

Fawry Releases 1Q2021 Results

Fawry delivers rapid top-line growth with revenues climbing 35.3% y-o-y to EGP 349.0 million in 1Q2021; diversification proceeding successfully and yielding margin expansion

1Q2020 Highlights

Revenues

EGP 349.0 MN

▲ 35.3% y-o-y

Gross Profit

EGP 194.1 MN

▲ 42.5% y-o-y / 55.6% margin

Throughput Value

EGP 24.8 BN

▲ 66.6% y-o-y

EBITDA

EGP 119.5 MN

▲ 72.9% y-o-y / 34.2% margin

Net Profit

EGP 76.1 MN

▲ 146.2% y-o-y / 21.8% margin

Number of Transactions

276.1 MN

▲ 2.8% y-o-y

20 May 2021 – (Cairo, Egypt) Fawry (the “Company”, FWRY.CA on the Egyptian Exchange), Egypt’s leading e-payments solutions provider, announced today its consolidated results for the quarter ended 31 March 2021. The Company recorded revenues of EGP 349.0 million in 1Q2021, up 35.3% year-on-year (y-o-y), and booked a net profit of EGP 76.1 million, more than doubling y-o-y and yielding a net profit margin of 21.8%.

Financial Highlights

- The Company booked **total revenues** of EGP 349.0 million in 1Q2021, **an increase of 35.3% y-o-y** against the EGP 258.0 million booked one year previously. Overall top-line performance was driven by **broad-based growth across the Company’s lines of business**, with four of Fawry’s seven business segments more than doubling their revenues during the period and the remainder expanding at double-digit rates.
- Fawry continued to make steady progress in **diversifying its revenue streams** during the period, with the top-line contribution from **Banking Services** climbing by 9.7 percentage points y-o-y. All business segments barring Fawry’s legacy Alternative Digital Payments business saw their revenue shares increase y-o-y in 1Q2021.
- **EBITDA** recorded EGP 119.5 million in 1Q2021, up by 72.9% y-o-y. Strong EBITDA growth reflects the period’s rapid operational expansion and growth in operating profits, driven by the cost efficiencies generated as a result of Fawry’s diversification efforts. EBITDA was further boosted by efficient management of channel fees, the largest component of Fawry’s cost base.
- **Net profit after minority** booked EGP 76.1 million for 1Q2021, an increase of 146.2% y-o-y.

Operational Developments

- **Throughput** across all Fawry channels continued to expand rapidly during the period, growing by 66.6% y-o-y to register EGP 24.8 billion for 1Q2021 as the Company’s **POS network** grew by 53.2% y-o-y and the number of **acceptance-enabled merchants** in Fawry’s retail network nearly quadrupled.
- Fawry has received the regulatory approvals required to complete a proposed increase of the Company’s paid-in **capital increase** by EGP 400 million, following which Fawry’s paid-in capital will stand at EGP 853.7 million.
- The Board of Directors has approved the beginning of negotiations for the acquisition of an additional 48% stake in **Fawry Plus**, Fawry’s network of agent banking outlets, bringing Fawry’s total ownership to a majority of 90% as the Company looks to further expand Fawry Plus’s footprint.

Chief Executive's Review

Fawry has made an impressive start to 2021. Revenues reached EGP 349.0 million in 1Q2021, up by c.35% year-on-year as four of our seven business segments more than doubled their revenues during the period, with the rest expanding at double-digit rates. Overall, diversification of the Company's revenue base continues apace, led by our Banking Services segment, which saw its revenues grow more than twofold during the period. The Company is in a period of rapid innovation across our business segments, and we are fully focused on digitizing the way commerce is done in Egypt and in helping businesses and consumers derive maximum benefit from the market's ongoing digital revolution. We are fully committed to building Egypt's first fully-fledged ecosystem of value-added digital services. Our efforts in this area leverage the market's accelerating transition towards digital channels for everything from payments and services to B2B activities.

To that end, the number of acceptance-enabled merchants in our retail network shot up to 187.3 thousand in 1Q2021 from 51 thousand one year previously, while mobile wallet transactions continued to grow at a standout pace of 69% y-o-y. Our myFawry consumer app is providing users with an unprecedented degree of convenience in payments and other digital services, with 2.36 million cumulative downloads as of the end of 1Q2021 against 328 thousand as of 1Q2020.

Fawry's longstanding dominance in the digital wallets space provides a strong platform from which to pursue this acceleration: the quarter saw Fawry selected as the eWallet platform of choice by the National Bank of Egypt, the country's largest financial institution, and by Orange, one of Egypt's leading mobile operators. These strategic partnerships significantly extend Fawry's commercial reach and widen the potential user base for our array of digital services.

Fawry also continues to expand into new service categories, and in 1Q2021 we co-launched the Tickets Mall service across our digital platforms, powered by Fawry and including web and mobile interfaces, allowing users to seamlessly purchase tickets at the widest range of entertainment and cultural venues. In a first for the Company and the market, Fawry is also pioneering a cashless community solution, rolling out our first community-based mobile application, Gezira Club Life, in cooperation with Egypt's largest and most prestigious multisport community club. We expect that demand for cashless community solutions will grow even more rapidly as health and safety concerns remain in sharp focus in the aftermath of the COVID-19 pandemic.

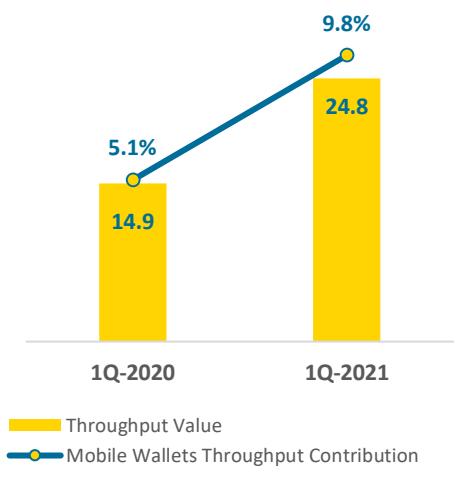
Looking ahead, we aim to profitably expand the Fawry ecosystem's operational reach and are open to all avenues including organic growth and the acquisition of minority stakes in one or more consumer-facing target companies, with an eye on yielding considerable synergistic benefits to the Fawry ecosystem. To that end, having established footholds in the retail and gig economy sectors, we aim to further this success with innovative, tailored solutions designed for players in the food & beverage and social commerce digital platforms. Fawry's Board of Directors has approved new investments in these two major growth areas in the Egyptian market with a large scope for digitization of both supply chain and consumer-facing operations.

We further aim to augment our direct B2C offerings across sectors, with a focus on bolstering our Loyalty and Promotion offerings. In 2Q2021 we expect to roll out several consumer offer solutions, including gift cards, cash discount vouchers, and product discounts. On the payments front, we expect to enhance our omnichannel acceptance platform with an equal monthly installments (BNPL) option, in cooperation with our strategic partners in the banking and consumer finance spaces, while rolling out further value-adding propositions for enterprises in our network, including campaign promocodes and corporate deals at checkout.

Finally, the Company is also working to establish a broader operational presence in the wider MENA region, an objective we are confident that Fawry can achieve profitably given its track record of innovation, diversification and rapid growth in a large market.

Eng. Ashraf Sabry – Chief Executive Officer

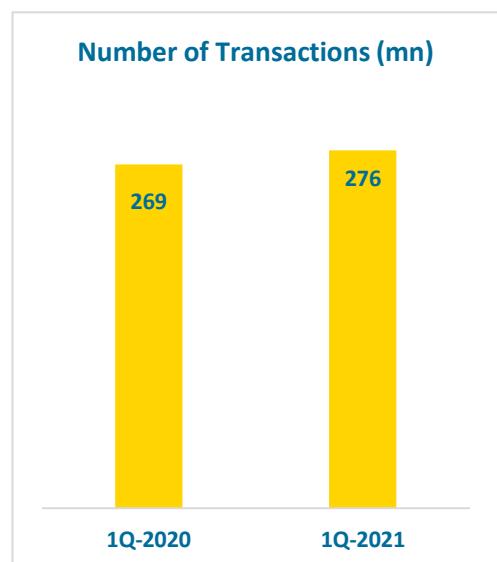
Throughput Value (EGP bn)



Operational Developments

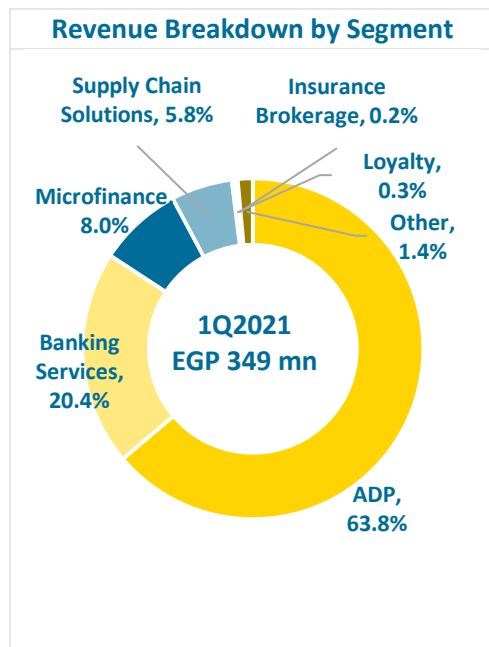
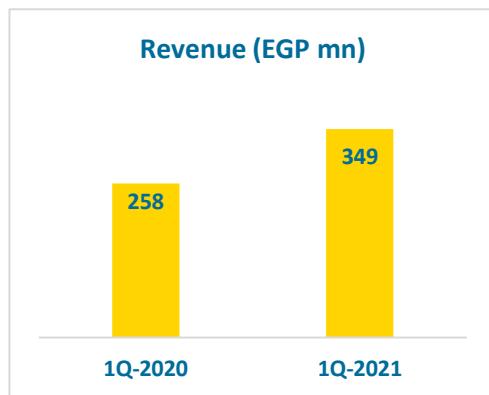
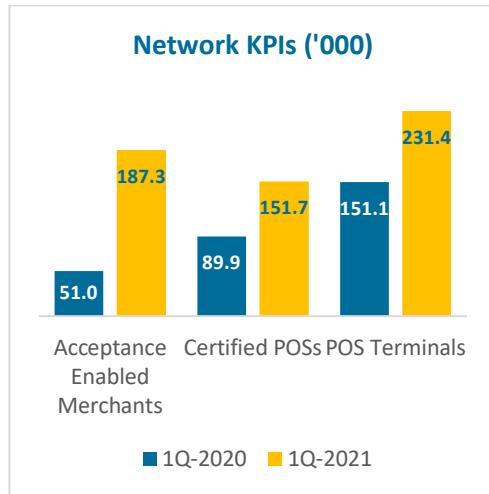
Operational KPIs	1Q 2020	1Q 2021	Change %
Active Network Customers (mn)	26.2	30.7	17.2%
POS Terminals ('000)	151.1	231.4	53.2%
Certified POs ('000)	89.9	151.7	68.8%
Active Banks in the Network	35	39	11.4%
Acceptance Enabled Merchants ('000)	51.0	187.3	267.2%
myFawry App Cumulative Downloads ('000)	327.6	2,364.7	621.9%
Services Provided	819	1,201	46.6%
Transactions (mn)	268	276	2.8%
Throughput Value (EGP mn)	14,913	24,838	66.6%

Number of Transactions (mn)



Fawry generated strong throughput growth in 1Q2021, climbing by 66.6% y-o-y to record EGP 24.8 billion against EGP 14.9 billion in 1Q2020.

- The Company handled a total of 276.1 million **transactions** in 1Q2021, up by 2.8% y-o-y from 268.5 million one year previously.
- Fawry's retail network was equipped with approximately 231.4 thousand **POS terminals** in 1Q2021, up by 53.2% y-o-y from 151.1 thousand in 1Q2020. This increase comes as Fawry continues to rapidly expand its merchant network and to equip partners with POS technology.
- **Bank-certified POS terminals** in Fawry's network registered 151.7 thousand in 1Q2021, an increase of 68.8% y-o-y from 89.9 thousand one year previously. Certified POS terminals enable merchants and small businesses to accept an expanded range of payment methods, including payment by debit or credit card.
- Fawry enables underbanked merchants to accept credit card and mobile wallet payments through its Merchant Aggregator Platform. The Company recorded 187.3 thousand **acceptance-enabled merchants** in its network in 1Q2021, up by 267.2% y-o-y from 51.0 thousand in 1Q-2020 as uptake continues to grow rapidly.
- **Mobile wallet transactions** continued to exhibit standout growth during the quarter. Fawry handled a total of 9.0 million mobile wallet transactions during 1Q2021, up by 69.0% y-o-y from 5.3 million in 1Q2020. **Total mobile wallet throughput** recorded EGP 2.4 billion for the period, an



increase of 217.7% year-on-year from EGP 765 million one year previously. Mobile throughput represented 9.8% of Fawry's total throughput in 1Q2021, doubling the share of 5.1% recorded in 1Q2020.

- Fawry recorded a cumulative 2.36 million downloads of its consumer-facing **myFawry** mobile application as of 1Q2021, up more than sevenfold from 327.6 thousand downloads as of 1Q2020. The application offers consumers a convenient and unified interface for paying all utility and other bills.
- **Based on myFawry's March 2021 throughput, annualized throughput reached EGP 1.3 billion** versus an annualized EGP 341.1 million based on myFawry's throughput in the month of March 2020. Rapid growth in uptake during the period came as part of an accelerating shift towards digital payment methods, a trend which has been intensified by rising internet and smartphone penetration rates.

Financial Performance

Financial KPIs (EGP 000s)	1Q2020	1Q2021	Change%
Total Revenues	257,997	348,991	35.3%
Gross Profit	136,275	194,141	42.5%
Operating Profit	38,828	73,717	89.9%
EBITDA	69,121	119,476	72.9%
Net Profit Before NCI	38,048	85,797	125.5%
Net Profit After NCI	30,927	76,146	146.2%

Fawry booked total revenues of EGP 349.0 million in 1Q2021, up by 35.3% y-o-y from EGP 258.0 million in 1Q2020.

Strong top-line growth came on the back of a broad-based expansion encompassing each of Fawry's business segments as the Company successfully diversifies its revenue base:

- Revenues from **Alternative Digital Payments (ADP)**, Fawry's largest business segment, rose by 11.9% y-o-y to book EGP 222.6 million in 1Q2021 versus EGP 198.9 million in 1Q2020. The ADP segment contributed 63.8% of consolidated revenues in 1Q2021, down from 77.1% in 1Q2020 and reflecting the evolution of Fawry's business towards an ecosystem model which integrates a broad range of value-added services beyond alternative digital payments.

Gross Profit (EGP mn)

52.8% 55.6%

136.3 194.1

1Q-2020

1Q-2021

■ Gross Profit ■ Gross Profit Margin

EBITDA (EGP mn)

26.8% 34.2%

69.1 119.5

1Q-2020

1Q-2021

■ EBITDA ■ EBITDA Margin

Net Profit After NCI (EGP mn)

12.0% 21.8%

30.9 76.1

1Q-2020

1Q-2021

■ Net Profit After NCI

■ Net Profit Margin

▪ Fawry provides limited financial services under agency agreements with banks. Fawry's **Banking Services** segment saw its revenues increase by 156.5% y-o-y, recording EGP 71.3 million in 1Q2021 against EGP 27.8 million one year previously.

- Growth was driven by the segment's Acceptance Business and the rising number of acceptance-enabled merchants in Fawry's retail network, with revenues of EGP 28.0 million in 1Q2021, up 292% y-o-y. This reflects a 237% y-o-y growth in throughput to c. EGP 2.1 billion in 1Q2021, driven in part by strong uptake at Fawry's Merchant Aggregator Platform.
- Banking Services performance was also supported by strong results from the agent banking business, which booked revenues of EGP 43.3 million during the quarter, up 110% y-o-y, while throughput was up 194% y-o-y to EGP 6.7 billion during the quarter.

▪ Overall, the banking services segment represented 20.4% of the Company's total revenues in 1Q2021, up significantly from the contribution of 10.8% recorded in 1Q2020.

▪ The Company disburses microfinance loans to retailers in its merchant network, extending credits directly through POS terminals and digitally earmarking them for supplier payments. Fawry's **Microfinance** segment registered total revenues of EGP 27.9 million in 1Q2021, up by 76.3% from the EGP 15.8 million booked one year previously, exceeding management expectations for the segment's performance during the period and contributing 8.0% of consolidated revenues against 6.1% in 1Q2020.

▪ 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 posted EGP 20.3 million in 1Q2021, up by 59.7% y-o-y from EGP 12.7 million in 1Q2020. Growth at the segment is expected to accelerate pending the normalization of commercial conditions as the effects of the COVID-19 pandemic dissipate or are mitigated successfully. Supply Chain Solutions accounted for 5.8% of total revenues during 1Q2021, up from 4.9% one year previously.

1Q2021 Earnings Release

20 May 2021

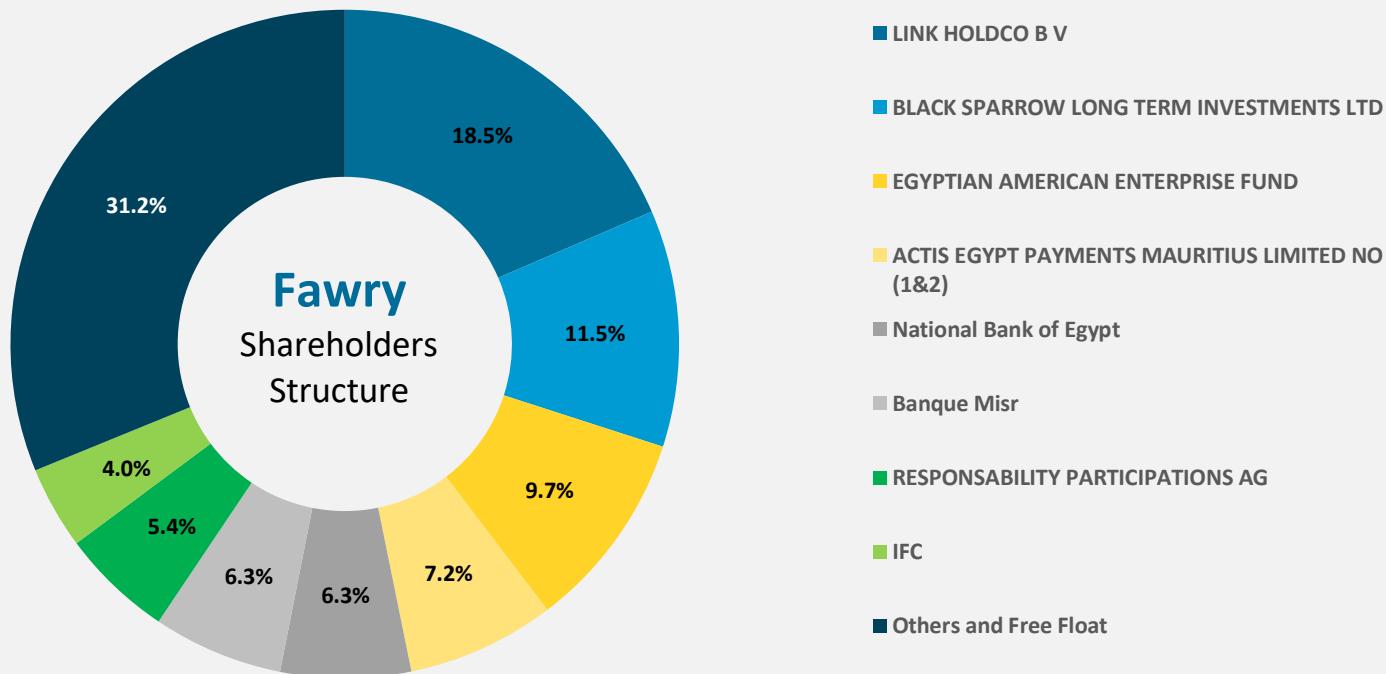
Fawry' profitability margins continued to expand at a healthy rate across all levels of the income statement.

- **Gross profit** came in at EGP 194.1 million for 1Q2021, up by 42.5% y-o-y from EGP 136.3 million in 1Q2020, reflecting strong revenue growth, efficient management of channel fees, and a contraction in cash collection costs for the period. Fawry's gross profit margin booked 55.6% in 1Q2021 against 52.8% in 1Q20.
- **EBITDA** rose by 72.9% y-o-y in 1Q2021, booking EGP 119.5 million against EGP 69.1 million in 1Q2020 to yield an EBITDA margin of 34.2% versus 26.8% in 1Q2020. Strong EBITDA performance reflects the cost efficiencies engendered by Fawry's successful diversification of its revenue base. Additionally, Fawry has participated in the Central Bank of Egypt's initiative to increase POS terminals' penetration, with reduced fees and charges as well as increased contactless payment limits, all which contributed to expanding margins.
- **Net Profit After NCI** booked EGP 76.1 million for 1Q2021, up by 146.2% year-on-year from the EGP 30.9 million registered for 1Q2020, with the net profit margin rising to 21.8% from 12.0% over the same period. It is noteworthy to mention that the 1Q2021 bottom line includes an EGP 33.9 million net after-tax positive impact from:
 - An EGP 16.2 million gain on the sale of devices related to CBE initiative
 - An EGP 17.7 million gain related to full consolidation of Fawry Plus

— Ends —

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 38 member banks, its mobile platform and more than 225,600 agents, Fawry processes an average of 3 million transactions per day, serving an estimated customer base of 29.3 million users monthly. Learn more at www.fawry.com.



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