

1Q2022 Earnings Release

16 June 2022

## Fawry Releases 1Q2022 Results

Strong top-line growth driven by Banking Services and Microfinance as Fawry continues to migrate towards an ecosystem model with a diversified revenue mix.

### 1Q2022 Highlights

**Revenues**

**EGP 483.0 MN**

▲ 38.4% y-o-y

**Gross Profit**

**EGP 278.7 MN**

▲ 43.5% y-o-y / 57.7% margin

**Throughput Value**

**EGP 41.3 BN**

▲ 66.4% y-o-y

**Adjusted EBITDA<sup>2</sup>**

**EGP 134.3 MN**

▲ 32.3% y-o-y / 27.8% margin

**Adjusted Net Profit<sup>3</sup>**

**EGP 43.0 MN**

▲ 3.1% y-o-y / 8.9% margin

**Number of Transactions**

**295.8 MN**

▲ 7.1% y-o-y

**16 June 2022** – (Cairo, Egypt) Fawry (the “Company”, FWRY.CA on the Egyptian Exchange), Egypt’s leading provider of e-payments and digital finance solutions, announced today its consolidated results for the quarter ended 31 March 2022. The Company booked revenues of EGP 483.0 million in 1Q2022, up 38.4% year-on-year (y-o-y). Adjusted net profit came in at EGP 43.0 million for the quarter, up by 3.1% y-o-y and yielding a net profit margin of 8.9%, while statutory net profit booked EGP 28.2 million.

### Summary Profit & Loss Statement

(EGP 000s)	1Q2021	1Q2022	Change %
<b>Total Revenues</b>	<b>348,992</b>	<b>482,997</b>	<b>38.4%</b>
Alternative Digital Payments (ADP)	222,647	245,200	10.1%
Banking Services	71,303	153,657	115.5%
Acceptance	27,971	58,162	107.9%
Agent Banking	43,331	95,495	120.4%
Microfinance	27,854	47,373	70.1%
Supply Chain Solutions	20,288	24,674	21.6%
Others	6,900	12,093	75.3%
<b>Gross Profit</b>	<b>194,141</b>	<b>278,682</b>	<b>43.5%</b>
Gross Profit Margin	55.6%	57.7%	2.1 pts
<b>EBITDA<sup>1</sup></b>	<b>122,577</b>	<b>134,343</b>	<b>9.6%</b>
EBITDA Margin	35.1%	27.8%	-7.3 pts
<b>Adjusted EBITDA<sup>2</sup></b>	<b>101,577</b>	<b>134,343</b>	<b>32.3%</b>
Adjusted EBITDA Margin	29.1%	27.8%	-1.3 pts
<b>Net Profit Before NCI</b>	<b>85,797</b>	<b>47,838</b>	<b>-44.2%</b>
<b>Net Profit After NCI</b>	<b>76,146</b>	<b>28,156</b>	<b>-63.0%</b>
Net Profit Margin	21.8%	5.8%	-16.0%pts
<b>Adjusted Net Profit After NCI<sup>3</sup></b>	<b>41,658</b>	<b>42,970</b>	<b>3.1%</b>
Adjusted Net Profit Margin	11.9%	8.9%	-3.0 pts

<sup>1</sup> EBITDA - The Company defines EBITDA as its EAS operating profit, excluding: (a) depreciation, amortization, provisions; (b) noncash ESOP expense included in EAS net profit; (c) interest income not related to the operating cycle; (d) taxes; (e) leasing charges; and certain other non-operating costs including provisions.

<sup>2</sup> Adjusted EBITDA - The Company presents its Adjusted EBITDA as its EBITDA excluding nonrecurring items such as a gain from devices related to a CBE initiative of EGP 21.7 million in 1Q21.

<sup>3</sup> Adjusted Net Profit - The Company presents its Adjusted Net Profit as its EAS Net Profit excluding after tax impact of nonrecurring items such as change from investment in associate to investment in subsidiaries gain of 22.8mn in 1Q21 and a noncash ESOP expense of EGP 19.1 million included in EAS net profit of 1Q22.

## Financial & Operational Highlights

- Revenue growth for the period was led by Fawry's Banking Services segment, which grew rapidly on the back of a strong expansion at the agent banking business.
- The share of non-ADP segments in total revenues continued to climb steadily during 1Q2022, reflecting a diversified revenue mix, even as the ADP segment continued to grow at a double-digit rate.
- Fawry continued to expand its footprint in the Supply Chain Solutions space, expanding its client roster for cash management services and introducing new products and services, while Microfinance has maintained the growth momentum gathered during FY2021.

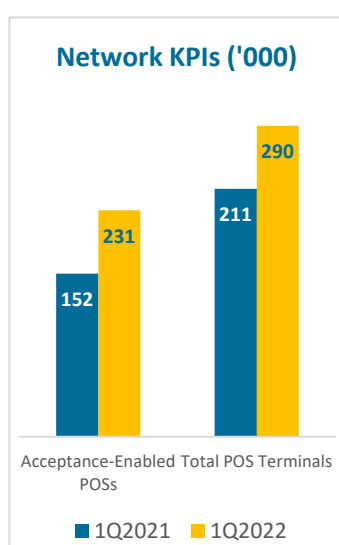
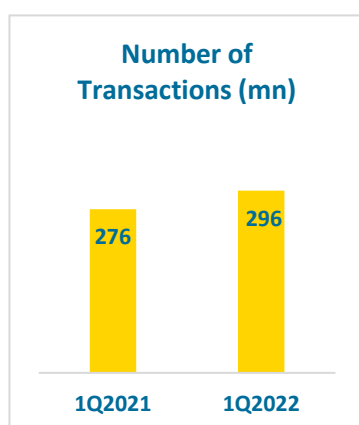
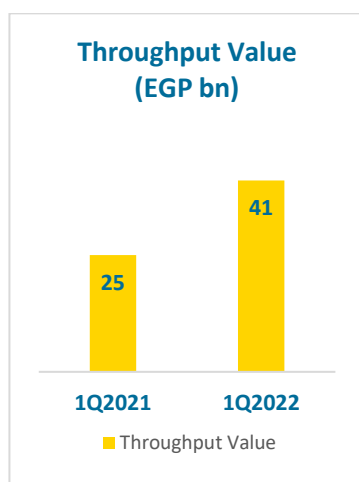
## Chief Executive's Review

Management at Fawry is pleased with the Company's first quarter performance. Fawry continues to leverage the digital transformation of Egypt's economy to drive rapid growth across our lines of business. We are making steady progress on our strategic priorities, introducing high-growth products and expanding the scale and diversity of our digital ecosystem. Our Banking Services and Microfinance segments contributed over 41% of the Company's top-line during 1Q2022, up from 28.4% one year previously, delivering on our aim of sustainably diversifying the Fawry platform. The Acceptance sub-segment has grown at a particularly rapid pace, helped by the continued proliferation of in-store and online channels, while Microfinance has maintained the momentum gathered during 2021. Banking Services generated 61.4% of year-on-year consolidated revenue growth during 1Q2022, while Microfinance contributed a further 14.6%. Meanwhile, our legacy ADP segment continues to expand healthily. We expect growth there to be supported by the introduction of new service categories, including a wider range of utility payment options. Continued growth in our digital payments segment, including through wallets, combined with the rapid expansion in Fawry's acceptance business and the strong uptake of the myFawry app, illustrates our platform's continuing ability to harness the digital transformation that is ongoing across all corners of the Egyptian economy.

Fawry is always innovating. We search for new ways not just to ease life for consumers and businesses but also to drive financial inclusion and achieve positive social outcomes. Most notably, with myFawry now nearing six million downloads, we will leverage the traction of our consumer-facing platform to offer a range of financial solutions through the app, including saving, lending, and insurance products. We have experienced some delays in the final regulatory approvals regarding the myFawry prepaid card; however, we expect to launch the card by early 3Q2022 upon receipt of the final regulatory approval. The myFawry card will be at the core of our B2B2C offering, leveraging the mobile platform to provide a range of financial solutions to small businesses and their employees. We are also aiming to launch our money market investment fund product on the myFawry platform by 3Q, followed by a BNPL offering in the final quarter. Another initiative we have rolled out in the financial services space is the Fawry Youmy Fund, a savings product targeted at the smallest investors in the Egyptian market. Co-launched with Misr Capital with an initial fund size of EGP 30 million, subscriptions to the Fawry Youmy Fund start from just EGP 500 and is open to anyone over the age of sixteen. Minimal documentation is required to subscribe, and the process can be completed seamlessly at any node of our merchant network, any of our FawryPlus branches, and soon, through the myFawry app. Our aim with the Fund is to substantively democratize Egypt's savings and investment scene, providing small savers with cumulative daily returns based on the Fund's current market value and giving them quick access to their returns through our variety of physical and online channels.

We are confident that we possess the talent and resources required to successfully launch these and a host of other high-growth initiatives. Fawry continues to invest in talent with an eye to ensuring the expertise necessary to power our expansion. In 1Q2022 we inaugurated the Fawry Academy, part of our strategy of building our people's capabilities and qualifying them for greater responsibilities as their careers progress. The Fawry Academy will also serve as a forum to showcase our solutions to partners and merchants from a wide range of sectors. Additionally, in June we aim to launch the Fawry Digital Factory, equipping our employees with a platform that takes our organizational agility to the next level, further enhances the Company's working environment, and allows Fawry to respond to the market and deliver new services more quickly than ever before. Despite the global macroeconomic instability we have witnessed since the start of the year, Fawry remains as optimistic as ever in the power of digital solutions to create positive outcomes across the Egyptian economy and in the ability of the Company to create sustainable value for its shareholders.

**Eng. Ashraf Sabry**  
Chief Executive Officer



## Operational Developments

Operational KPIs	1Q2021	1Q2022	Change %
Active Network Customers (mn)	30.7	42.2	37.5%
Total POS Terminals ('000)	231.4	289.9	25.3%
Acceptance Enabled POSs ('000)	151.7	211.3	39.3%
Banks Active and Contracted	36	36	n/a
myFawry App Total Downloads ('000)	2,364.7	5,766.0	143.8%
Services Provided	1,201	1,798	49.7%
Transactions (mn)	276.1	295.8	7.1%
Mobile Wallet Transactions (mn)	11.7	18.5	58.2%
Mobile Wallet Processed Value (EGP mn)	6,962.8	18,175.5	161.0%
<b>Total Throughput Value (EGP mn)</b>	<b>24,838.6</b>	<b>41,330.9</b>	<b>66.4%</b>

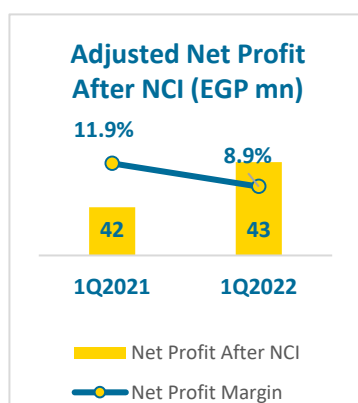
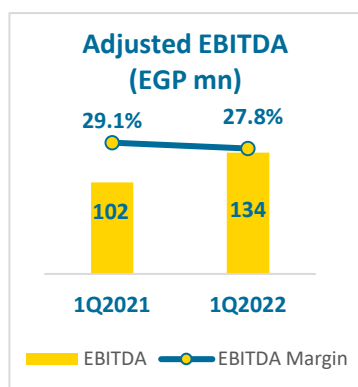
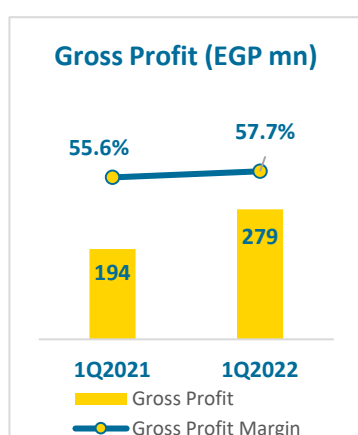
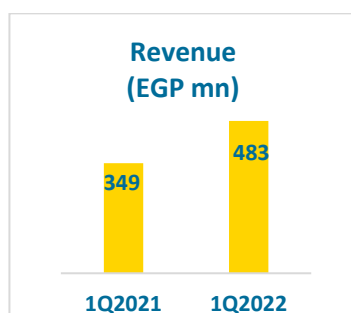
Fawry handled a total throughput of EGP 41.3 billion for 1Q2022, up by 66.4% y-o-y against EGP 24.8 billion one year previously, maintaining the Company's growth momentum.

- Fawry handled a total of 295.8 million **transactions** during 1Q2022, up by 7.1% y-o-y from the 276.1 million registered for 1Q2021.
- The Company's retail network was equipped with 289.9 thousand **POS terminals** in 1Q2022, an increase of 25.3% y-o-y from 231.4 thousand in 1Q2021, reflecting strong growth in Fawry's merchant network and its successful efforts to equip partners with POS technology.
- Acceptance-enabled POSs** in the Company's network reached 211.3 thousand in 1Q2022, an increase of 39.3% y-o-y from the 151.7 thousand recorded one year previously. Acceptance-enabled POS terminals allow merchants and small businesses to accept an expanded range of payment methods, including by debit or credit card.
- Fawry hosted 18.5 million **mobile wallet transactions** during 1Q2022, up by 58.2% y-o-y from 11.7 million transactions for 1Q2021. **Total mobile wallet processed value** recorded EGP 18.2 billion for the year, an increase of 161.0% y-o-y.<sup>1</sup>
- As of 31 March 2022, Fawry had recorded 5.8 million downloads of its consumer-facing **myFawry** mobile application, up by 143.8% y-o-y from 2.4 million downloads as at 31 March 2021. myFawry offers consumers a unified interface for bill payments and other services.
- myFawry's annualized throughput** reached EGP 2.4 billion based on figures from March 2022, up from EGP 1.3 billion based on throughput for March 2021. The large increase in uptake reflects an accelerating shift towards digital payment methods among Egyptian consumers, a trend which has been intensified by rising internet and smartphone penetration rates.

<sup>1</sup> These figures reflect total processed value and transactions from bank and operators' wallets processed on the Fawry Network.

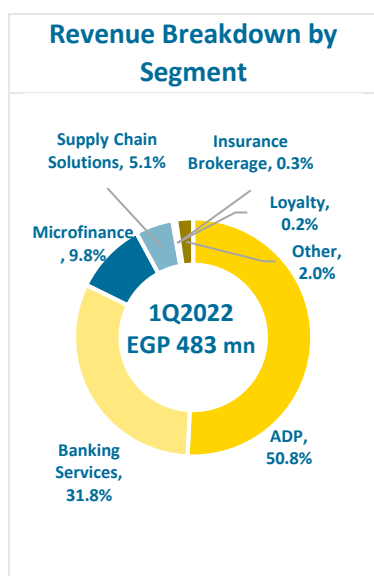
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## Consolidated Financial Performance

- Fawry recorded **total revenues** of nearly EGP 483.0 million in 1Q2022, up by 38.4% y-o-y from the EGP 349.0 million recorded for 1Q2021. The largest contribution to top-line growth in 1Q2022 came from the **Banking Services** segment, where revenues more than doubled y-o-y. **Alternative Digital Payments (ADP)** saw double-digit growth during the period, while **Microfinance** revenues grew by 70.1% y-o-y and **Supply Chain Solutions** continued to expand strongly.
- Banking Services generated 31.8% of Fawry's consolidated top line in 1Q2022, up strongly from 20.4% one year previously. Microfinance contributed 9.8% of total revenues for the quarter versus 8.0% in 1Q2021. Fawry continued to implement successful diversification of revenue streams during 1Q2022. Fawry's ADP segment saw its revenue contribution decline to 50.8% in FY2021 from 63.8% in 1Q2021, with concurrent growth in the revenue contribution from most other segments.
- Gross profit** booked EGP 278.7 million in 1Q2022, up by 43.5% y-o-y against the EGP 194.1 million booked for 1Q2021. The Company recorded a gross profit margin of 57.7% in 1Q2022, up from 55.6% one year previously. This expansion in gross profit comes as Fawry's top line continues to grow rapidly, further reflecting the Company's close control over channel fees.
- Fawry registered an **EBITDA** of EGP 134.3 million in 1Q2022, an increase of 9.6% y-o-y against the EGP 122.6 million recorded one year previously. Fawry's EBITDA margin booked 27.8% for 1Q2022, down from 35.1% for 1Q2021. **Adjusted EBITDA**, which excludes a one-off gain from the sale of POS devices under a CBE initiative of 21.7 million in 1Q2021, expanded by 32.3% y-o-y in 1Q2022. Growth in EBITDA during the period reflects Fawry's successful diversification of its revenue base and the resultant synergies and cost efficiencies. Strong EBITDA-level performance also came despite an increase in marketing and talent acquisition expenses as Fawry continued to diversify its platform to maximize business growth during the period. These investments will enable Fawry to accelerate delivery on the Company's aggressive growth and diversification strategy.
- Net profit after NCI** came in at EGP 28.2 million for 1Q2022, down by 63.0% y-o-y from the EGP 76.2 million booked for 1Q2021, with the net profit margin (NPM) registering 5.8% against 21.8% one year previously.
- Excluding nonrecurring items and the impact of Fawry's non-cash ESOP program, **adjusted net profit after NCI** recorded at EGP 43.0 million for 1Q2022, up by 3.1% y-o-y from the EGP 41.7 million booked for 1Q2021, with the NPM recording 8.9% against 11.9% one year previously.



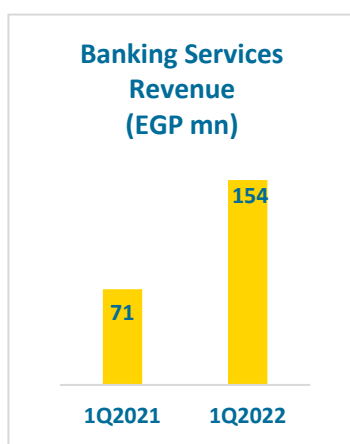
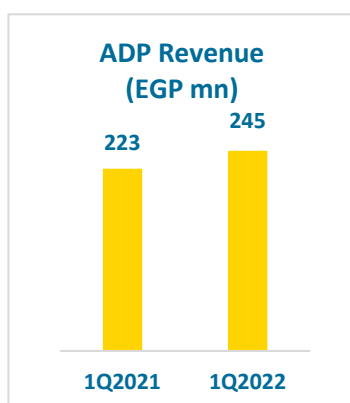
## Segments Overview

### Alternative Digital Payments

- Revenues from **Alternative Digital Payments (ADP)** rose by 10.1% y-o-y to record EGP 245.2 million in 1Q2022 against EGP 222.6 million in 1Q2021.
- Fawry's ADP segment contributed 50.8% of consolidated revenues in 1Q2022, decreasing from 63.8% in 1Q2021 as the Company continued to diversify its revenue mix. Despite remaining Fawry's largest single business line, growth in the ADP segment represented just 16.8% of the y-o-y increase in Fawry's top-line during 1Q2022, demonstrating the successful evolution of the business towards an ecosystem model integrating a broad range of value-added services beyond ADP.

### Banking Services

- Fawry provides a range of financial services under agency agreements with banks. **Banking Services** generated revenues of EGP 153.7 million during 1Q2022, up by 115.5% y-o-y from EGP 71.3 million one year previously. Growth during the period was driven primarily by the segment's agent banking business and secondarily by the acceptance segment.
  - Fawry's agent banking business booked revenues of EGP 95.5 million for 1Q2022, an increase of 120.4% y-o-y. Agent banking throughput expanded by 135.9% y-o-y to EGP 15.9 billion during the period, up from EGP 6.8 billion one year previously.
  - The acceptance business recorded revenues of EGP 58.2 million for 1Q2022, up by 107.9% y-o-y, with throughput rising by 149.1% y-o-y to EGP 5.2 billion in 1Q2022 as Fawry's Merchant Aggregator Platform continued to enjoy strong uptake and the number of acceptance-enabled merchants in Fawry's retail network continued to rise during the period.
- Revenue from Banking Services represented 31.8% of the Company's consolidated top line in 1Q2022, up significantly from 20.4% in 1Q2021. Similarly, the Banking Services segment was the single largest contributor to consolidated revenue growth during the period, generating 61.5% of the increase in Fawry's overall top line during 1Q2022.

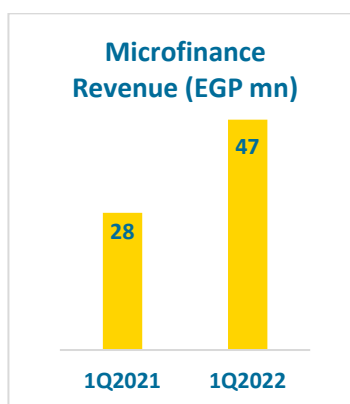


### Microfinance

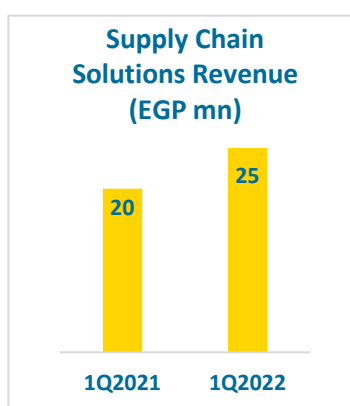
- Fawry disburses microfinance loans to retailers in its merchant network, extending credits directly through POS terminals and digitally earmarking them for supplier payments. The Company's **Microfinance** segment recorded total revenues of EGP 47.4 million in 1Q2022, an increase of 70.1% y-o-y against the EGP 27.9 million booked for 1Q2021.
- Outstanding loans in Fawry's microfinance portfolio stood at EGP 528.0 million as at 31 March 2022, up from EGP 304.0 million one year previously.

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- The Company counted nearly 22.6 thousand microfinance clients by the close of 1Q2022. Fawry processed approximately 2.9 thousand microfinance applications per month during 1Q2022, against an average of 1.6 thousand applications one year previously.
- Microfinance revenues represented 9.8% of Fawry’s consolidated top line in 1Q2022, up from the contribution of 8.0% recorded in 1Q2021. Generating 14.6% of overall revenue growth for the period, Microfinance was the third-largest contributor to top-line growth during 1Q2022 following the Banking Services and ADP segments.



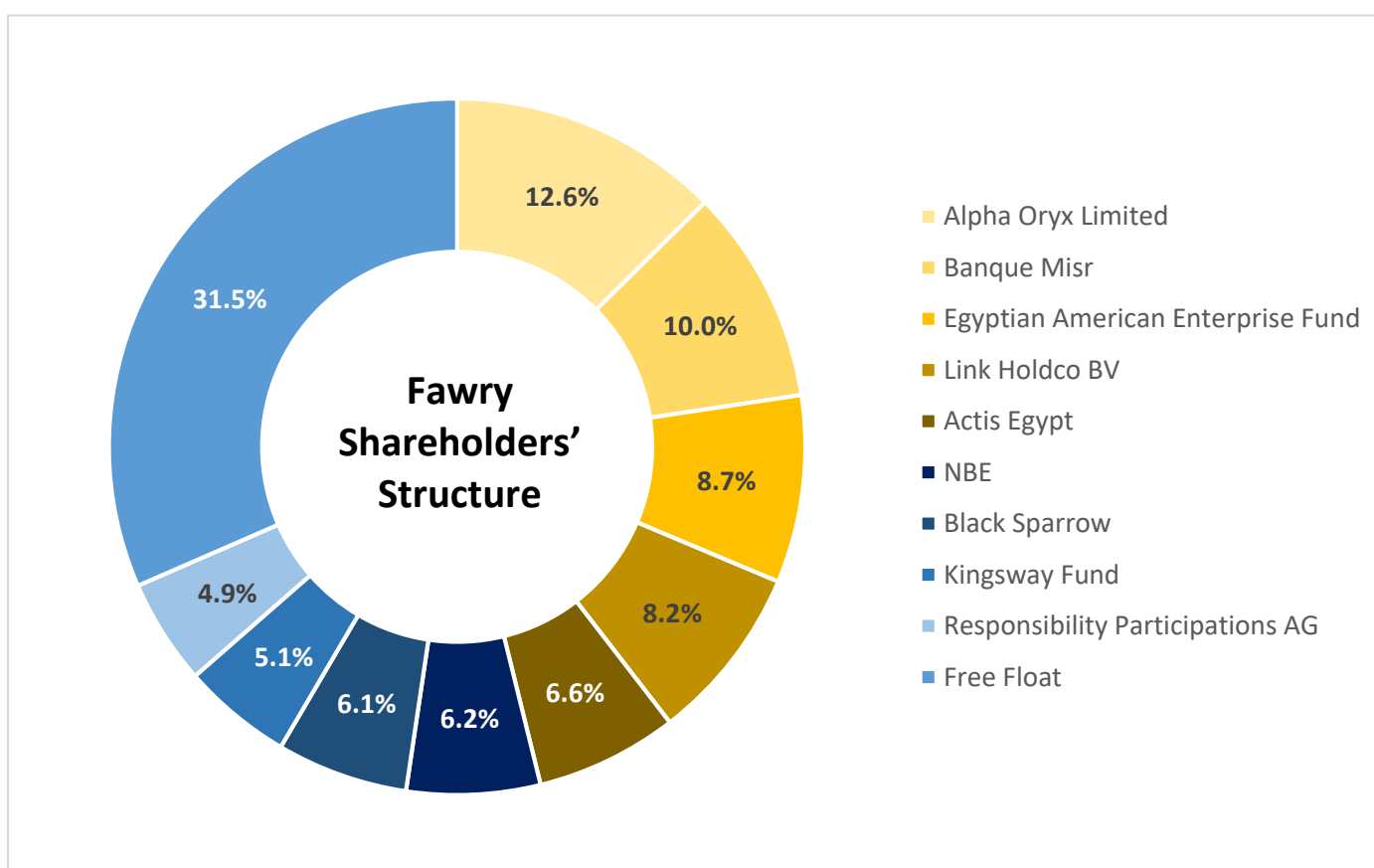
### Supply Chain Solutions

- Fawry leverages the significant overlap between its retail network and FMCG companies’ merchant base to provide **Supply Chain Solutions**, digitizing B2B transactions and payments from merchants to suppliers. Revenues from Fawry’s Supply Chain Solutions segment recorded EGP 24.7 million in 1Q2022, up by 21.6% y-o-y from EGP 20.3 million in 1Q2021. Supply Chain Solutions accounted for 5.1% of Fawry’s total revenues during 1Q2022.

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## About Fawry for Banking and Payment Technology Services

Founded in 2008, Fawry is the largest e-payment platform in Egypt serving the banked and unbanked population. Fawry's primary services include enabling electronic bill payments, mobile top-ups and provisions for millions of Egyptian users. Other digital services also include e-ticketing, cable TV, and variety of other services. Through its peer-to-peer model, Fawry is enabling corporates and SMEs to accept electronic payments through a number of platforms including websites, mobile phones, and POSs. With a network of 36 member banks, its mobile platform and nearly 290 thousand agents, Fawry processes an average of 3 million transactions per day, serving an estimated customer base of 42 million users monthly. Learn more at [www.fawry.com](http://www.fawry.com).



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