

## 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.*

### 1Q2023 Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit After NCI
EGP 768.0 million (▲37% y-o-y)	EGP 385.1 million (▲41% y-o-y)	EGP 331.9 million (▲52% y-o-y)	EGP 281.9 million (▲41% y-o-y)

**18 May 2023 – (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 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
<b>Total Consolidated Revenues</b>	<b>768.0</b>	<b>559.5</b>	<b>37.3%</b>
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%
<b>Cost of Sales</b>	<b>(382.9)</b>	<b>(287.1)</b>	<b>33.3%</b>
<b>Gross Profit</b>	<b>385.1</b>	<b>272.4</b>	<b>41.4%</b>
<i>Gross Profit Margin</i>	50.1%	48.7%	1.5%
<b>EBITDA</b>	<b>331.9</b>	<b>218.8</b>	<b>51.7%</b>
<i>EBITDA Margin</i>	43.2%	39.1%	4.1%
<b>Net Profit after NCI</b>	<b>281.9</b>	<b>200.3</b>	<b>40.7%</b>
<i>Net Profit Margin</i>	36.7%	35.8%	0.9%

## Chairman's Message

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 40.7% y-o-y to EGP 281.9 million, yielding a margin expansion of 91 basis 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 major touristic sites in Egypt, which aligns with our commitment to investing in Egypt's thriving tourism sector. During its initial rollout, e-finance was contracted to digitize around 30 touristic sites, and I am pleased to report that not only have we witnessed significant revenue growth, but we are now active across 47 sites, which are anticipated to further accelerate the value generated from this revenue stream.

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.

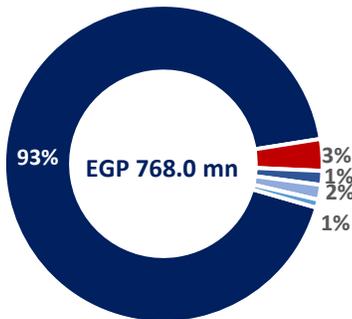
Moreover, we have also taken our first steps to branch out beyond our home borders of Egypt and deliver on our investment strategy, expansionary goals, and revenue diversification efforts. We successfully signed an MoU with "Thiqah Business Services" an innovative and leading digital transformation player 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.

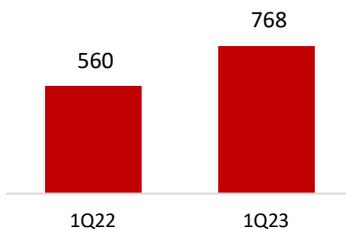
**Ibrahim Sarhan**  
Chairman of the Board

Group Revenue Breakdown (1Q2023)



- e-finance Digital Operations
- eCards
- eKhales
- enable
- eAswaaq

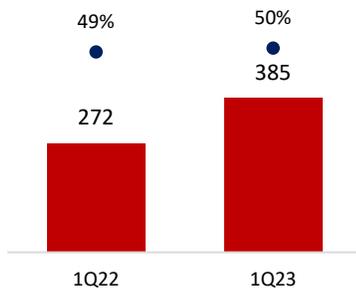
Consolidated Revenue (EGP mn)



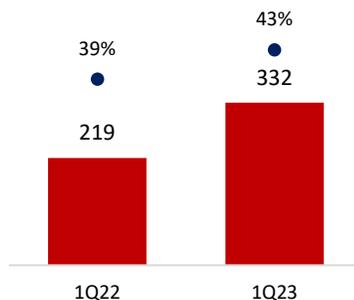
## Consolidated Financial Performance

- 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.
- **e-finance 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.
- **enable’s** post-elimination revenue fell by 14.1% y-o-y to EGP 11.6 million in 1Q2023.
- **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.

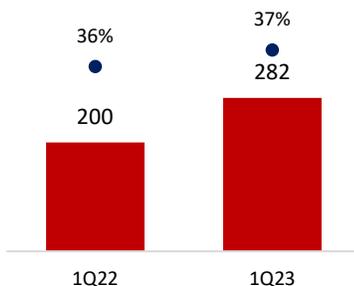
Gross Profit and Margin  
(EGP mn | %)



EBITDA and Margin  
(EGP mn | %)



Net Profit and Margin  
(EGP mn | %)

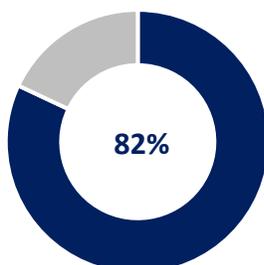


- Consolidated **gross profit** increased by 41.4% y-o-y to EGP 385.1 million in 1Q2023, yielding a year-on-year GPM expansion of 1.5 percentage points to 50.1% at year-end as the Group reaped the rewards of its higher margin lines of business. Gross profitability during the period was also supported by a decline in the contribution of cost of sales as a percentage of total revenues during the period.
- **Sales, general and administrative (SG&A) expenses** grew by 13.9% y-o-y to EGP 85.4 million in 1Q2023. The increase was driven by a 35.4% y-o-y increase in G&A costs due to an increase in headcount as well as the adjustment of labor costs to accommodate inflationary pressures. Conversely, selling & marketing expenses contracted by 53.5% y-o-y to EGP 7.7 million in 1Q2023, due to the high base effect of largescale marketing campaign in the comparable period. Moreover, SG&A expenses came in at 11.1% as a percentage of consolidated revenues in 1Q2023, compared to 13.4% for 1Q2022.
- **EBITDA** increased by 51.7% y-o-y to EGP 331.9 million, yielding an EBITDA margin expansion of 4.1 percentage points to 43.2% in 1Q2023. Growth at the EBITDA level was driven by improved operational profitability as well as declining SG&A expenses as a percentage of revenue due to economies of scale.
- 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. Additionally, an 83.6% y-o-y increase in interest income, recording EGP 137.2 million, boosted the Group's bottom-line performance in 1Q2023. This reflects an effective interest yield of 16.7% compared to 10.2% in 1Q2022, reflecting the higher prevailing interest rate from the CBE. The Group's performance comes despite recording a one-off FX loss of EGP 35.5 million as a result of the currency devaluation that took place in January of 2023. It is worthy to note that investment income recorded EGP 18.6 million in 1Q2023, reflecting a decrease of 51.3% compared to 1Q2022 due to the delay in profit distribution of the 10% owned in MTS to 2Q2023. The Group's effective tax rate for 1Q2023 stood at 30% including profit distributions as well as the EGP 9.1 million in taxes paid relating to the ESOP distribution from 2022.

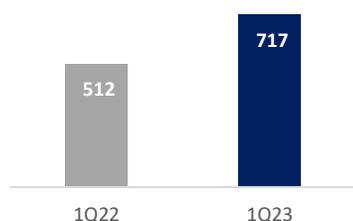
## Balance Sheet Highlights

- e-finance booked **total assets** of EGP 6,125 million as at 31 March 2023, up from the EGP 5,935 million booked at year-end 2022. The Group deployed CAPEX of EGP 52.4 million as of 31 March 2023.
- The Group's **net cash position** stood at EGP 3,281 million as at 31 March 2023, up from EGP 3,127 million at year-end 2022, and yielded a net cash to TTM EBITDA ratio of 2.7x as of 31 March 2023 versus 2.8x for FY2022. The Group's strong liquidity position allows it to phase its investment efforts in line with prevailing market conditions.
- Total controlling shareholder's **equity** stood at EGP 4,293 million as at 31 March 2023 compared to EGP 4,574 million at the close of FY2022.
- e-finance's **cash conversion cycle** improved to 45 days as of 31 March 2023, down year-to-date compared to 49 days in FY2022.
- During 1Q2023, the Group managed to lower its **working capital investment** by 44.7% to EGP 59.2 million, representing 17.8% of EBITDA compared to 48.9% in 1Q2022. This was primarily due to the contribution of revenue mix with timelier collection terms.

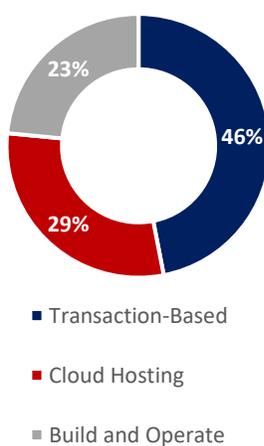
e-finance Digital Operations Contribution to Group Revenues - Pre-Elimination - 1Q2023



e-finance Digital Operations Revenue - Pre-Elimination (EGP mn)



e-finance Digital Operations Revenue Breakdown - Pre-Elimination 1Q2023



## Portfolio Performance<sup>1</sup>

### e-finance Digital Operations

EGP million (unless otherwise stated)	1Q2023	1Q2022	Change %
<b>Total Revenues</b>	<b>716.9</b>	<b>511.9</b>	<b>40.0%</b>
<b>Transaction Based</b>	<b>327.4</b>	<b>213.5</b>	<b>53.4%</b>
Fixed Fee TRX	131.6	103.6	27.1%
Variable Fee TRX	195.8	109.9	78.2%
<b>Build and Operate</b>	<b>174.1</b>	<b>196.4</b>	<b>-11.3%</b>
<b>Cloud Hosting</b>	<b>207.6</b>	<b>82.6</b>	<b>151.3%</b>
<b>Other</b>	<b>7.8</b>	<b>19.4</b>	<b>-60.2%</b>
<b>Operational KPIs</b>			
Fixed-Fee Transactions Processed (millions)	72.7	73.8	-1.5%
Variable-Fee Transactions, Total Value Processed (EGP billion)	254.9	197.2	29.3%

e-finance Digital Operations is e-finance Investment Group's flagship subsidiary. The subsidiary utilizes a fully integrated system of end-to-end payment infrastructure to develop and operate financial networks and to provide government, businesses, and consumers with a broad and innovative suite of digital products.

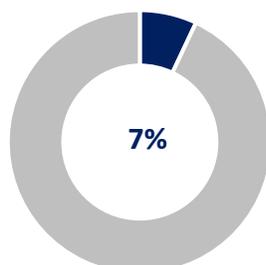
e-finance Digital Operations booked 40.0% y-o-y growth in revenue to EGP 716.9 million in 1Q2023. Growth came on the back of a 151.3% y-o-y increase in cloud hosting revenue to EGP 207.6 million in 1Q2023 as the subsidiary continued to deliver its cloud services to an expanding client base. Cloud hosting revenue contributed 29.0% of the subsidiary's revenues at the close of the quarter, up from the 21.5% booked in 1Q2022.

The subsidiary's transaction-based revenue increased by 53.4% y-o-y to EGP 327.4 million in 1Q2023, driven by a 78.2% y-o-y increase in revenue from variable-fee transactions, as well as a 27.1% y-o-y increase in fixed-fee transactions, recording EGP 195.8 million and 131.6 million in 1Q2023, respectively. The growth in revenues from variable-fee transactions is attributed to the 29.3% y-o-y increase in the subsidiary's throughput of variable-fee transactions, which stood at EGP 254.9 billion in 1Q2023, driven by an increase in fees for certain government services due to the current inflationary environment. Fixed fee transaction revenue growth was primarily due to price increases in some of the subsidiary's contracts coupled with growth in tax declaration revenues. Additionally, increased contribution from the tourism ticketing platform supported transaction-based revenue growth during the period.

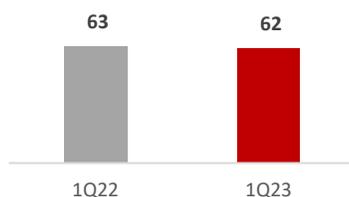
Solid results from the subsidiary's transaction-based and clouding hosting revenue streams offset the 15.1% y-o-y decline in build & operate revenue during

<sup>1</sup> Unless otherwise stated, figures discussed in this section are presented before intercompany eliminations. The revenue figures presented in this section are revenues calculated prior to intercompany eliminations.

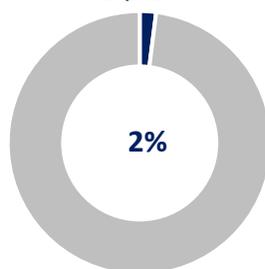
eCards Contribution to Group Revenues - Pre-Elimination - 1Q2023



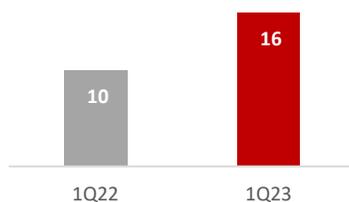
eCards Revenue - Pre-Elimination (EGP mn)



eKhales Contribution to Group Revenues - Pre-Elimination - 1Q2023



eKhales Revenue - Pre-Elimination (EGP mn)



the period. The decline was mainly due to the variability of certain field technical support contracts.

## eCards

EGP million (unless otherwise stated)	1Q2023	1Q2022	% Change
<b>Total Revenues</b>	<b>62.0</b>	<b>62.8</b>	<b>-1.3%</b>
Card Production	36.8	48.4	-24.0%
Card Management Service	25.1	14.4	74.4%
Smart Solutions	-	-	-
<b>Operational KPIs</b>			
Card Production (mn)	0.9	3.7	-74.8%
Cards Managed (mn)	6.3	4.3	47.1%

eCards is the Group's subsidiary dedicated towards building, managing, and operating smart solutions for financial and non-financial institutions. The subsidiary's primary offerings are centered around card production services, chip embedding and personalization, card management and processing, third-party provider services (TPP) for various financial institutions, as well as enabling the development of smart solutions.

eCards' top-line contracted by 1.3% y-o-y to EGP 62.0 million in 1Q2023 due to a decline in revenue from card production, which fell by 24.0% y-o-y to EGP 25.1 million and in line with the eCards' strategy, due to challenging market conditions. Management's strategy is now focused on producing cards at higher price points to increase the revenue per card produced to improve eCards' margins. Parallel to this, eCards has leveraged its strong relationship with suppliers to secure favorable payment terms that will enable it to meet its supply contracts over the coming period. Moreover, management is looking to secure production contracts that present the Group with cross-selling opportunities that will further fuel increased value generation.

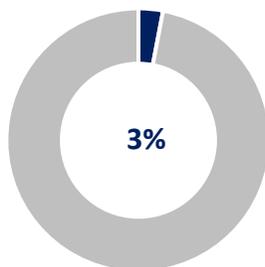
Revenue from card management services increased by 74.4% y-o-y to EGP 25.1 million driven by the 47.1% y-o-y increase in the number of cards managed.

## eKhales

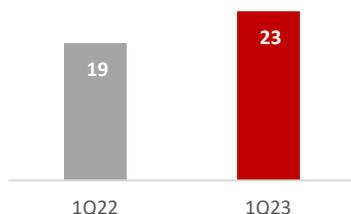
EGP million (unless otherwise stated)	1Q2023	1Q2022	Change %
<b>Total Revenues</b>	<b>15.8</b>	<b>9.9</b>	<b>58.6%</b>
<b>Operational KPIs</b>			
POS Terminal Network (000's)	488.5	326.0	49.8%
Transactions Aggregated (millions)	17.2	13.7	26.1%

The eKhales platform provides a central bill processing hub for retail partners through a nationwide network of POS machines. eKhales offers a digital payment solution that eases the payment and collection process for consumers, while

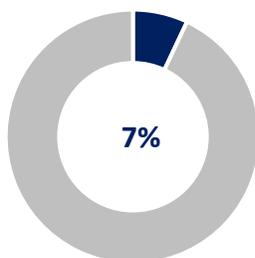
enable Contribution to Group Revenues - Pre-Elimination - 1Q2023



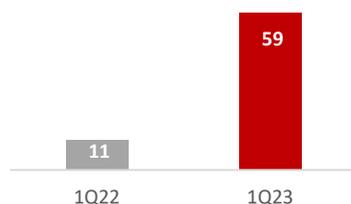
enable Revenue - Pre-Elimination (EGP mn)



eAswaaq Contribution to Group Revenues - Pre-Elimination - 1Q2023



eAswaaq Revenue - Pre-Elimination (EGP mn)



providing merchants with a suite of value-added digital services, including white-label mobile app development.

eKhales booked EGP 15.8 million in revenue, reflecting an increase of 58.6% y-o-y in 1Q2023 on the back of solid growth delivered by its core aggregation business during the period. The subsidiary's nationwide POS network grew to 488.5 thousand in 1Q2023, an increase from the 326 thousand recorded in 1Q2022. Parallel to this, eKhales aggregated 17.2 million transactions in 1Q2023, up by 26.1% y-o-y during the period. Moreover, eKhales' revenue growth was further supported by the increase in ticket sizes and throughput due to the rise in inflation during the period.

### enable

EGP million (unless otherwise stated)	1Q2023	1Q2022	Change %
<b>Total Revenues</b>	<b>22.9</b>	<b>18.6</b>	<b>22.8%</b>
<b>Operational KPIs</b>			
Customers Served (#)	53	57	-7.0%
Number of Seats (#)	1,000	737	35.7%

enable is a business process outsourcing (BPO) service provider. The subsidiary focuses on supporting e-finance's wide customer base. enable is a leading service provider across a broad range of sectors, offerings solutions which range from HR and IT process outsourcing to full contact center services.

enable's revenues grew by 22.8% y-o-y to EGP 22.9 million in 1Q2023 driven by the increased value generated from the subsidiary's growing IT and HR outsourcing businesses.

### eAswaaq

eAswaaq is a multi-platform e-commerce operator. The subsidiary establishes, manages, and operates platforms that digitize traditional business processes through a wide array of end-to-end solutions connecting buyers and sellers, while providing value-added services including access to financial and logistical services.

eAswaaq recorded an over five-fold increase in revenue to EGP 58.5 million in 1Q2023, compared to EGP 11.2 million in 1Q2022 driven by the growing revenue generated from its digital platforms and applications across tourism and e-commerce, as well as its digital saving platform "Tahweesha".

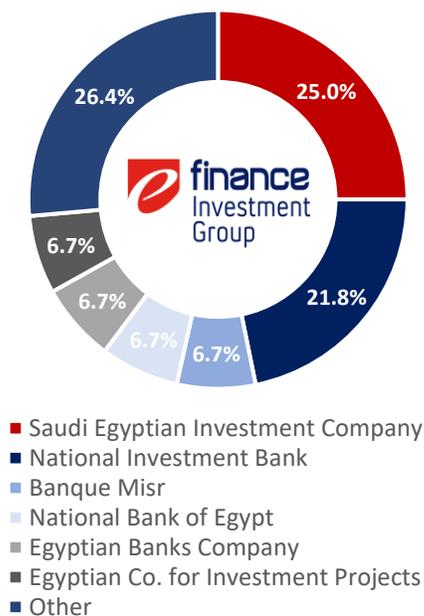
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## About e-finance for Digital and Financial Investments

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](http://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

### INVESTOR RELATIONS CONTACTS

**Sayed El Waraky**  
Investor Relations Manager  
[ir@efinance.com.eg](mailto:ir@efinance.com.eg)  
+20238275736

**Dr. Ahmed El Sayed**  
Senior Investor Relations Manager  
[ir@efinance.com.eg](mailto:ir@efinance.com.eg)  
+20238271301