

e-finance Investment Group Reports FY2023 Results

e-finance delivered another record high year in terms of revenue, net profit, and margin expansions across the board, as revenue expanded by 47% y-o-y to EGP 3.9 billion and adjusted net profit reached an all-time high of EGP 1.5 billion an increase of 61% y-o-y with a margin expansion to 39.2%.

29 February 2024 – (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 2023. The Group’s consolidated revenues grew by 47.5% y-o-y to EGP 3,898.6 million, driven by solid results across its portfolio of subsidiaries. On the profitability front, the Group EBITDA rose by 64.5% y-o-y to EGP 1,836.6 million, yielding an EBITDA margin expansion of 4.9 percentage points to 47.1% in FY2023. At the bottom-line, e-finance’s net profit after NCI witnessed a substantial 56.4% y-o-y increase to EGP 1,257.7 million, with an associated y-o-y net profit margin expansion of 1.9 percentage points to 32.3% in FY2023. Adjusted net profit, which adds back non-cash ESOP expense on an after-tax basis, reached EGP 1,529.3 million in FY2023.

Summary Income Statement

(EGP mn)	4Q2023	4Q2022	Change	FY2023	FY2022	Change
Total Consolidated Revenues	1,133.8	706.2	60.6%	3,898.6	2,644.0	47.5%
e-finance Digital Operations	1,030.8	693.3	48.7%	3,527.6	2,420.1	45.8%
eCards	13.0	10.1	28.5%	226.7	226.2	0.2%
eKhales	31.9	17.3	84.1%	92.5	57.0	62.5%
enable	32.3	21.2	52.6%	120.1	85.9	39.8%
eAswaaq	139.9	47.4	195.5%	303.3	141.3	114.7%
Intercompany Eliminations	(114.1)	(83.1)	37.4%	(371.7)	(286.4)	29.8%
Cost of Sales	(483.3)	(422.2)	14.5%	(1,757.6)	(1,278.9)	37.4%
Gross Profit	650.5	284.0	129.1%	2,141.0	1,365.1	56.8%
Gross Profit Margin	57.4%	40.2%	17.2%	54.9%	51.6%	3.3%
SG&A	(178.6)	(107.9)	65.6%	(460.5)	(346.5)	32.9%
SG&A-to-sales (%)	15.7%	15.3%	0.5%	11.8%	13.1%	-1.3%
EBITDA	522.7	204.7	155.3%	1,836.6	1,116.2	64.5%
EBITDA Margin	46.1%	29.0%	17.1%	47.1%	42.2%	4.9%
Net Profit after NCI	110.3	121.5	-9.2%	1,257.7	803.9	56.4%
Net Profit Margin	9.7%	17.2%	-7.5%	32.3%	30.4%	1.9%
Adjusted Net Profit¹	381.9	232.7	64.1%	1,529.3	948.6	61.2%
Adjusted Net Profit Margin	33.7%	33.0%	0.7%	39.2%	35.9%	3.3%

¹Adjusted net profit adds back non-cash ESOP expense on an after-tax basis

e-finance’s **consolidated revenues** grew by 47.5% y-o-y to EGP 3,898.6 million in FY2023 driven by broad-based expansion across the Group’s subsidiaries. e-finance Digital Operations was the primary revenue growth driver, with solid increases in transaction revenue and cloud hosting revenue in FY2023. Revenue growth was further supported by strong contributions from eAswaaq, eKhales, and enable. On a quarterly basis, the Group’s consolidated revenue expanded by 60.6% y-o-y, closing the quarter at EGP 1,133.8 million.

e-finance Digital Operations accounted for the majority of the Group’s revenues in FY2023 with a contribution of 90% at year-end. The subsidiary delivered a revenue increase of 48.0% y-o-y to EGP 3,519.0 million after inter-company eliminations in FY2023 on the back of solid results in its cloud hosting services, its transaction revenue, as well as its build & operate services. Cloud hosting revenue was up 64.6% y-o-y and stood at EGP 1,282.2 million in FY2023. Meanwhile, transaction revenue was up 59.0% y-o-y, reaching EGP 1,351.1 million, driven by a 69.6% y-o-y increase in variable fee revenues to EGP 840.4 million, as well as a 44.1% y-o-y rise in fixed fee revenues to EGP 510.7 million in FY2023. In parallel, the subsidiary’s build & operate segment recorded a 14.2% y-o-y increase in revenue to EGP 829.4 million during the year.

Revenue at **eCards** rose 30.3% y-o-y to EGP 155.0 million after inter-company eliminations in FY2023, driven by a significant 99.9% y-o-y increase in card management revenue to EGP 157.6 million. **eKhales** saw its post-elimination revenue grow by 53.5% to EGP 66.0

million in FY2023, driven by higher transaction volumes, and an increase in the ticket sizes of the processed transactions. **enable's** post-elimination revenue expanded by 45.5% y-o-y to EGP 64.0 million in FY2023, supported by higher full outsourcing revenue as a result of price increases. **eAswaaq's** recorded a 35.0% y-o-y increase in post-elimination revenue to EGP 81.0 million in FY2023, benefitting from higher tourism ticket sales and a larger number of active touristic sites, as well as an increase in loan origination revenue.

Consolidated **gross profit** grew by 56.8% y-o-y to EGP 2,141.0 million, yielding a year-on-year GPM expansion of 3.3 percentage points to 54.9% at year-end as the Group reaped the rewards of its higher margin lines of business. Similarly, in 4Q2023 the Group's gross profit surged 129.1% y-o-y to reach EGP 650.5 million at the close of the quarter and GPM rose by a substantial 17.2 percentage points year-on-year to 57.4%.

e-finance's **adjusted net profit**, which adds back after-tax ESOP expense of EGP 272 million, booked a strong 61.2% y-o-y increase to EGP 1,529.3 million, with an associated year-on-year NPM expansion of 3.3 percentage points to 39.2% in FY2023. The Group's impressive bottom-line results during the year were primarily driven by increased value generated from higher margin revenue streams and was further supported by a rise in investment income, which booked EGP 114.6 million in FY2023, reflecting an increase of 122.5% compared to FY2022. Additionally, a 49.1% y-o-y increase in interest income to EGP 499.8 million, boosted the Group's bottom-line performance in FY2023. This reflects an effective interest yield of 18.2% compared to 11.0% in FY2022, in line with the CBE's higher prevailing policy rates. On a quarterly basis, adjusted net profit surged by 64.1% y-o-y during the quarter, reaching EGP 381.9 million and yielded an associated year-on-year NPM expansion of 0.7 percentage points year-on-year to 33.7% in 4Q2023.

Commenting on the Group's performance, e-finance Chairman Ibrahim Sarhan said: "The Group's consistent strong performance underscores its ability to meet operational, financial, and strategic objectives amidst an ever-changing macroeconomic landscape. Despite market fluctuations in Egypt, due to heightened inflationary pressures and local currency devaluation, the Group successfully navigated through these obstacles with resilience and determination, culminating in a robust performance for FY2023.

In FY2023, the Group achieved a notable 47.5% year-on-year increase in its top-line revenue, reaching EGP 3.9 billion, propelled by robust expansion across all its subsidiaries. Particularly noteworthy was the outstanding performance of e-finance Digital Operations, which saw a significant uptick in revenue derived from its lucrative and fast-growing cloud hosting services segment. This was complemented by the steady growth in revenues from our build and operate business segment and transactions' revenue, with a stellar 69.6% year-on-year increase in variable fee revenue, fueled by the ongoing expansion of digital payment solutions adoption across vital sectors.

In terms of profitability, the Group booked a record-high net profit of EGP 1.3 billion, up by 56.4% year-on-year with an associated net profit margin of 32.3% for the year. This achievement is a testament to the Group's strength and ability to derive remarkable returns from its higher margin revenue streams. It also reflects management's diligent and successful role in applying a multidisciplinary strategy to mitigate and reduce the impacts of Egypt's unfavorable FX environment.

On the operational front, we have successfully positioned e-finance as a pivotal digital transformation enabler for financial services in support of Egypt's financial inclusion agenda. In 2023, we were committed to bolstering information security within digital banking amidst a backdrop of increasing cyber threats plaguing the region. Recognizing the paramount importance of trust and reliability in digital banking landscape, we employed cutting-edge technologies, multi-factor authentication protocols, and continuously monitored systems to mitigate risks and ensure the confidentiality of users.

With regards to our investments, I'm delighted to report that our ventures in the tourism sector are yielding outstanding returns. Our solutions, which include e-ticketing gates and payment systems at gift shops, are now across 70 touristic sites in Egypt. We aim to further grow our presence in this sector by increasing the number of touristic sites served by our digital ticketing solution to 100 by the end of 2024 and introducing new digital products with substantial value-added potential. Tourism figures have reached an all-time high with approximately 15 million tourists during the year, a number expected to double in the next two years presenting itself as a vital component of Egypt's economic growth strategy. Moreover, our associate company e-Tax has surpassed expectations and closed the year with a three-fold year-on-year increase in its net profit. Leveraging its e-receipt, payroll, and core tax systems, e-Tax simplified the government's tax processes and unlocked operational efficiencies across Egypt's Tax Authority (ETA) and the Real Estate Tax Authority (RTA).

Our investment in the agricultural sector is leading digitalization within the sector. The company's overarching goal is to control the distribution of subsidized fertilizers using the Farmers' Card relying on accurate data on land holdings and crop cultivation efinance collects seasonally for the ministry, enabling the elimination of corrupt practices that used to occur such as the hoarding and overpricing of subsidized fertilizers. In 2023, fertilizer distribution and loan origination grew by an impressive 500% year-on-year and is expected to grow further in the coming period. The platform asserts our dedication to implementing digital solutions that enhance the government efficiency to propel Egypt's digital transformation forward.

We remain steadfast in our commitment to assisting private and public sector entities in their digital transformation endeavors. With strategic decisions, our extensive network of partnerships, and innovative solutions, we are well-positioned to capture opportunities and drive growth. I am confident that e-finance will not only maintain its robust performance but also create increased value for the Group and its shareholders in the coming year," **Sarhan concluded.**

e-finance Investment Group's full FY2023 earnings release along with the Group's consolidated and standalone financial statements are available at investors.efinanceinvestment.com.

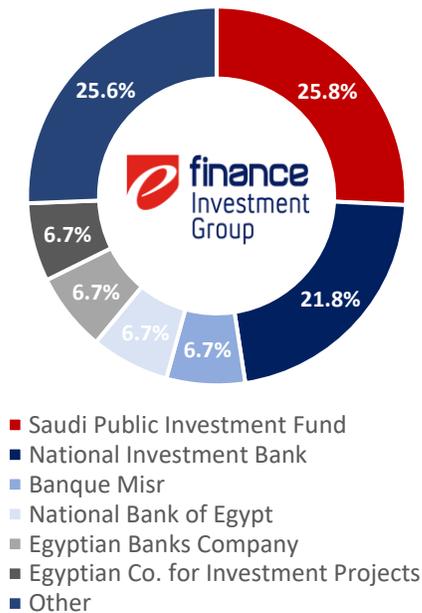
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About e-finance for Digital and Financial Investments

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 December 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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