

9M 2021 Earnings Release

15 November 2021

## Fawry Releases 9M 2021 Results

Revenue from Banking and Financial Services segments more than double in YTD, leading impressive expansion in consolidated top line as the Company continues to successfully diversify its revenue streams and introduce new services.

### 9M 2021 Highlights

**Revenues**

**EGP 1.2 BN**

▲ 33.4% y-o-y

**Gross Profit**

**EGP 673.0 MN**

▲ 38.0% y-o-y / 56.5% margin

**Throughput Value**

**EGP 90.9 BN**

▲ 54.9% y-o-y

**EBITDA**

**EGP 364.1 MN**

▲ 43.3% y-o-y / 30.6% margin

**Adjusted Net Profit**

**EGP 146.1 MN**

▲ 28.3% y-o-y / 12.3% margin

**Number of Transactions**

**858.8 MN**

▲ 5.0% y-o-y

**15 November 2021** – (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 nine-month period ended 30 September 2021. The Company booked revenues of EGP 1,190.8 million in 9M 2021, up 33.4% year-on-year (y-o-y), driving an expansion of both the gross profit and EBITDA margins. Adjusted net profit booked EGP 146.1 million, up by 28.3% y-o-y and yielding a net profit margin of 12.3%, while reported net profit came in at EGP 149.4 million. On a quarterly basis, Fawry recorded revenues of EGP 448.3 million in 3Q 2021, an increase of 30.5% y-o-y, with adjusted net profit recording EGP 54.7 million, up by 26.1% y-o-y. Reported net profit came in at EGP 36.1 million for 3Q 2021, reflecting a noncash ESOP expense of EGP 24 million.

#### Summary Adjusted Profit & Loss Statement<sup>1</sup>

(EGP 000s)	3Q 2020	3Q 2021	Change %	9M 2020	9M 2021	Change %
Adjusted Total Revenues	336,542	448,273	33.2%	885,808	1,190,834	34.4%
Adjusted Gross Profit	184,190	257,831	40.0%	480,905	673,011	39.9%
Adjusted Gross Profit Margin	54.7%	57.5%		54.3%	56.5%	
Adjusted EBITDA	94,349	134,397	42.4%	247,272	342,440	38.5%
Adjusted EBITDA Margin	28.0%	30.0%		27.9%	28.8%	
Adjusted Net Profit Before NCI	53,866	75,229	39.7%	139,840	190,430	36.2%
<b>Adjusted Net Profit After NCI<sup>2</sup></b>	<b>43,389</b>	<b>54,730</b>	<b>26.1%</b>	<b>113,851</b>	<b>146,081</b>	<b>28.3%</b>
<b>Adjusted Net Profit Margin</b>	<b>12.9%</b>	<b>12.2%</b>		<b>12.9%</b>	<b>12.3%</b>	

#### Summary Profit & Loss Statement

(EGP 000s)	3Q 2020	3Q 2021	Change %	9M 2020	9M 2021	Change %
Total Revenues	343,455	448,273	30.5%	892,721	1,190,834	33.4%
Alternative Digital Payments (ADP)	242,700	258,257	6.4%	655,300	723,679	10.4%
Banking Services	53,600	118,323	120.8%	125,300	276,792	120.9%
Acceptance	16,430	52,671	220.6%	33,563	115,401	243.8%
Agent banking	37,170	65,652	76.6%	91,737	161,391	75.9%
Microfinance	18,800	35,604	89.4%	48,400	97,023	100.5%
Supply Chain Solutions	20,200	28,252	39.9%	49,300	72,309	46.7%
Others	8,155	7,836	-3.9%	14,421	21,029	45.8%
Gross Profit	191,103	257,831	34.9%	487,818	673,011	38.0%
Gross Profit Margin	55.6%	57.5%		54.6%	56.5%	
EBITDA <sup>3</sup>	101,262	134,397	32.7%	254,185	364,140	43.3%

9M 2021 Earnings Release

15 November 2021

EBITDA Margin	29.5%	30.0%		28.5%	30.6%	
Net Profit Before NCI	59,224	56,589	-4.4%	145,198	193,739	33.4%
<b>Net Profit After NCI</b>	<b>48,746</b>	<b>36,089</b>	<b>-26.0%</b>	<b>119,209</b>	<b>149,390</b>	<b>25.3%</b>
<b>Net Profit Margin</b>	<b>14.2%</b>	<b>8.1%</b>		13.4%	12.5%	

<sup>1</sup> Summary Adjusted Profit and Loss is presented because the Company believes that it is a useful financial measure to both the Company and investors for evaluating its operating performance and that it facilitates period to period comparisons of the Company's results of operations as the items excluded generally are not a function of the Company's operating performance. A reconciliation of EAS results to non-EAS results are provided in the tables at the end of this press release.

<sup>2</sup> Adjusted Net Profit - The Company presents its Adjusted Net Profit as its EAS Net Profit excluding: (a) nonrecurring gains; (b) noncash ESOP expense included in EAS net profit; (c) certain other costs as set forth in the reconciliation of adjusted net profit to EAS net profit included in the tables at the end of this press release.

<sup>3</sup> EBITDA - The Company defines EBITDA as its EAS operating profit, excluding: (a) depreciation, amortization, provisions; (b) non cash 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

### Financial & Operational Highlights

- Fawry continued to reap the benefits of successful top-line diversification during 9M 2021, with the Banking Services leading overall revenue growth.
- Financial services continued to grow strongly, with Microfinance revenues doubling over the nine-month period, where Fawry has maintained its client acquisition momentum. The company continues to strategically expand in financial services and has announced the establishment of Fawry Consumer Finance.
- Profitability remains solid despite aggressive spending on marketing and human resources to fuel growth, with the gross profit and EBITDA margins widening on improved operating leverage.

### Chief Executive's Review

We are pleased to report another quarter of strong growth and a deeper penetration of Fawry's services across a broader range of consumer and merchant services. Fawry's financial results and operational progress in the first nine months leave us confident in the Company's ability to continue spearheading Egypt's digital transformation, and to do so in a way that generates sustainable value for our investors and other stakeholders. Our revenues for 9M 2021 were up by 33.4% y-o-y to nearly EGP 1.2 billion, driving growth of 28.3% y-o-y in our adjusted bottom line, which normalizes for noncash ESOP expenses and non-recurring gains and costs. These strong results reflect the success of our ongoing efforts to profitably diversify Fawry's operations and expand the Company's value proposition.

The unique digital ecosystem we are building is taking clearer shape with each passing day. Top-line growth for the period was driven by expansions at business segments that did not exist just a few years ago: revenues from our acceptance business tripling y-o-y in 9M 2021, while digital lending revenue from the microfinance segment doubled and growth at our agent banking business reached 75.9% y-o-y. Alternative digital payments, where our capacity for innovation and our state-of-the-art solutions gave Fawry its original foothold in Egypt's expanding digital sphere, continues to grow at a healthy rate, with revenues climbing by 10.4% y-o-y during the nine-month period.

Fawry processed 858.8 million transactions in 9M 2021, up from the 817.7 million transactions processed in 9M 2020, with throughput climbing 54.9% y-o-y to EGP 90.9 billion. Mobile and digital transactions more than doubled during the period, demonstrating Fawry's place at the heart of Egypt's digital revolution, a position we've attained thanks to our unmatched technological infrastructure and operational capabilities.

Strong operational performance and rapid top-line expansion are reflected in Fawry's margins for the period. Our gross profit margin recorded 56.5% for 9M 2021, up by 1.9 percentage points y-o-y, while the EBITDA margin also climbed by 2.1 points to 30.6% over the same period. These robust increases in Fawry's core profitability come despite the heavy investments we have made in both talent acquisition and marketing during 9M 2021. These investments

**9M 2021 Earnings Release**

15 November 2021

will gear Fawry for continued expansion as we enter a new chapter in our exciting growth story. We aim to continue driving core profitability by consolidating Fawry's leading positions in its markets and continuously develop our offering. At the close of 9M 2021, Fawry offered 1,494 distinct services, up from 894 just one year previously. Moving forward, we will keep rolling out new services at an accelerating rate and will further optimize our unparalleled service mix in a way that maintains our place as the point of entry to the digital economy in Egypt.

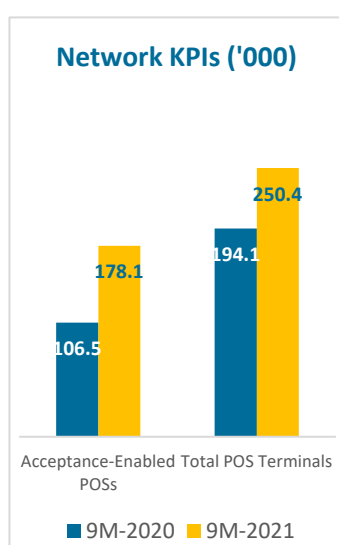
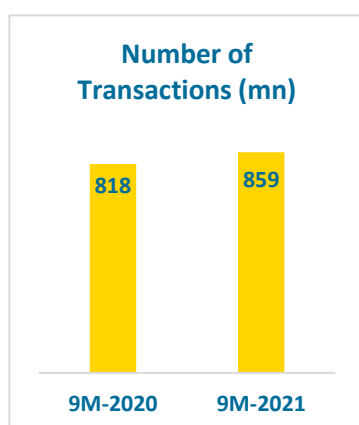
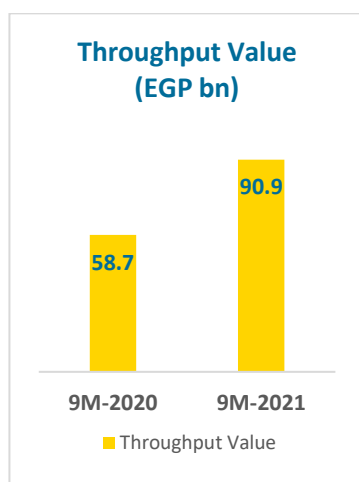
Fawry prides itself on creating value for all the stakeholder groups participating in the modern economy: banks, SMEs, enterprises, and consumers. This last group has been a focus of our most recent efforts. Fawry already makes it easy for consumers to pay, send, and soon store money. In 2022 we look forward to taking our consumer offering to the next level with the launch of Fawry Consumer Finance. The new business will leverage Fawry's technology infrastructure to offer consumers digital buy-now pay-later services in a frictionless manner through a user-friendly interface. The new offering will strengthen Fawry's growing presence in the financial services space, deepen our exposure to Egypt's thriving consumer finance industry, and drive further business at our acceptance segment.

myFawry, our consumer-facing mobile application, is another avenue we've pursued to create value in the consumer space. The app has now been downloaded 4.3 million times, more than triple the figure recorded one year previously. myFawry is now the market's premier payments app, providing a one-stop-shop for all payment needs, an unmatched array of billing partners, and a user-friendly spending tracker. In 3Q 2021, we launched our marketplace for offers and rewards across diverse merchandise categories. This forms an integral component of our strategy to build Egypt's first Super App.

I am also pleased to announce that we have obtained approval from the Central Bank of Egypt to issue the myFawry Card, earmarked for launch before the end of 2021. The myFawry Card will be at the heart of our financial services offering for both consumers and SMEs, allowing them to deposit and withdraw funds and make payments anywhere in Egypt, significantly bolstering our financial services offering. As uptake of the myFawry Card rises, we expect new use cases for the offering to be deployed, including P2P and payout services, yielding new revenue streams for Fawry.

Our vision for the future is clear. On the consumer side, our priority is to leverage our platform to provide consumers with a trusted means to buy, pay, and expand access to financial services as conveniently as possible with an unmatched user experience. On the enterprise side, we aim to maximize the ability of our partner merchants and businesses to engage digitally with their customers, all while continuing to digitize payments and providing an integrated suite of digital supply chain and financial services. With the talent and resources now at Fawry's disposal, I am confident that our team is up to the task of achieving this vision.

**Eng. Ashraf Sabry – Chief Executive Officer**



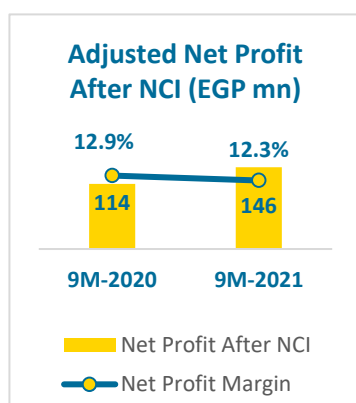
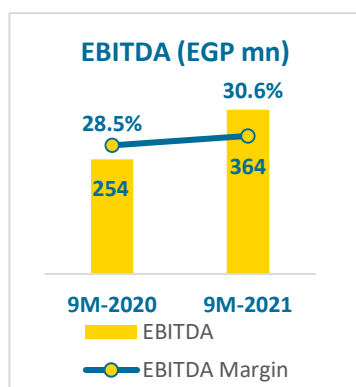
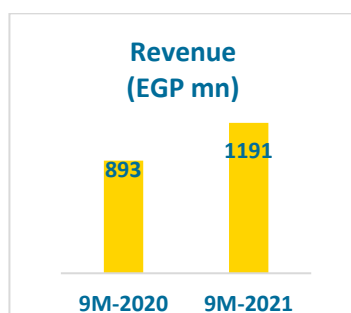
## Operational Developments

Operational KPIs	9M 2020	9M 2021	Change %
Active Network Customers (mn)	29	35	20.7%
Total POS Terminals ('000)	194.1	250.4	29.0%
Acceptance Enabled POSs ('000)	106.5	178.1	67.3%
Banks Active and Contracted	33	36	9.1%
myFawry App Total Downloads ('000)	1,250.1	4,304.9	244.4%
Services Provided	894	1,494	67.1%
Transactions (mn)	817.7	858.8	5.0%
Mobile Wallet Transactions (mn)	26.5	38.6	45.5%
Mobile Wallet Processed Value (EGP mn)	14,082.1	26,498.7	88.2%
<b>Total Throughput Value (EGP mn)</b>	<b>58,700.0</b>	<b>90,908.8</b>	<b>54.9%</b>

Fawry handled a total throughput of EGP 90.9 billion for 9M 2021, up by 54.9% y-o-y versus EGP 58.7 billion one year previously, maintaining the company's growth momentum.

- Fawry handled a total of 858.8 million **transactions** in the first nine months of 2021, up by 5.0% y-o-y from the 817.7 million registered for 9M 2020.
- The Company's retail network was equipped with 250.4 thousand **POS terminals** in 9M 2021, an increase of 29.0% y-o-y from 194.1 thousand in 9M 2020, reflecting strong growth in Fawry's merchant network and its successful efforts to equip partners with POS technology.
- Acceptance-enabled POSs** in the Company's network reached 178.1 thousand in 9M 2021, an increase of 67.3% y-o-y from the 106.5 thousand recorded one year previously. Acceptance-enabled POS terminals can allow merchants and small businesses to accept an expanded range of payment methods, including debit or credit card payments.
- Fawry hosted 38.6 million **mobile wallet transactions** during the first nine months of 2021, up by 45.5% y-o-y from 26.5 million transactions for 9M 2020. **Total mobile wallet processed value** recorded EGP 26.5 billion for the nine-month period, an increase of 88.2% y-o-y.<sup>1</sup>
- As of 30 September 2021, Fawry had recorded 4.3 million downloads of its consumer-facing **myFawry** mobile application, up by 244.4% y-o-y from 1.3 million downloads as at 30 September 2020. myFawry offers consumers a unified interface for bill payments and other services.
- myFawry's annualized throughput** reached EGP 1.95 billion based on figures from September 2021, up from EGP 920 million based on throughput for September 2020. The large increase in uptake reflects an accelerating shift towards digital payment methods among Egyptian consumers, a trend which has been intensified by rising internet and smartphone penetration rates.

<sup>1</sup> These figures reflect total processed value and transactions from bank and operators' wallets processed on the Fawry Network.

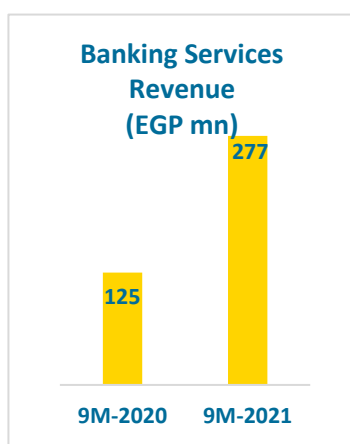
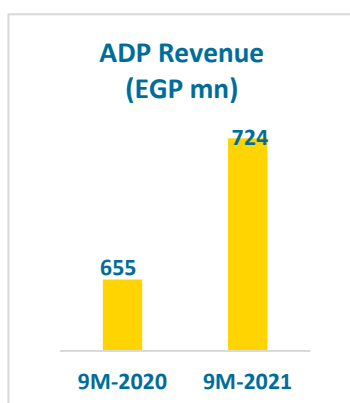
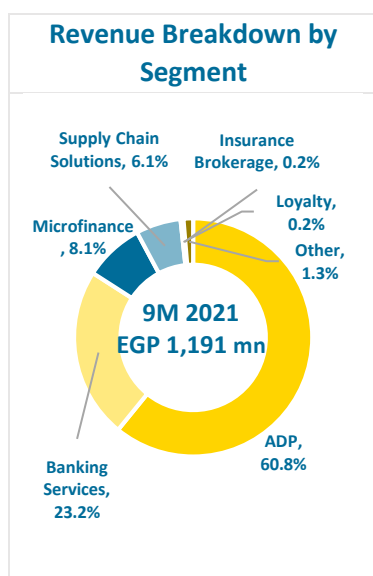


## Consolidated Financial Performance

- Fawry booked **total revenues** of EGP 1,190.8 million in 9M 2021, an increase of 33.4% y-o-y against the EGP 892.7 million recorded for 9M 2020. The largest contribution to top-line growth in 9M 2021 came from the Banking Services segment, where revenues more than doubled y-o-y. Revenues from the Alternative Digital Payments (ADP) and Supply Chain Solutions rose at double-digit rates during the period, while Microfinance saw its top line double in 9M 2021. On a quarterly basis, Fawry booked total revenues of EGP 448.3 million in 3Q 2021, an increase of 30.5% y-o-y from the EGP 343.5 million recorded for 3Q 2020.
- Banking Services made a contribution of 23.2% to Fawry's consolidated top line in 9M 2021, up strongly from 14.0% one year previously. Microfinance contributed 8.1% of total revenues for the period against 5.4% in 9M 2020. Fawry continued to implement successful **diversification** of revenue streams during 9M 2021. Fawry's ADP segment saw its revenue contribution fall to 60.8% in 9M 2021 from 73.4% in 9M 2020, with concurrent growth in the revenue contribution from other segments
- Gross profit** recorded EGP 673.0 million in 9M 2021, up by 38.0% y-o-y against the EGP 487.8 million booked for 9M 2020. The Company recorded a gross profit margin of 56.5% in 9M 2021, up from 54.6% one year previously. This expansion in gross profit comes as Fawry's top line continues to grow rapidly, and further reflects the Company's close control over channel fees during 9M 2021. On a quarterly basis, Fawry booked a gross profit of EGP 257.8 million for 3Q 2021, an increase of 34.9% y-o-y yielding a GPM of 57.5% against 55.6% in 3Q 2020 widening by 190 bps.
- Fawry registered an **EBITDA** of EGP 364.1 million in 9M 2021, an increase of 43.3% y-o-y against the EGP 254.2 million recorded one year previously. Fawry's EBITDA margin booked 30.6% for 9M 2021, up from 28.5% for 9M 2020. Strong EBITDA growth in the nine-month period was supported by Fawry's successful diversification of its revenue base and the resultant synergies and cost efficiencies. Strong EBITDA-level performance also came despite an increase in marketing and talent acquisition expenses as Fawry continued to diversify its platform to maximize business growth during the period. As Fawry continues to grow its talent pool and strengthen the executive team, the Company expects to see a material impact on its operating costs for the short run. However, it should be noted these investments will enable Fawry to accelerate delivery on the Company's aggressive growth and diversification strategy. Fawry booked an EBITDA of EGP 134.4 million for 3Q 2021, an increase of 32.7% y-o-y yielding an EBITDA margin of 30.0% versus the 29.5% registered for 3Q 2020.
- Adjusted net profit after NCI**, which excludes nonrecurring gains and expenses as well as the impact of the non-cash ESOP program, came in at EGP 146.1 million for 9M 2021, up by 28.3% y-o-y from the EGP 113.8 million

9M 2021 Earnings Release

15 November 2021



booked for 9M 2020, with the net profit margin (NPM) registering 12.3% against 12.9% one year previously. Adjusted net profit booked EGP 54.7 million for 3Q 2021, up 26.1% y-o-y.

- **Net Profit After NCI** came in at EGP 149.4 million for 9M 2021, up by 25.3% y-o-y from the EGP 119.2 million booked for 9M 2020, with the net profit margin (NPM) registering 12.5% against 13.4% one year previously. On a quarterly basis, net profit after NCI booked EGP 36.1 million for 3Q 2021, down by 26.0% y-o-y.

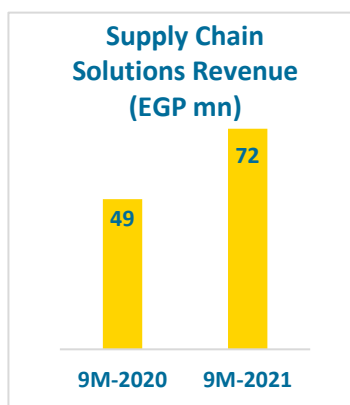
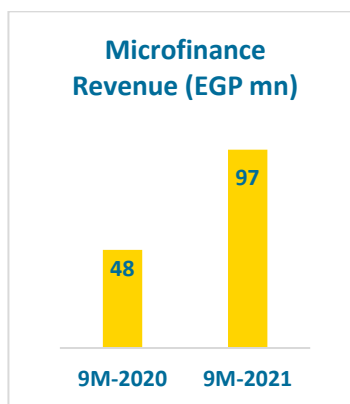
## Segments Overview

### Alternative Digital Payments

- Revenues from **Alternative Digital Payments (ADP)** expanded by 10.4% y-o-y to record EGP 723.7 million in 9M 2021 versus EGP 655.3 million in 9M 2020. On a quarterly basis, the ADP segment generated revenues of EGP 258.3 million for 3Q 2021, up by 6.4% y-o-y from the EGP 242.7 million booked for 3Q 2020.
- Fawry's ADP segment contributed 60.8% of consolidated revenues in 9M 2021, a decrease from 73.4% in 9M 2020. Despite remaining Fawry's largest single business line, growth in the ADP segment represented just 22.9% of the y-o-y increase in Fawry's top-line during 9M 2021, demonstrating the successful evolution of the business towards an ecosystem model integrating a broad range of value-added services beyond ADP.

### Banking Services

- Fawry provides a range of financial services under agency agreements with banks. **Banking Services** generated revenues of EGP 276.8 million during 9M 2021, an increase of 120.9% y-o-y from EGP 125.3 million one year previously. Growth during the nine-month period was driven both by the segment's acceptance business and by its agent banking business. On a quarterly basis, the Banking Services segment recorded revenues of EGP 118.3 million for 3Q 2021, up by 120.8% y-o-y from EGP 53.6 million in 3Q 2020.
  - The acceptance business booked revenues of EGP 115.4 million for 9M 2021, up by 243.8% y-o-y and reflecting an increase of 277% y-o-y in throughput, which registered EGP 8.36 billion in 9M 2021 as Fawry's Merchant Aggregator Platform continued to enjoy strong uptake and the number of acceptance-enabled merchants in Fawry's retail network continued to rise during the period.
  - Strong results at the Banking Services segment were supported by rapid growth at Fawry's agent banking business, which booked revenues of EGP 161.4 million for 9M 2021, an increase of 75.9% y-o-y. Agent banking throughput expanded by 94.6% y-o-y to EGP 25.6 billion during the period.



- Revenue from Banking Services represented 23.2% of the Company's consolidated top line in 9M 2021, up significantly from 14.0% in 9M 2020. Similarly, the Banking Services segment was the single largest contributor to consolidated revenue growth during the period, generating 50.8% of the increase in Fawry's overall revenues during 9M 2021.

### Microfinance

- Fawry disburses microfinance loans to retailers in its merchant network, extending credits directly through POS terminals and digitally earmarking them for supplier payments. The Company's **Microfinance** segment booked total revenues of EGP 97.0 million in 9M 2021, up by 100.5% y-o-y against the EGP 48.4 million booked for 9M 2020. On a quarterly basis, the Microfinance segment posted revenues of EGP 35.6 million, up by 89.4% y-o-y from the EGP 18.8 million booked for 3Q 2020.
- Outstanding loans in Fawry's microfinance portfolio stood at EGP 376 million as at 30 September 2021. The Company counted c.19.7k microfinance clients by the close of 9M 2021. Fawry processed approximately 2.3k online microfinance applications per month during Q3 2021, with 1.5k receiving approval.
- Credit limits at the Microfinance segment stood at EGP 200k as of 30 September 2021. Meanwhile, the Company's Digital Financing team has launched state-of-the-art CRM and call-center solutions which are expected to boost customer acquisition and retention as the Microfinance segment continues to expand rapidly.
- Microfinance revenues represented 8.1% of Fawry's consolidated top line in 9M 2021, up from the contribution of 5.4% recorded in 9M 2020. Microfinance was the third-largest contributor to top-line growth during 9M 2021, following the Banking Services and ADP segments and generating 16.3% of overall revenue growth for the period.

### 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. Revenues from Fawry's Supply Chain Solutions segment recorded EGP 72.3 million in 9M 2021, up by 46.7% y-o-y from EGP 49.3 million in 9M 2020. 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 6.1% of total revenues during 9M 2021, up from 5.5% one year previously, generating 7.7% of consolidated revenue growth for the period. Supply Chain Solutions booked revenues of EGP 28.3 million during 3Q 2021, an increase of 39.9% y-o-y from the EGP 20.3 million recorded in 3Q 2020.

9M 2021 Earnings Release

15 November 2021

Reconciliation of Non-EAS Financial Measures

The following tables present a reconciliation of adjusted profit and loss metrics to reported EAS profit and loss metrics for each of the periods indicated.

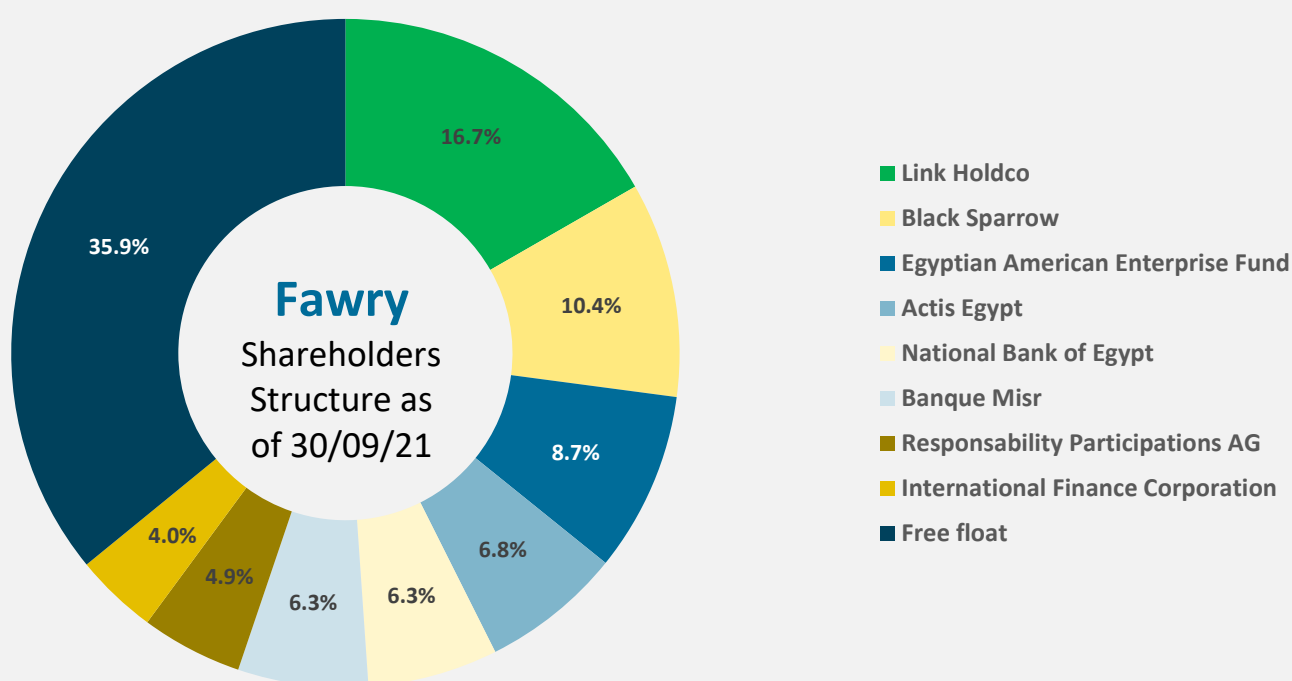
(EGP 000s)	3Q20	3Q21	9M20	9M21
<b>Total Revenue</b>	<b>343,455</b>	<b>448,273</b>	<b>892,721</b>	<b>1,190,834</b>
CBE initiative revenue	(6,913)		(6,913)	
<b>Adjusted Total Revenue</b>	<b>336,542</b>	<b>448,273</b>	<b>885,808</b>	<b>1,190,834</b>
<b>Gross profit</b>	<b>191,103</b>	<b>257,831</b>	<b>487,818</b>	<b>673,011</b>
CBE initiative revenue	(6,913)			
<b>Adjusted Gross Profit</b>	<b>184,190</b>	<b>257,831</b>	<b>487,818</b>	<b>673,011</b>
<b>Net Profit After NCI</b>	<b>48,746</b>	<b>36,089</b>	<b>119,209</b>	<b>149,390</b>
CBE initiative revenue	(6,913)		(6,913)	
Gain on sale of devices				(21,000)
Fawry Plus acquisition gain				(22,800)
ESOP		24,052		37,414
Capital raise expenses				2,816
Other				(700)
Tax effect	1,555	(5,412)	1,555	961
<b>Adjusted Net Profit After NCI</b>	<b>43,389</b>	<b>54,730</b>	<b>113,851</b>	<b>146,081</b>

– 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 36 member banks, its mobile platform and more than 250,400 agents, Fawry processes an average of 3 million transactions per day, serving an estimated customer base of 35 million users monthly. Learn more at [www.fawry.com](http://www.fawry.com).



## Contacts

### Chief Investment & Investor Relations Officer

Heba Makhoulf

[heba.makhoulf@fawry.com](mailto:heba.makhoulf@fawry.com)

### Senior Investor Relations Associate

Aser Mokhtar

[aser.mokhtar@fawry.com](mailto:aser.mokhtar@fawry.com)

### Investor Relations Department

[investor.relations@fawry.com](mailto:investor.relations@fawry.com)