed increased inflationary and FX pressure due to the devaluation of its local currency over the course of the year. Despite the significant impact these factors had on economies and operating environments, the Group delivered a strong performance in FY2022. e-finance recorded a revenue increase of 34.7% y-o-y to EGP 2.64 billion for FY2022 on the back of solid growth across various fronts, including generating increased value from e-finance's transactions-based revenue streams, cloud hosting services, as well as the Group's innovative e-commerce platform. In terms of profitability, the Group recorded a 54.7% y-o-y increase in net income to EGP 803.9 million, yielding a 3.9 percentage point year-on-year expansion in net profit margin, which stood at 30.4% in FY2022. Our strong profitability at year-end is owed to the Group's focus on growing the contribution of higher-margin revenue streams, such as variable-fee revenues from e-finance's comprehensive transaction processing capabilities, as well as the Group's state-of-the-art cloud hosting vertical.

"We have continued to unlock and increase the value generated from the Group's cloud hosting vertical, which recorded a near three-fold increase in year-on-year revenue to EGP 779.1 million," **he added.** "Growth came on the back of continued investment in our cloud hosting capabilities and capacities, allowing e-finance to serve a greater number of private and public organizations through its cloud offering. Looking ahead, e-finance is aiming to further grow its cloud hosting services and further increase the contribution from this higher-margin vertical. On this front, the Group successfully launched Egypt's largest cloud computing platform at the Cairo ICT conference in November 2022, furthering our efforts in supporting businesses and public entities in driving and enabling the growth and scalability of their operations in the periods to come. This milestone marks the first ever license issued by the National Telecom

Regulatory Authority to a private company to operate a cloud computing platform in Egypt and stands testament to the Group's stellar technological infrastructure and expertise in the field.

"Moreover, the Group has continued its investments across its associate companies as they continue to show promise and support us in delivering greater value for the Group and our shareholders. e-Tax's e-invoice and e-receipt system is capitalizing on the formalization of Egypt's economy as the government introduces various initiatives to promote the onboarding of businesses onto the e-invoicing and e-receipt system. I am also proud to say that e-Tax has successfully delivered a profit in its first year of operation and is expected to double its bottom-line in 2023, market conditions permitting. Moreover, our investment in e-Health is anticipated to generate significant value from the government's universal health insurance program. e-Health is aiming to provide technological infrastructure for the public healthcare providers that will serve Egypt's population under the umbrella of the program as the government gradually rolls it out across the nation's governorates.

"2022 has also seen us continue delivering on our commitment to shareholders and investors to inject capital into key sectors and industries that will enable the Group to unlock synergies and generate cross-selling opportunities. This has been made clear with our investments in the fintech space in 2022, which has seen the Group invest c. USD 10 million in Nclude, a venture capital fund that is dedicated to investing in fintech businesses in the Middle East and Africa and is the third largest fintech-focused fund in the region. Additionally, we have also invested in a c. USD 3 million financing round for Nexta, an early-stage startup that has received initial approval from the Central Bank of Egypt to begin operations of its digital banking services. We are confident that these investments, which are well-aligned with the Group's offering across its digital solutions and tech infrastructure, will allow us to further fuel growth across Egypt's thriving fintech sector, promote financial inclusion, and generate increased value for our shareholders.

"On the expansionary front, the Group has continued to deploy digital solutions that will ultimately enhance the performance and growth of key strategic sectors across Egypt. In the transportation sector, the Group has deployed an end-to-end solution for the Egyptian National Railways by installing electronic gateways at four of Egypt's largest railway stations to automate the entry process for passengers. e-finance also developed an online ticketing platform where passengers can book and pay for their tickets, in an effort to streamline operations and drive efficiencies across Egypt's railway system. Moreover, the Group has also introduced digital solutions that cater to Egypt's vital tourism sector, including an electronic booking platform that aims to elevate the tourist experience and allows users to book tickets for various major touristic sites across the nation. Going in to 2023, the Group will continue identifying opportunities where e-finance can further enhance the performance and development of Egypt's strategic sectors through its comprehensive digital solutions and technological infrastructure.

"The Group's solid track record over the years has seen e-finance navigate challenging market conditions, deliver exceptional results, and develop a clear value proposition that has garnered the interest of key local and regional investors. On this front, one of our major accomplishments in 2022 was the decision of the Kingdom of Saudi Arabia's Public Investment Fund (PIF) to acquire a 25% stake in e-finance and is now the Group's largest shareholder. The PIF's acquisition will present the Group with various strategic partnership opportunities that will allow e-finance to leverage the PIF's deep institutional knowledge as a well-established global investor with expansive reach to unlock and pursue opportunities that will strengthen the Group's offering and operational footprint in Egypt as well as beyond its borders across the Middle East and Africa.

"We acknowledge our responsibility as a key player in Egypt's digital payments space and as an enabler of financial inclusion and are fully committed to delivering on our goal of supporting private and public sector businesses and organizations in accomplishing their digital transformation journeys. Looking ahead, 2023 is anticipated to be a challenging year for businesses across Egypt given the current rising inflationary pressures and unfavorable FX environment. However, e-finance's track record, as well as its strong performance in 2022, is a clear reflection of the Group's ability to navigate challenging market conditions, emerge on stronger footing, and deliver solid results. We are hopeful that as the Group continues to pivot strategically, leverage its comprehensive network of partnerships and innovative tech platforms as well as its ability to identify and capture attractive opportunities in the digital space, e-finance will be well-positioned to not only sustain its performance but deliver even greater value for the Group and its shareholders in the new year," **Sarhan concluded.**

e-finance Investment Group's full FY2022 earnings release along with the Group's consolidated and standalone financial statements are available at investors.efinanceinvestment.com.

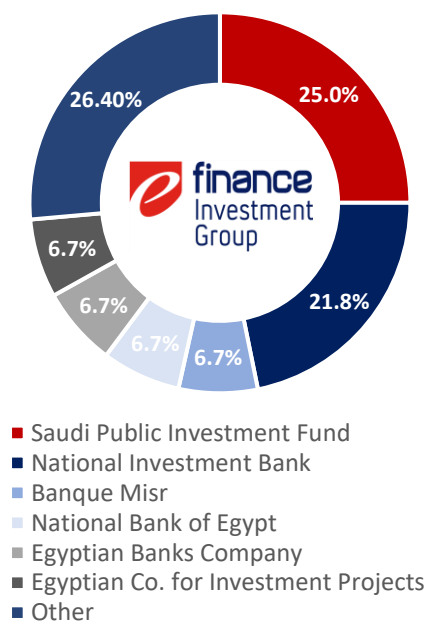
—Ends—

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 31 December 2022



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

INVESTOR RELATIONS CONTACTS

Sayed El Waraky

Investor Relations Manager

ir@efinance.com.eg

+20238275736

Dr. Ahmed El Sayed

Senior Investor Relations Manager

ir@efinance.com.eg

+20238271301