

e-finance Investment Group Reports 1H2022 Results

Rapid revenue growth continues, with record-high margins driving 1H2022 net profit to the level booked for the whole of FY2021.

15 August 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 six-month period ended 30 June 2022. e-finance’s consolidated revenues rose by 39.5% y-o-y to record EGP 1,262.0 million for 1H2022, with strong top-line growth recorded at most of the Group’s subsidiaries. The Group booked a net profit after noncontrolling interests (NCI) of EGP 479.7 million for 1H2022, an increase of 72.0% y-o-y yielding a net profit margin (NPM) of 38.0% against the 30.8% recorded one year previously. On a quarterly basis, the Group booked revenues of EGP 702.5 million, an increase of 59.3% y-o-y, with net profit after NCI climbing by 104.8% y-o-y to EGP 279.3 million to yield a NPM of 39.8% against the 30.9% booked for the same quarter of the previous year.

Summary Income Statement

(EGP mn)	2Q2022	2Q2021	Change	1H2022	1H2021	Change
Total Consolidated Revenues	702.5	441.0	59.3%	1,262.0	904.4	39.5%
e-finance Digital Operations	594.5	416.0	42.9%	1,106.4	823.4	34.4%
eCards	23.3	38.7	-39.7%	86.2	81.3	5.9%
eKhales	12.5	15.1	-17.6%	22.6	28.5	-20.7%
enable	22.0	12.1	81.1%	40.6	26.9	50.6%
eAswaaq	65.3	-	-	76.6	8.0	-
Intercompany Eliminations	(15.2)	(41.0)	-	(70.3)	(63.8)	-
Cost of Sales	(286.9)	(214.2)	33.9%	(574.0)	(467.2)	22.9%
Gross Profit	415.6	226.8	83.2%	687.9	437.1	57.4%
Gross Profit Margin	59.2%	51.4%	7.7%	54.5%	48.3%	6.2%
EBITDA	342.8	188.7	81.6%	561.5	374.1	50.1%
EBITDA Margin	48.8%	42.8%	6.0%	44.5%	41.4%	3.1%
Net Profit after NCI	279.3	136.4	104.8%	479.7	278.8	72.0%
Net Profit Margin	39.8%	30.9%	8.8%	38.0%	30.8%	7.2%

e-finance recorded consolidated **revenues** of EGP 1,262.0 million for 1H2022, up by 39.5% 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 remained the main generator of revenue growth for the period, with strong additional contributions from eAswaaq and eCards. On a quarterly basis, the Group booked revenues of EGP 702.5 million for 2Q2022, up by 59.3% y-o-y on the back of strong growth across the subsidiary network.

The Group’s flagship subsidiary, **e-finance for Digital Operations**, saw revenue growth of 34.4% y-o-y in 1H2022, recording EGP 1,091.2 million after intercompany eliminations. Revenue from the subsidiary’s financial cloud services business continued to expand during the period, rising by 136.7% y-o-y and generating 28.1% of the subsidiary’s revenues in 1H2022, up significantly from the 16.0% booked for 1H2021. The subsidiary also saw its total transaction-based revenue grow by 10.6% y-o-y to EGP 413.3 million in 1H2022 from EGP 373.6 million one year previously. Revenue from variable fee transactions climbed at a rapid 241.1% y-o-y during 1H2022. Fixed-fee transaction revenue declined by 34.9% y-o-y after the subsidiary applied a revenue amortization treatment for income from tax declarations, in line with the Group’s strategy of shifting towards more profitable variable-fee transaction revenue. During the comparable period, tax declaration revenue had been recognized directly upon collection.

Revenue at **eCards** decreased by 6.5% y-o-y in 1H2022, booking EGP 51.0 million after intercompany eliminations against EGP 54.5 million for 1H2021. Meanwhile, **eAswaaq’s** post-elimination revenue rose rapidly y-o-y to book EGP 52.8 million in 1H2022 against

¹ Adjusted figures normalize for the effects of an accounting treatment adopted during the period which requires the Group to amortize revenue from annual tax declarations over a twelve-month period.

EGP 0.03 million in 1H2021. The bulk of the subsidiary's revenue growth was driven by a one-off supply contract for the VSLA Project, in addition to the rollout of its digital ticketing service at 27 operational touristic sites, which will generate recurring revenues for the company. **enable** also saw strong revenue growth during the period, booking post-elimination revenues of EGP 27.2 million in 1H2022 versus EGP 5.8 million one year previously, with growth driven by expansion in its client base. **eKhales** recorded EGP 20.4 million in post-elimination revenues for the six-month period, down by 20.3% y-o-y. The decrease reflects the booking of approximately EGP 15.1 million in one-time POS sales completed during the comparable period of 1H2021. Once one-off POS sales from the comparable period are excluded, eKhales records significant y-o-y revenue growth of 68.9% y-o-y, reflecting growth in the subsidiary's core aggregation business.

Consolidated gross profit rose by 57.4% y-o-y in 1H2022, recording EGP 687.9 million and yielding a gross profit margin (GPM) of 54.5%, an increase of 6.2 percentage points against the GPM recorded for 1H2021. Adjusted for the effects of the abovementioned accounting treatment, gross profit books EGP 721.8 million for 1H2022, up by 65.1% y-o-y. Growth in gross profitability reflects the Group's recognition of a higher-margin revenue mix, with increased contributions from variable-fee transactions, Cloud Hosting, and the Build & Operate segment (mainly from integrated solutions and technical support contracts). On a quarterly basis, gross profit came in at EGP 415.6 million for 2Q2022, marking an increase of 83.2% y-o-y, with the GPM expanding to 59.2% in 2Q2022 from 51.4% in 2Q2021.

e-finance's **net profit after NCI** rose by 72.0% y-o-y to EGP 479.7 million in 1H2022, yielding a net profit margin (NPM) of 38.0%, up by 7.2 percentage points versus the 30.8% booked for 1H2021. The Group's adjusted net profit recorded EGP 505.9 million for the period, an increase of 81.4% y-o-y. Growth in the Group's bottom line was driven by the rapid increase in high-margin revenues and operating margins, with additional support from growth in investment income, which recorded EGP 44.1 million for 1H2022. Bottom-line growth was further driven by an increase in interest income, which rose by 6.5x y-o-y to book EGP 158.0 million for 1H2022, recording an effective interest yield of 11.0%, up by 2.8 percentage points from one year previously, reflecting global macroeconomic developments and the consequent rise in interest rates. Net profit after NCI booked EGP 279.3 million for 2Q2022, an increase of 104.8% y-o-y, with the NPM climbing to 39.8% against the 30.9% booked for 2Q2021.

Commenting on the Group's performance for the quarter, e-finance Chairman Ibrahim Sarhan said: "The achievements of the past six months speak to e-finance's constant efforts to advance new solutions, to innovate across sectors, and to advance Egypt's strategy for achieving a digital economy. The Group's total revenues of EGP 1,262.0 million for 1H2022 were up by 40% y-o-y and have already attained nearly two-thirds of the top-line recorded for FY2021 as a whole. Revenue-growth for the period was broad-based once again, with standout performances coming from Cloud Hosting segment and variable fee transactions at e-finance for Digital Operations and from our e-commerce subsidiary eSwaag among others. The profitability of this rapid growth is illustrated by the bottom-line increase of 72.0% y-o-y we recorded for the period. Our net profit of EGP 479.7 million for 1H2022 already puts us more than 90% of the way to achieving the bottom line figure booked for the entirety of FY2021, with the margin climbing to 38.0% from 30.8% one year previously. This demonstrates our ability to manage the Group's business effectively even as we rapidly expand and diversify its revenue streams."

"Our strategic priority at e-finance remains to generate Group-wide operational synergies that will allow us to gain exposure to all kinds of dynamic markets and value chains," **he continued.** "To this end, we have contracted with a globally renowned consultancy to review the Group's business model and business plan and to identify the most promising opportunities for high-growth investments moving forward, with an eye to accelerating e-finance's top and bottom lines over the coming years. At our associate companies, we continue to make good progress, achieving all our early objectives for eTax, which began full implementation on its e-receipt project at the beginning of July. The e-receipt system is a major national project which will significantly expand e-finance's exposure to merchants across Egypt. Meanwhile, eTax has also received a license to act as the sole provider of e-invoice services in Egypt, meaning all companies seeking to provide such services must cooperate with eTax. In just its first year of operations, eTax has turned a profit. On the other hand, our healthcare associate company eHealth secured its first-ever contract during 2Q2022, covering an initial five governorates under Egypt's plan to provide all citizens with insurance coverage. Beyond Egypt, the Group has taken major steps to expand its presence with now MOUs signed in Libya to replicate what e-finance has created for the government financial network in

Egypt. In Tunisia, we have secured an agreement with the Tunisian Agricultural Bank which will see us replicate our work with the Agricultural Bank of Egypt in digitizing farmers' possession registration and automating loan origination and subsidy disbursals. We have also conducted visits to many other African nations and are currently exploring various expansion options that will enable the group to solidify its presence across Africa."

"Additionally, e-finance has benefitted from the Egyptian government's partnership with the UAE on the creation of a technological service centers network, piloted by e-finance in Aswan in July and to be replicated across Egypt over the coming years to provide citizens with a one-stop-shop for completing their government business. We have signed a protocol with the Ministry of Planning and Economic Development to manage these centers under the commercial label "Khadamat Misr", offering digital government services, providing the needed administrative and technical talent, creating training programs for employees, and integrating the centers' systems with the government's financial network to provide electronic payment and collection services and help achieve the state's objective of spreading financial inclusion. Meanwhile, the Group will establish administrative and service centers for the technology center network, manage a customer service hotline for user queries, and offer booking services through a website."

"Meanwhile, in a major show of confidence in e-finance's track record of financial and operational success and the Group's future prospects, the Public Investment Fund (PIF) has acquired a 25 percent stake in e-finance and become our single largest shareholder. The PIF is a globally recognized investment powerhouse with a history of successful involvement across a variety of high-tech markets, an ideal long-term partner which will contribute significant technological and commercial capabilities as we seek to deliver on our strategic objectives. Besides diversifying the Group's shareholder base and bringing foreign investment in e-finance to more than 35 percent of outstanding shares, this investment puts us in a strong position to accelerate business growth and achieve our vision for the future," **Sarhan concluded.**

e-finance Investment Group's full 1H2022 earnings release along with the Group's consolidated and standalone financial statements are available at investors.efinanceinvestment.com.

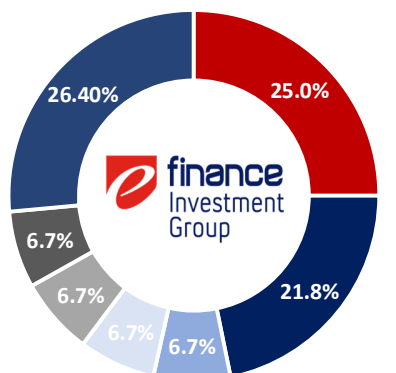
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About e-finance for Digital and Financial Investments

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 of 14 August 2022



- Saudi Public Investment Fund
- National Investment Bank
- Banque Misr
- National Bank of Egypt
- Egyptian Banks Company
- Egyptian Co. for Investment Projects
- Other

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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