

e-finance Investment Group Reports 1Q2022 Results

Strong top-line expansion driven by rapid growth across e-finance's subsidiaries, propelling healthy progression in bottom-line profitability

31 May 2022 – (Cairo) e-finance for Digital and Financial Investments S.A.E. (“e-finance”, “EFIG” or the “Group”, EFIG.CA on the Egyptian Exchange), Egypt’s first fintech platform and one of its leading developers of digital payments infrastructures, announced today its standalone and consolidated results for the quarter ended 31 March 2022. e-finance’s consolidated revenues rose by 20.7% y-o-y to record EGP 559.5 million for 1Q2022, with strong top-line growth recorded at most of the Group’s subsidiaries. The Group booked a net profit after minority of EGP 200.3 million for 1Q2022, an increase of 40.6% y-o-y yielding a net profit margin of 35.8% against the 30.7% recorded one year previously.

Summary Income Statement

(EGP mn)	1Q2022	1Q2021	Change
Total Consolidated Revenues	559.5	463.4	20.7%
e-finance Digital Operations	511.9	407.4	25.6%
eCards	62.8	42.6	47.5%
eKhales	10.1	13.3	-24.3%
enable	18.6	14.8	25.7%
eAswaaq	11.2	8.0	40.0%
Intercompany Eliminations	(55.2)	(22.8)	141.8%
Cost of Sales	(287.1)	(253.1)	13.5%
Gross Profit	272.4	210.3	29.5%
Gross Profit Margin	48.7%	45.4%	3.3%
EBITDA	218.8	186.3	17.4%
EBITDA Margin	39.1%	40.2%	-1.1%
Net Profit Before NCI	198.3	143.1	38.6%
Net Profit After NCI	200.3	142.4	40.6%
Net Profit Margin	35.8%	30.7%	5.1%

Adjusting for the effects of an accounting treatment that has seen e-finance Digital Operations switch to amortizing revenue from annual tax declarations over a twelve-month period, the Group’s consolidated revenues record EGP 619.6 million for 1Q2022, up by 33.7% y-o-y. Top-line growth for the period was broad-based, with most Group subsidiaries reporting rapid revenue increases. e-finance for Digital Operations and eCards continued to drive the bulk of revenue growth during 1Q2022. The Group’s flagship subsidiary, **e-finance for Digital Operations**, saw revenues climb by 22.9% y-o-y in 1Q2022 to record EGP 501.8 million after intercompany eliminations.

Revenue from the subsidiary’s financial cloud services business continued to grow rapidly during the period, expanding by 25.8% y-o-y and generating 14.5% of the subsidiary’s revenues in 1Q2022, stable against the contribution booked one year previously. Meanwhile, e-finance for Digital Operations saw its revenue from variable fee transactions rise at a rapid rate of 144.1% during the period, although fixed-fee transaction revenue declined by 47.0% y-o-y after the subsidiary applied a revenue amortization treatment for income from tax declarations. During the comparable period, such revenue had been recognized directly upon collection. The decline in fixed-fee transactions was further driven by the migration of pension card revenues from closed-loop cards to bank cards. Adjusting for the effects of the abovementioned accounting treatment, e-finance for Digital Operations records post-elimination revenues of EGP 561.8 million in 1Q2022, up by 37.6% y-o-y from EGP 408.4 million for 1Q2021.

Revenues at **eCards** rose by 13.8% y-o-y in 1Q2022, posting EGP 34.8 million after intercompany eliminations against EGP 30.5 million for 1Q2021. eCards contributed 6.2% of e-finance’s consolidated top line in 1Q2022 against a contribution of 6.6% one year previously. Meanwhile, **eKhales** booked EGP 8.9 million in revenues for the quarter, down by 28.1% y-o-y. The decline reflects the booking of approximately EGP 7.0 million in one-time POS system sales completed during the comparable period of FY2021. Once

one-off POS sales from the comparable period are excluded, eKhaless records significant y-o-y revenue growth of 78.4% y-o-y, reflecting growth in the subsidiary's core aggregation business.

Consolidated **gross profit** expanded by 29.5% y-o-y during 1Q2022, registering EGP 272.4 million and yielding a gross profit margin (GPM) of 48.7%, up by 3.3 percentage points against the GPM booked for 1Q2021. Adjusted for the effects of the abovementioned accounting treatment, gross profit posts EGP 300.2 million for 1Q2022, marking a y-o-y increase of 42.8%. The expansion in gross profitability reflects an improvement in the Group's sales mix towards a higher revenue contribution from cloud services, the growth in the value of transactions processed, and commission increases which took place at the end of 2021.

The Group's **net profit** climbed by 40.6% y-o-y to EGP 200.3 million, yielding a net profit margin (NPM) of 35.8% in 1Q2022, up by a strong 5.1 percentage points against the 30.7% booked one year previously. EFIG's adjusted net profit came in at EGP 221.9 million for the quarter, up by 55.8% y-o-y. Bottom-line growth was driven by a solid expansion in revenues and was further propelled by strong growth in investment income, which booked EGP 38.0 million for 1Q2022. Misr Technology Services (MTS) was the largest contributor to the Group's investment income during 1Q2022, booking a dividend payout of EGP 26.0 million. Net profit was additionally boosted by growth in interest income, which rose more than fivefold y-o-y to book EGP 75.0 million, posting an effective interest yield of 10.4%, up by 2.9 percentage points from one year previously, reflecting global macroeconomic developments and the consequent rise in interest rates.

The period's solid bottom-line increase comes despite the Group's elevated effective tax rate, which stood at above 34% by the close of 1Q2022. EFIG's relatively high effective tax rate for the period reflects the Group's payment of taxes on dividends from subsidiaries (EGP 23 million), withholding taxes on interest income from treasury bills (EGP 9 million), and deferred taxes (EGP 6 million). e-finance's effective tax rate is expected to decline to a lower level if Egypt's House of Representatives passes the proposed amendment to the tax code approved by the Cabinet on 2 May 2022. This amendment would allow the deduction of taxes on the dividend distributions within compound tax structures.

Commenting on the Group's performance for the quarter, EFIG Chairman Ibrahim Sarhan said: "One of the Group's key objectives is to drive high returns on investment by creating unique value for individuals and for Egypt as a whole," **Sarhan continued,** "an objective we will achieve by efficiently integrating the different components of the e-finance platform. With Egypt's digital transformation continuing apace, we believe that a platform-based approach to value creation will consistently provide e-finance with larger scopes of work while facilitating speedy implementation. This approach is evident in our continued investment in expanding our cloud business, which offers its services to clients of e-finance Digital Investments and to clients across our other subsidiaries and investments. Additionally, we are in the process of upgrading our subsidiaries' shared infrastructure, and have been working with one of the top strategy consultants to recalibrate our growth strategy and drive expansions across existing and new lines of business, creating maximum value for our shareholders."

"The period saw the Group record a major milestone at eTax," **he noted,** "a major e-finance investment operating tech solutions which provide specialized services in the field of digital taxation in collaboration with the Egyptian Tax Authority. On 1 April 2022, eTax launched the first phase of the landmark eReceipt system significantly ahead of schedule. Based on a centralized digital platform, the eReceipt system enables the ETA to monitor all economic transactions between producers and consumers in real time. It is worth noting that this entire system is being hosted on e-finance's own cloud infrastructure, enabling the Group to benefit from collaborations within its platform. Moreover, e-finance's e-Invoice system has also been growing rapidly, and we expect about 450 thousand new companies to register for the system. The system provides the backbone for the ETA's business-to-business invoicing network, enhancing our platform's value to decisionmakers."

"Meanwhile our investment eHealth is elaborating its vision for transforming Egypt's health insurance landscape. eHealth is identifying large healthcare players across the public and private sectors who will be key to implementation of Egypt's universal insurance program. The company aims to act as the primary hub for cooperation between the Health Insurance Authority and success stories in the private healthcare sector. Importantly Importantly, the first phase of eHealth's rollout has now been approved,

and the company is close to signing. We are confident that e-finance's platform-wide infrastructure will be key to the success of Egypt's vision of population-wide health coverage by 2030."

"To better fulfill our mandate of furthering digital transformation in Egypt," **he continued**, "we are deepening our participation in the country's dynamic fintech startup space. The quarter saw us announce the Group's participation in NClude, a venture capital fund aiming to generate long-term capital gains by investing predominantly in early- and growth-stage fintech and fintech-enabled companies based or operating in Egypt and the wider Middle East and Africa regions. Our investment of USD 10 million in NClude is a step towards delivering on our strategy of supporting emerging high-potential new players in Egypt's financial services sector, with an eye to developing the market's e-payments ecosystem and expanding the Group's transaction-based revenues. Independently of NClude, the Group's subsidiaries have been significantly active in scouting high-potential investment opportunities that will deepen our presence in the startup and fintech spaces, broadening our access to lucrative growth-phase technologies and platforms, diversifying the Group's portfolio and its expertise, and winning exposure to dynamic private sector markets."

"Beyond Egypt," **Sarhan remarked**, "the Group is taking major steps to expand its presence in dynamic markets. We have placed particular focus on sub-Saharan Africa, which is experiencing rapid economic and demographic growth. Among several concrete steps we are taking to grow our African footprint, in 1Q2022 we established a new line of business for Africa and International Alliances, which will spearhead e-finance's activity in the region. The Group is already present in Zimbabwe through our subsidiary eCards, which is driving operations there using our Egyptian infrastructure," **Sarhan concluded**.

e-finance Investment Group's full 1Q2022 Earnings Release along with the Group's consolidated and standalone financial statements are available at investors.efinanceinvestment.com.

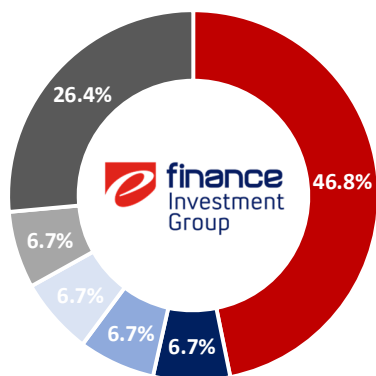
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About e-finance for Digital and Financial Investments

e-finance Investment Group is a homegrown developer of digital payments infrastructures that was established in 2005 to develop the Egyptian Government’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 fully-fledged consolidated entity with a comprehensive portfolio of subsidiaries, covering the full spectrum of digital payment services. With a dynamic business model and a flexible organizational structure, e-finance is able to strategically focus on multiple target markets through its subsidiaries and maximize its ability to unlock value in the digital payments space. The Group operates a unique one-stop-shop model covering the entire e-payments value chain through several specialized subsidiaries, allowing the Group to diversify its operations and cover further links in the digital value chain. Learn more at efinanceinvestment.com

Shareholder Structure

(as at 31 March 2022)



- National Investment Bank
- National Bank of Egypt
- Egyptian Co. for Inv. Projects
- Banque Misr
- Egyptian Banks Company
- Free Float*

* The percentage of e-finance shares in free float includes 71.1 million shares allocated under the Group’s ESOP scheme (not yet vested).

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

ir@efinance.com.eg