

Fawry Releases 1H2023 Results

Fawry books stellar results, with a 42.4% year-on-year revenue expansion driven by a broadened service offering and diversified revenue streams.

1H2023 Highlights

Revenues

EGP 1,444.2 MN

▲ 42.4% y-o-y

Gross Profit

EGP 892.4 MN

▲ 52.1% y-o-y / 61.8% margin

Throughput Value

EGP 147,700 MN

▲ 67.8% y-o-y

EBITDA

EGP 545.4 MN

▲ 99.2% y-o-y / 37.8% margin

Adjusted Net Profit²

EGP 327.9 MN

▲ 290.4% y-o-y / 22.7% margin

Number of Transactions

748.6 MN

▲ 21.7% y-o-y

13 August 2023 – (Cairo, Egypt) Fawry (the “Company”, FWRY.CA on the Egyptian Exchange), Egypt’s leading provider of e-payments and digital finance solutions, announced today its consolidated results for the six-month period ended 30 June 2023. The Company recorded revenues of EGP 1,444.2 million, expanding 42.4% year-on-year (y-o-y). Fawry recorded adjusted net profit of EGP 327.9 million, up 290.4% y-o-y and yielding a net profit margin (NPM) of 22.7%. Statutory net profit came in at EGP 283.1 million, growing 441.2% y-o-y and with an associated margin of 19.6% in 1H2023. On a quarterly basis, the Company posted total revenues of EGP 768.5 million, growing 44.6% year-on-year. Meanwhile, adjusted net profit for the quarter stood at EGP 181.1 million, recording bottom-line expansion of 341.5% year-on-year and with an NPM of 23.6%. Finally, statutory net profit booked EGP 159.8 million during 2Q2023.

Summary Profit & Loss Statement – Second Quarter

(EGP 000s)	2Q2022	1Q2023	2Q2023	y-o-y Change %	q-o-q Change %
Total Revenues	531,295	675,697	768,473	44.6%	13.7%
Alternative Digital Payments (ADP)	261,177	277,751	304,886	16.7%	9.8%
Banking Services	169,010	253,640	294,027	74.0%	15.9%
Acceptance	66,857	115,747	140,238	109.8%	21.2%
Agent Banking	102,153	137,893	153,790	50.5%	11.5%
Microfinance	58,113	82,262	85,851	47.7%	4.4%
Supply Chain Solutions	29,743	44,382	51,578	73.4%	16.2%
Others	13,252	17,662	32,131	142.5%	81.9%
Gross Profit	308,218	418,787	473,608	53.7%	13.1%
Gross Profit Margin	58.0%	62.0%	61.6%	3.6 pts	-0.3 pts
EBITDA¹	139,494	239,936	305,424	119.0%	27.3%
EBITDA Margin	26.3%	35.5%	39.7%	13.5 pts	4.2 pts
Net Profit Before NCI	50,203	142,058	182,791	264.1%	28.7%
Net Profit After NCI	24,145	123,282	159,774	561.7%	29.6%
Net Profit Margin	4.5%	18.2%	20.8%	16.2 pts	2.5 pts
Adjusted Net Profit After NCI²	41,010	146,818	181,063	341.5%	23.3%
Adjusted Net Profit Margin	7.7%	21.7%	23.6%	15.8 pts	1.8 pts

¹ EBITDA - The Company defines EBITDA as its EAS operating profit, excluding: (a) depreciation, amortization, provisions; (b) noncash ESOP expense included in EAS net profit; (c) interest income not related to the operating cycle; (d) taxes; (e) leasing charges; and certain other non-operating costs including provisions.

² Adjusted Net Profit - The Company presents its Adjusted Net Profit as its EAS Net Profit excluding after tax impact of nonrecurring items such as a noncash ESOP expense of EGP 27.5 million, EGP 30.4 million and 21.8 million in EAS net profit of 2Q2023, 1Q2023 and 2Q2022, respectively.

Summary Profit & Loss Statement – Year to Date

(EGP 000s)	1H2022	1H2023	Change %
Total Revenues	1,014,292	1,444,170	42.4%
Alternative Digital Payments (ADP)	506,377	582,637	15.1%
Banking Services	322,667	547,667	69.7%
Acceptance	125,019	255,985	104.8%
Agent Banking	197,648	291,682	47.6%
Microfinance	105,486	168,113	59.4%
Supply Chain Solutions	54,417	95,959	76.3%
Others	25,345	49,793	96.5%
Gross Profit	586,899	892,394	52.1%
Gross Profit Margin	57.9%	61.8%	3.9 pts
EBITDA¹	273,837	545,359	99.2%
EBITDA Margin	27.0%	37.8%	10.8 pts
Net Profit Before NCI	98,041	324,849	231.3%
Net Profit After NCI	52,301	283,057	441.2%
Net Profit Margin	5.2%	19.6%	14.4 pts
Adjusted Net Profit After NCI²	83,980	327,881	290.4%
Adjusted Net Profit Margin	8.3%	22.7%	14.4 pts

¹ EBITDA - The Company defines EBITDA as its EAS operating profit, excluding: (a) depreciation, amortization, provisions; (b) noncash ESOP expense included in EAS net profit; (c) interest income not related to the operating cycle; (d) taxes; (e) leasing charges; and certain other non-operating costs including provisions.

² Adjusted Net Profit - The Company presents its Adjusted Net Profit as its EAS Net Profit excluding after tax impact of nonrecurring items such as a noncash ESOP expense of EGP 57.8 million and EGP 40.9 million in EAS net profit of 1H2023 and 1H2022, respectively.

Financial & Operational Highlights

- Fawry's Banking Services segment, comprised of Acceptance and Agent Banking Services, contributed the lion share of top-line growth for the first half of 2023, responsible for 52% of consolidated revenue growth.
- The Company maintained increasing profitability down the income statement, with its gross profit, EBITDA, and adjusted net margins improving 3.9, 10.8, and 14.4 percentage points y-o-y, respectively, during 1H2023.
- In July 2023, the company rolled out a soft launch of its BNPL service, a move that will enable Fawry to grow its B2C offering and in line with the strategic transformation of the myFawry app into a Neobank.
- In August 2023, the Company's subsidiary, Fawry Microfinance, successfully obtained preliminary approvals from the Financial Regulatory Authority for the addition of SME financing to its portfolio. The move is directly in line with the Company's long-term growth strategy of diversifying revenue streams and tapping into underserved and underpenetrated segments across the country.
- Total mobile wallets processed value more than doubled year-on-year in the first half of the year, reaching EGP 81 billion as financial inclusion rates and digital payment adoption continue their steady rise nationwide.

Chief Executive's Review

As we head into the second half of the year, I am proud to announce Fawry's strong financial and operational results for the first half of 2023. Throughout this six-month period, the Company has continued building on its strong customer base and extensive service offering, managing to book stellar results across our lines of business. Our top-line expansion of 42.4% year-on-year, reaching EGP 1,444 million during 1H2023 is a direct reflection of our ability to adapt to evolving consumer needs as we continue to diversify our services and appeal to more consumers throughout the country. By the same token, our increased profitability at the gross profit, EBITDA, and adjusted net profit levels are consistent with our continued cost control efforts, both direct and indirect, in response to increased inflation which has affected the country since 2022.

During the period, our four main business segments continued their growth trajectory, with the Banking Services segment expanding well beyond the rest to contribute 52.3% of revenue growth for the period. Our Alternative Digital

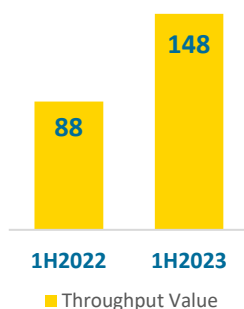
Payments segment continues to expand in absolute terms, while making way for the achievement of our long-term vision of revenue diversification and slowly declining in its concentration towards overall revenues.

On the operational front, I am excited to announce that the Company has managed to achieve record EBITDA and Net income margins since its inception. It is also worth mentioning that in June the company reached a new milestone by managing to process 5 million transactions a day, cementing Fawry's operational and technical strength. There has also been a remarkable expansion of our mobile wallet transactions and mobile wallet throughput value, recording 67.6 million transactions and EGP 80.5 million during the six-month period, a rise of 73.9% and 107.7% year-on-year, respectively.

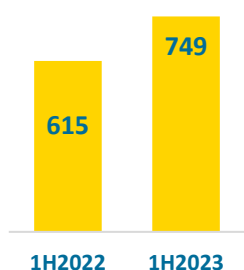
With a strong start to the year during the six-month period, I am confident that the remainder of 2023 will see Fawry continue to roll-out and grow its operations nationwide. As the Company evolves to match changing demand, Fawry will further cement its position as the leading provider of digital finance solutions in Egypt.

Eng. Ashraf Sabry
Chief Executive Officer

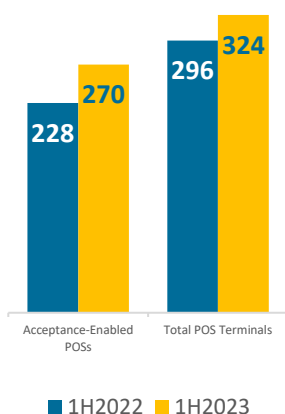
Throughput Value (EGP bn)



Number of Transactions (mn)



Network KPIs ('000)



Operational Developments

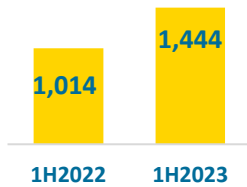
Operational KPIs	1H2022	1H2023	Change %
Active Network Customers (mn)	45.0	50.7	12.7%
Total POS Terminals ('000)	295.5	324.4	9.8%
Acceptance Enabled POSs ('000)	228.0	269.5	18.2%
Banks Active and Contracted	36	36	n/a
myfawry App Total Downloads ('000)	6,371	10,481	64.5%
Services Provided	1,931	2,819	46.0%
Transactions (mn)	614.9	748.6	21.7%
Mobile Wallet Transactions (mn)	38.9	67.6	73.9%
Mobile Wallet Processed Value (EGP mn)	38,756	80,506	107.7%
Total Throughput Value (EGP mn)	88,024	147,700	67.8%

Fawry's total throughput value amounted to EGP 147,700 million during 1H2023, increasing 67.8% y-o-y compared to the figure recorded in the same period of the previous year.

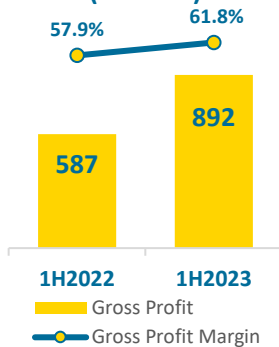
- Fawry handled 748.6 million **transactions** during the first six months of 2023, up 21.7% y-o-y from the 614.9 million booked during 1H2022.
- Fawry's **total POS network** increased to 324.4 thousand as of 30 June 2023, up from 295.5 thousand the same time last year, reflecting Fawry's expansion of its partner network as it continued providing the latest in POS technology.
- Acceptance-enabled POSs** stood at 269.5 thousand machines nationwide as of the end of 1H2023, up from 228.0 thousand in 1H 2022, booking an 18.2% year-on-year increase. Acceptance-enabled POSs allow for a wider range of payment options, including payments by debit and credit cards.
- Fawry completed 67.6 million **mobile wallet transactions** during the first half of 2023, an year-on-year increase of 73.9% from the 38.9 million recorded one year previously. Meanwhile, **total mobile wallet processed value** came in at EGP 80,506 million during 1H2023, more than doubling the EGP 38,756 million recorded one year earlier¹.
- Fawry's consumer-facing **myfawry application** reached a total of 10.5 million downloads as of 30 June 2023, increasing 64.5% year-on-year. The myfawry app uses cutting-edge technology to provide its users with a simple and unified interface for bill payments, offers & promotions, in addition to a host of extra services. With the launch of the myfawry prepaid card and the soft launch of the BNPL service in March 2023 and July 2023, respectively, the Company is moving towards fulfilling its vision of transforming the myfawry application into a Neobank in 2023, providing a

¹ These figures are not a subset of Fawry's total throughput, they reflect total processed value and transactions from bank and operators' wallets processed on the Fawry Network.

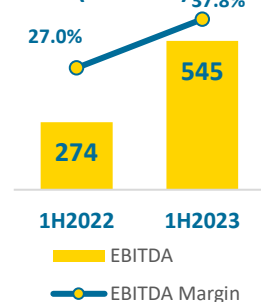
Revenue (EGP mn)



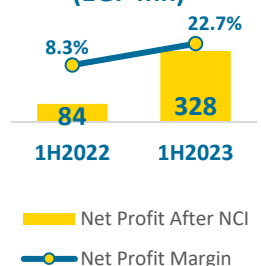
Gross Profit (EGP mn)



EBITDA (EGP mn)



Adjusted Net Profit After NCI (EGP mn)



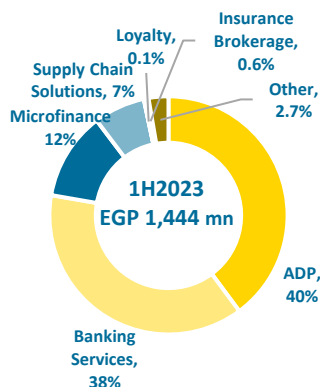
variety of financial services, including payments, consumer lending, savings and investments, among others.

- **myfawry's annualized throughput** came in at EGP 5.3 billion during the first half of 2023, increasing 89.1% y-o-y from EGP 2.8 billion in 1H2022. Annualized throughput increases are a reflection of the accelerated adoption of digital payment methods across the Egyptian consumer market, a trend which has been furthered by increasing internet and smartphone penetration rates as well as increased financial inclusion throughout the country.

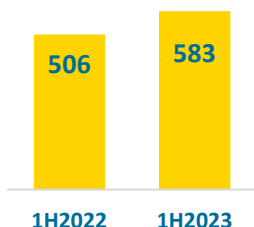
Consolidated Financial Performance

- **Total revenue** during 1H2023 booked EGP 1,444.2 million, growing 42.4% year-on-year compared to EGP 1,014.3 million one year prior. Fawry's **Banking Services** segment continued its growth momentum, remaining the largest contributor to consolidated top-line growth for the period at 52.3%. Fawry's **Microfinance**, **Supply Chain Solutions**, and **Alternative Digital payments** also made significant revenue strides during the six-month period, contributing 14.6%, 9.7%, and 17.7% to consolidated revenue growth, respectively. On a quarterly basis, Fawry recorded total revenue growth of 44.6% year-on-year, reaching EGP 768.5 million in 2Q2023, with the Banking Services segment responsible for 53% of consolidated revenue growth during the quarter.
- Fawry's legacy Alternative Digital Payments (ADP) segment maintained its place as the top contributor to total revenues throughout the six-month period, comprising 40.3% of consolidated revenues in 1H2023. However, the segment's contribution to consolidated revenues continues its decline, down from 49.9% in the same period of last year, as the Company sees the results of its diversification efforts and continues expanding its service offering to consumers nationwide. The Banking Services segment remained the second largest contributor to consolidated revenues, comprising 37.9% of the overall top-line. Finally, Fawry's Microfinance and Supply Chain Solutions segments contributed 12% and 7% to the consolidated top-line in 1H2023, respectively.
- Fawry recorded **gross profit** of EGP 892.4 million in 1H2023, a 52.1% y-o-y increase, yielding a gross profit margin (GPM) of 61.8% compared to 57.9% one year prior. Increased gross profitability was driven by higher revenues from Fawry's four main business segments, coupled with active cost monitoring and reduction efforts by management leading to a decline of cost of sales as a percentage of revenues from 42.1% in 1H2022 to 38.2% in 1H2023. On a three-month basis, gross profit came in at EGP 473.6 million, up 53.7% compared to EGP 308.2 million in 2Q2022. The Company's GPM during 2Q2023 was 61.6% versus 58.0% one year prior.

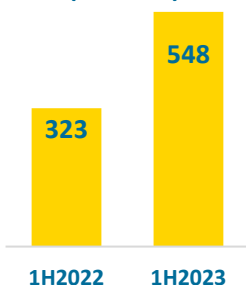
Revenue Breakdown by Segment



ADP Revenue (EGP mn)



Banking Services Revenue (EGP mn)



- The Company posted an **EBITDA** of EGP 545.4 million during the first half of 2023, nearly doubling the EGP 273.8 million recorded during 1H2022 and yielding an associated margin of 37.8%. On a quarterly basis, Fawry's EBITDA amounted to EGP 305.4 million during 2Q2023, increasing more than two-fold from EGP 139.5 million compared to the same period last year. The EBITDA margin in 2Q2023 increased to 39.7% from 26.3% in 2Q2022.
- **Adjusted net profit after NCI**, which excludes the post tax impact of Fawry's non-cash ESOP program, recorded EGP 327.9 million in 1H2023, increasing 290.4% year-on-year from EGP 84.0 million in the same period of the previous year, and recorded an associated margin of 22.7% compared to 8.3% the same time last year. On a quarterly basis, adjusted net profit came in at EGP 181.1 million compared to EGP 41.0 million in 2Q2023, yielding a y-o-y increase of 341.5%. The Company's adjusted net profit margin for 2Q2023 was 23.6%.
- **Statutory net profit after NCI** amounted to EGP 283.1 million in 1H2023, a 441.2% y-o-y increase from EGP 52.3 million compared to the previous year. Meanwhile, Fawry's NPM came in at 19.6% in 1H2023. On a quarterly basis, statutory net profit booked EGP 159.8 million in 2Q2023 and yielded an NPM of 20.8%, resulting in a year-on-year expansion of 561.7%.

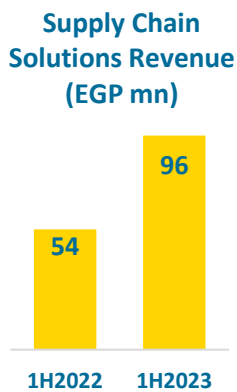
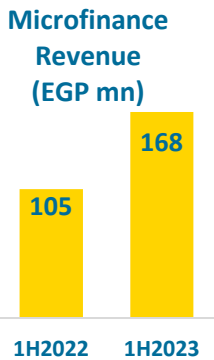
Segments Overview

Alternative Digital Payments

- Fawry's legacy business segment, **Alternative Digital Payments (ADP)** booked revenues of EGP 582.6 million in 1H2023, expanding on the EGP 506.4 million recorded in the comparable period of the previous year by 15.1% and exceeding previously announced guidance of 11% y-o-y growth. Meanwhile, the segment recorded revenues of EGP 304.9 million in 2Q2023, up 16.7% y-o-y.
- While ADP remains the largest contributor to consolidated revenues for the period, at 40.3% in 1H2023, its contribution to consolidated revenue growth stood at 17.7% for the period, in line with the Company's focus on revenue diversification and service offering expansion.

Banking Services

- Fawry's **Banking Services** segment provides a host of financial services under agency agreements with 36 banks across the country. The Banking Services segment posted revenues of EGP 547.7 million during the first six months of 2023, reporting an impressive 69.7% y-o-y increase from the same period of the previous year. It is important to highlight that Banking Services revenues were primarily boosted by contributions from its Acceptance business, which expanded 104.8% year-on-year to reach revenues of EGP 256.0 million. The segment was secondarily driven by the



Agent Banking business, which reported revenues of EGP 291.7 million, a 47.6% year-on-year increase. On a quarterly basis, the Banking services segment booked revenues of EGP 294.0 million in 2Q2023, up 74.0% year-on-year.

- The **Agent Banking** business reported revenues of EGP 291.7 million during 1H2023, increasing 47.6% y-o-y from EGP 197.6 million one year prior. In parallel, the Agent Banking business booked total throughput of EGP 47.6 billion, up 44.1% y-o-y.
- The **Acceptance** business posted revenues of EGP 256.0 million during the six-month period, doubling the EGP 125.0 million booked the same time last year. Meanwhile, Acceptance throughput increased 173.9% y-o-y, reaching EGP 30.0 billion during 1H2023. The significant increase in Acceptance throughput was largely driven by increased uptake in Fawry's Merchant Aggregator Platform, resulting in a notable increase in Fawry's network of acceptance-enabled POS machines.

Microfinance

- As part of its microfinance offering, Fawry disburses microfinance loans to retailers in its merchant network, extending credits directly through POS terminals and digitally earmarking them for supplier payments. The Microfinance segment reported revenues of EGP 168.1 million in the first half of 2023, an increase of 59.4% y-o-y from the figure recorded in 1H2022. On a quarterly basis, Microfinance revenues were up 47.7% y-o-y, reporting revenues of EGP 85.9 million.
- Outstanding loans in Fawry's microfinance portfolio stood at EGP 801.5 million, up by 31.7% y-o-y, while the number of loans granted reached 29.2k by the close of 1H2023, up by 39.6% from 1H2022.
- The Microfinance segment contributed 11.6% to consolidated results for the period, coming in as the third largest contributor to Fawry's top-line. Moreover, the segment was the third largest contributor to revenue growth for the six-month period, responsible for 14.6% of Fawry's revenue growth in 1H2023.
- It is worth highlighting that in August 2023, Fawry Microfinance successfully obtained preliminary approvals to add SME financing to its portfolio, expanding its service penetrating new and underserved segments across the country.

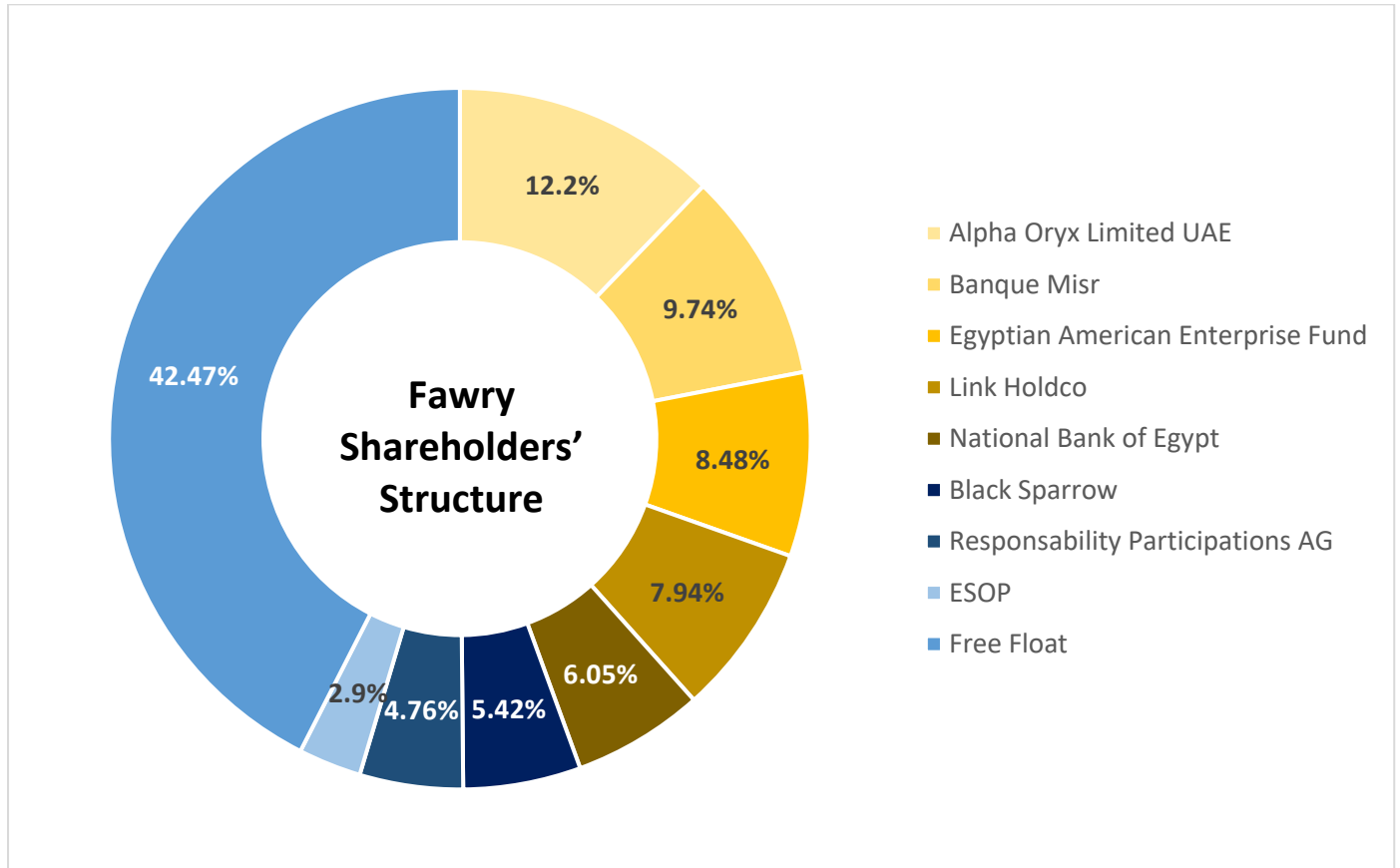
Supply Chain Solutions

- 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. Supply Chain Solutions booked revenue growth of 76.3% year-on-year in 1H2023, reaching EGP 96.0 million. Simultaneously, Supply Chain Solutions

was the third largest contributor to top-line growth for the period, contributing 9.7% to overall revenue growth in 1H2023. On a quarterly basis, Supply Chain Solutions revenues increased to EGP 51.6 million in 2Q2023, up from EGP 29.7 million one year prior.

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About Fawry for Banking Technology and Electronic Payments



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 36 member banks, its mobile platform and 324 thousand agents, Fawry processes more than 4 million transactions per day, serving an estimated customer base of 51 million users monthly.

Learn more at www.fawry.com.

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