

e-finance Investment Group Reports 1Q2023 Results

e-finance booked stellar double-digit growth across its top and bottom-line on the back of strong performances from various lines of business in 1Q23. The Group recorded a 37.3% y-o-y increase in revenue and a solid 40.7% y-o-y increase in net profit after NCI during the period amidst a challenging macroeconomic environment.

18 May 2023 – (Cairo) e-finance for Digital and Financial Investments S.A.E. (“e-finance”, or the “Group”, EFIGA on the Egyptian Exchange), a leading technology-focused investment firm in Egypt, announced today its standalone and consolidated results for the quarter ended 31 March 2023. e-finance’s consolidated revenues grew 37.3% y-o-y to EGP 768.0 million on the back of strong results delivered by e-finance Digital Operations, eAswaaq, and eKhales, in 1Q2023. The Group’s profitability also improved during the period, booking an EBITDA increase of 51.7% y-o-y to EGP 331.9 million and a margin expansion of 4.1 percentage points to 43.2% in 1Q2023. Parallel to this, net profit after non-controlling interests (NCI) increased by 40.7% y-o-y to EGP 281.9 million, yielding a year-on-year net profit margin expansion of 91 basis points to 36.7% in 1Q2023.

Summary Income Statement

(EGP mn)	1Q2023	1Q2022	Change
Total Consolidated Revenues	768.0	559.5	37.3%
e-finance Digital Operations	716.9	511.9	40.0%
eCards	62.0	62.8	-1.3%
eKhales	15.9	10.1	56.9%
Enable	22.9	18.6	22.8%
eAswaaq	58.5	11.2	420.4%
Intercompany Eliminations	(108.1)	(55.2)	95.9%
Cost of Sales	(382.9)	(287.1)	33.3%
Gross Profit	385.1	272.4	41.4%
<i>Gross Profit Margin</i>	50.1%	48.7%	1.5%
EBITDA	331.9	218.8	51.7%
<i>EBITDA Margin</i>	43.2%	39.1%	4.1%
Net Profit after NCI	281.9	200.3	40.7%
<i>Net Profit Margin</i>	36.7%	35.8%	0.9%

e-finance’s consolidated revenues grew by 37.3% y-o-y to EGP 768.0 million in 1Q2023 driven by solid results from e-finance Digital Operations, eAswaaq, and eKhales during the period. e-finance Digital Operations continued to benefit from the growing value generated from its cloud hosting services coupled with a significant increase in revenue generated from variable-fee transactions during the period. The Group’s positive performance amidst challenging market conditions was further supported by stellar triple-digit revenue growth at eAswaaq and double-digit revenue growth at eKhales during the period.

The Group’s flagship subsidiary, **e-finance for Digital Operations** contributed the majority of the Group’s revenue in 1Q2023, which stood at a contribution of 93% at the end of the quarter. The subsidiary recorded a top-line increase of 42.4% y-o-y to EGP 714.6 million after inter-company eliminations in 1Q2023 as it continued to reap the rewards of its growing cloud hosting services. Cloud revenues grew by a stellar 151.3% y-o-y to EGP 207.6 million during the period. Parallel to this, the subsidiary’s solid performance was further supported by a 53.4% y-o-y increase in transaction-based revenue, which came on the back of a 27.1% y-o-y increase in fixed-fee revenue and a 78.2% y-o-y increase in variable-fee revenue in 1Q2023. Solid results from the subsidiary’s transaction-based and cloud hosting revenue streams offset the 11.3% y-o-y decline in build & operate revenue in 1Q2023.

Revenue at **eCards** declined by 28.8% y-o-y to EGP 24.7 million after inter-company eliminations in 1Q2023 due to a 24.0% y-o-y fall in card production revenue. This reflects management’s decision to lower card production revenues due to an unfavorable FX environment and the impact of global supply chain constraints on chip availability. It is worthy to note that the subsidiary’s card management services booked strong revenue growth and eCards’ management anticipates increased value generation from this revenue stream going forward. **eKhales** booked a 21.7% y-o-y increase in post-elimination revenue to EGP 10.9 million in 1Q2023.

Revenue growth was driven by a 49.8% y-o-y increase in the subsidiary's POS Terminal Network, which grew from 326.0 thousand units in 1Q2022 to 488.5 thousand units in 1Q2023, coupled with a 26.1% rise in the number of transactions aggregated, which reached 17.2 million in 1Q2023, up from 13.7 million in 1Q2022. At **enable**, post-elimination revenue fell by 14.1% y-o-y to EGP 11.6 million in 1Q2023, and parallel to this, **eAswaaq** recorded a significant increase in post-elimination revenue to EGP 6.2 million in 1Q2023, up from EGP 0.6 million in the same period last year.

Consolidated **gross profit** increased by 41.4% y-o-y to EGP 385.1 million in 1Q2023, yielding a year-on-year GPM expansion of 1.5 percentage points to 50.1% at year-end as the Group reaped the rewards of its higher margin lines of business. Gross profitability during the period was also supported by a decline in the contribution of cost of sales as a percentage of total revenues during the period.

e-finance's **net profit after NCI** grew by 40.7% y-o-y to EGP 281.9 million, yielding a year-on-year NPM margin expansion of 91 basis points to 36.7% in 1Q2023. The Group's growth in net profit was driven by increased value generated from higher margin revenue streams.

Commenting on the Group's performance for the quarter, e-finance Chairman Ibrahim Sarhan said: "We have successfully maintained our path towards growth and delivered superior results in the first quarter of the new year. e-finance entered 2023 on stronger footing and booked solid performances on various fronts as we continued to reap the rewards of the Group's dynamic and resilient business model as well as its comprehensive and innovative offering. e-finance's performance for the period came amidst a challenging macroeconomic environment, showcasing our commitment to excellence and well-established ability over the years to deliver on our strategic, operational, and financial goals despite the odds presented to us.

"The Group booked a revenue increase of 37.3% y-o-y to EGP 768.0 million in 1Q2023 on the back of a solid performance delivered by e-finance Digital Operations as we continued to generate increased value from its lucrative and fast-growing cloud hosting revenue stream, which has been a clear reflection of the success of our investments across this growing space. I would also like to highlight the increasing revenue from e-finance Digital Operations' variable fee income stream, which delivered a stellar increase of 78.2% y-o-y to EGP 195.8 million in 1Q23 and further fueled our growth during the period. Additionally, the Group's revenue performance was supported by the growing value generated from eAswaaq, where we continued expanding our digitization efforts across key sectors, including tourism, and at eKhales, which has witnessed solid growth across its core aggregation business. At our bottom-line, the Group booked a net income increase of 40.8% y-o-y to EGP 281.9 million, yielding a margin expansion of 0.9 percentage points to 36.7% in 1Q2023. Our profitability for the period was driven by the strong results generated by our higher margin revenue streams, as well as management's diligent and successful efforts at mitigating and reducing our exposure to the impacts of Egypt's currently unfavorable FX environment through multiple avenues.

"The start of the year saw us continue taking significant strides in increasing the value generated from multiple revenue streams that are playing a key role in supporting the Group's growth trajectory. I am especially pleased with the performance of the rollout of our digital ticketing solution across 47 major touristic sites in Egypt, which aligns with our commitment to investing in Egypt's thriving tourism sector.

"Parallel to these efforts, I would like to shed light on the exceptional performance of our associate company, e-Tax, which has continued to exceed our most bullish expectations and we anticipate it to book a significant increase in net profit by year end. e-Tax has continued to generate value through multiple channels that are supporting its growth, including its e-invoicing and e-receipt system, with the platform now generating an excess of one million invoices daily and witnessing accelerated growth as more organizations and individuals are onboarded onto the system. Additionally, in March 2023, e-Tax signed a contract with the Egyptian Tax Authority to launch the first government system aimed at unifying the criteria for calculating taxes relating to wages and salaries. This partnership reflects our efforts to introduce digital solutions that improve the efficiency of key government processes and our commitment to driving Egypt's digital transformation.

"Moreover, we have also taken our first steps to branch out beyond our home borders of Egypt and deliver on our investment strategy, expansionary goals, and revenue diversification efforts. We successfully signed an MoU with "Thiqah Business Services" an innovative and leading digital transformation player for public and private sectors in the Kingdom of Saudi Arabia. This partnership has allowed us to build e-finance's initial inroads into the Kingdom, where we are aiming to expand our operations and establish a branch in the city of Riyadh during the second half of 2023 and utilize our new foothold in Saudi as a springboard for further expansion in the MENA and Africa region.

“As we continue to navigate an ever-changing business landscape, we remain focused on our strategic priorities and the growth opportunities they present. In line with this focus, I am excited to announce the creation of a new division dedicated to accelerating growth across the Group and will be a catalyst for maximizing the potential of our infrastructure and unlocking new synergies across e-finance. Its primary objective will be to create efficiencies and foster collaboration among our subsidiary companies, optimizing costs and ultimately bolstering our overall profitability. We are also focusing on improving the efficiency and yield of our business lines, including card production, which was negatively impacted last year. We are pleased to report an improvement in revenue per card produced as we were able to secure contracts at significantly higher prices, allowing us to produce less cards and grow the value generated. We believe this move will position us well for long-term success and growth going forward. Regarding our expansionary goals, we are constantly on the lookout for investment opportunities beyond Egypt’s borders in our efforts to widen our operational footprint and diversify our revenue streams. We are in regular discussion with potential international investors and organizations across Africa and the Middle East and assessing opportunities that the Group can tap to unlock growth.

“Our results for the period stand testament to the Group’s strong track record, successful business model, and the excellence of our people, who are the bedrock of e-finance’s success. As we remain committed to creating long-term value for our shareholders, I am confident that our people will continue supporting the Group in maintaining its growth trajectory and strong footing. Overall, we are excited about the opportunities ahead of us and I am left optimistic about the path forward,” **Sarhan concluded.**

e-finance Investment Group’s full 1Q2023 earnings release along with the Group’s consolidated and standalone financial statements are available at investors.efinanceinvestment.com.

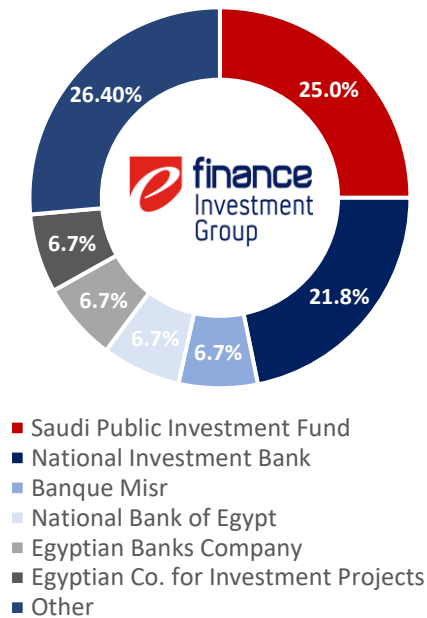
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About e-finance for Digital and Financial Investments

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 31 March 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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