

Fawry Releases 1Q2023 Results

Fawry achieves exceptional top-line growth, expanding 39.9% year-on-year primarily due to consistently robust performance from its Banking Services segment.

1Q2023 Highlights

Revenues

EGP 675.7 MN

▲ 39.9% y-o-y

Gross Profit

EGP 418.8 MN

▲ 50.3% y-o-y / 62.0% margin

Throughput Value

EGP 68,275 MN

▲ 65.2% y-o-y

EBITDA

EGP 239.9 MN

▲ 78.6% y-o-y / 35.5% margin

Adjusted Net Profit²

EGP 146.8 MN

▲ 241.7% y-o-y / 21.7% margin

Number of Transactions

356.0 MN

▲ 20.4% y-o-y

18 May 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 quarter ended 31 March 2023. Fawry reported a 39.9% year-on-year (y-o-y) rise in revenues, reaching EGP 675.7 million in 1Q2023. Strong top-line performance coupled with effective cost control translated into significantly increased margins and an impressive 241.7% y-o-y net profit growth as the Company booked an adjusted bottom-line of EGP 146.8 million.

Summary Profit & Loss Statement

(EGP 000s)	1Q2022	4Q2022	1Q2023	y-o-y Change %	q-o-q Change %
Total Revenues	482,997	651,325	675,697	39.9%	3.7%
Alternative Digital Payments (ADP)	245,200	285,150	277,560	13.2%	-2.7%
Banking Services	153,657	236,223	249,852	62.6%	5.8%
Acceptance	58,162	106,632	115,677	98.9%	8.5%
Agent Banking	95,495	129,591	134,175	40.5%	3.5%
Microfinance	47,373	78,771	82,262	73.6%	4.4%
Supply Chain Solutions	24,674	39,928	44,621	80.8%	11.8%
Others	12,093	11,253	21,403	77.0%	90.2%
Gross Profit	278,682	408,346	418,787	50.3%	2.6%
Gross Profit Margin	57.7%	62.7%	62.0%	4.3 pts	-0.7 pts
EBITDA¹	134,343	236,635	239,936	78.6%	1.4%
EBITDA Margin	27.8%	36.3%	35.5%	7.7 pts	-0.8 pts
Net Profit Before NCI	47,838	134,124	142,058	197.0%	5.9%
Net Profit After NCI	28,156	115,988	123,282	337.9%	6.3%
Net Profit Margin	5.8%	17.8%	18.2%	12.4 pts	0.4 pts
Adjusted Net Profit After NCI²	42,970	137,092	146,818	241.7%	7.1%
Adjusted Net Profit Margin	8.9%	21.0%	21.7%	12.8 pts	0.7 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 30.4 million, EGP 29.6 million and 19.1 million in EAS net profit of 1Q2023, 4Q2022 and 1Q2022, respectively.

Financial & Operational Highlights

- Fawry's Banking Services segment continued to be the primary driver of consolidated top-line growth, contributing 50% of the Company's revenue growth during 1Q2023.
- Successful cost control measures directly translated into higher margins and increased profitability as Fawry recorded an adjusted net profit margin (NPM) expansion of 12.8 percentage points y-o-y.
- Throughput value maintained its upward momentum, rising 65.2% y-o-y to EGP 68.3 billion throughout the quarter.

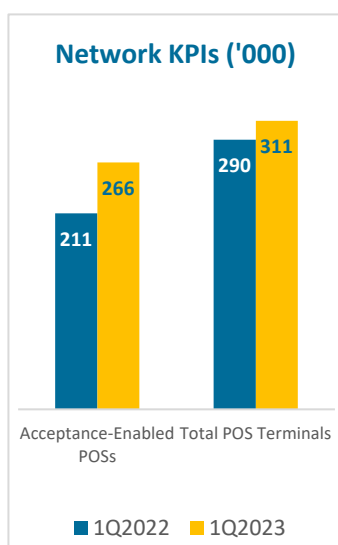
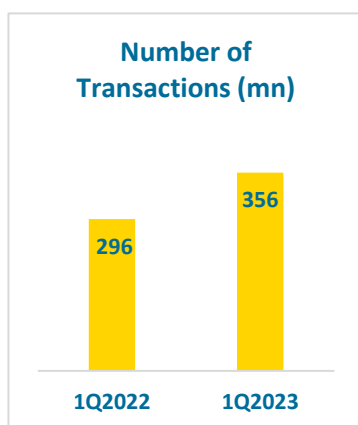
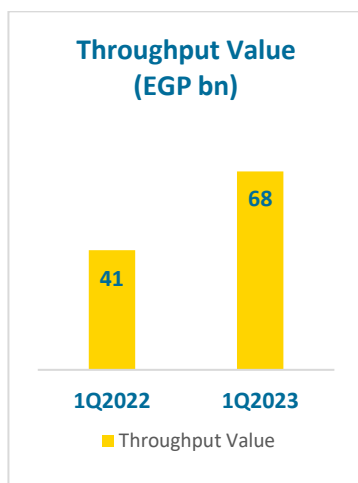
Chief Executive's Review

As we wrap up the first quarter of 2023, I am happy to report that the growth momentum, operational success and cost control measures that have defined 2022 for Fawry have continued to take effect as we head into the new year. This quarter saw the Company maintain its financial success, recording revenue growth of 40% compared to the first quarter of 2022 and beating our guidance of 36% y-o-y revenue growth for 2023. Furthermore, increased profitability at all levels resulted in Fawry's EBITDA margin booking 35.5% vs. our full year guidance of 32.8%, while adjusted net profit soared 242% compared to last year. The successful expansion of our top-line and the consistent effort to control costs at all levels despite challenging economic circumstances has enabled us to expand our margins and add another quarter to Fawry's success story.

Operationally, Fawry has performed just as impressively, with the number of active customers within Fawry's network hitting approximately 50 million as of the end of the quarter, compared to 42 million at the same time last year. We have also seen consistent and impressive rises in almost all of our operational metrics, with the most notable being Fawry's throughput value increasing 65% to over EGP 68 billion during the first quarter of 2023.

Our strong results this quarter are a direct result of Fawry's consistent effort to diversify its revenue streams and continue to develop in parallel with evolving Egyptian consumer needs and demands. Our Banking Services segment is the best example of this diversification, with its continued growth and steady climb in its contribution to consolidated revenues. This first quarter has seen Fawry off to a strong start, and I am confident in the Company's ability to maintain its financial and operational success as well as its ability to continue expanding its service offering, most recently through the launch of the myFawry prepaid card in March 2023 and the BNPL business that is currently in the testing phase, to reach more customers nationwide throughout the rest of 2023.

Eng. Ashraf Sabry
Chief Executive Officer



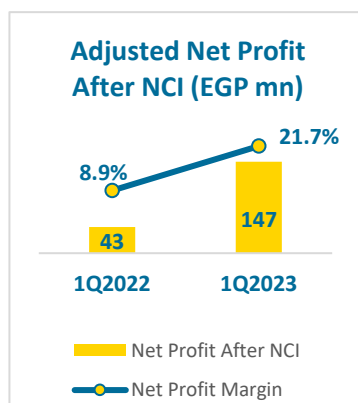
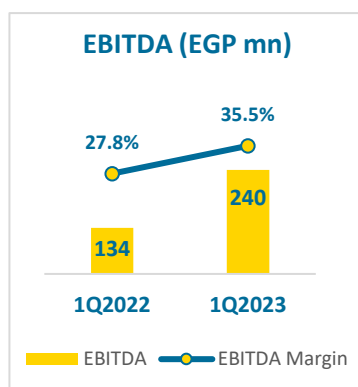
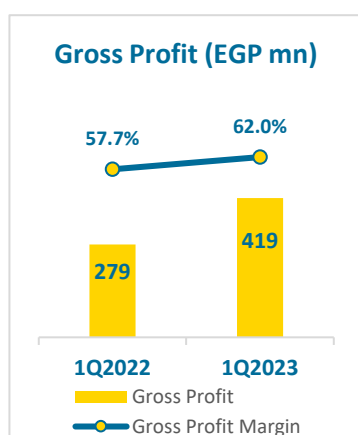
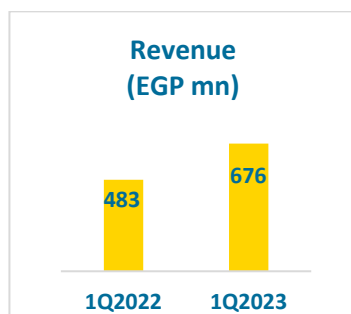
Operational Developments

Operational KPIs	1Q2022	1Q2023	Change %
Active Network Customers (mn)	42.2	49.8	18.0%
Total POS Terminals ('000)	289.9	310.5	7.1%
Acceptance Enabled POSs ('000)	211.3	265.8	25.8%
Banks Active and Contracted	36	36	n/a
myFawry App Total Downloads ('000)	5,766	9,278	60.9%
Services Provided	1,798	2,685	49.3%
Transactions (mn)	295.8	356.0	20.4%
Mobile Wallet Transactions (mn)	18.5	32.0	72.9%
Mobile Wallet Processed Value (EGP mn)	18,175.5	37,453.9	106.1%
Total Throughput Value (EGP mn)	41,330.9	68,275.0	65.2%

Fawry's total throughput value increased 65.2% y-o-y to book EGP 68.3 billion during 1Q2023, up from EGP 41.3 billion in the same period of the previous year.

- Fawry completed 356.0 million **transactions** in total during 1Q2023, up from 295.8 million recorded during 1Q2022, resulting in a 20.4% y-o-y increase.
- POS terminals** stood at 310.5 thousand as of 31 March 2023, up 7.1% y-o-y from 289.9 thousand as of 1Q2022, reflecting the Company's expanded network and ability to provide partners with the latest in POS technology.
- The Company's network of **acceptance-enabled POSs** came in at 265.8 thousand in 1Q2023, a 25.8% y-o-y increase from 211.3 thousand one year previously. Acceptance-enabled POSs allow merchants and businesses to access a wider range of payment methods, including debit and credit cards.
- The Company hosted 32.0 million **mobile wallet transactions** during 1Q2023, up from 18.5 million transactions one year previously. In value terms, total mobile wallet processed value came in at EGP 37.5 billion, increasing 106% y-o-y from EGP 18.2 billion during 1Q2022¹.
- Total downloads of Fawry's consumer-facing **myFawry** applications reached 9.3 million as of 31 March 2023, a 60.9% y-o-y increase from 5.8 million one year previously. The myFawry app provides consumers with a unified, easy to use, interface for bill payments, offers & promotions, and wide range of extra services. With the launch of the myFawry prepaid card, the Company aims to transform the myFawry app into a Neobank in 2023, offering users a wide range of financial services such as payments, consumer lending, savings and investments.
- myFawry's annualized throughput** increased 77.8% y-o-y to reach EGP 4.3 billion during 1Q2023. The continuing upward momentum of annualized throughput reflects the accelerated adoption of digital payment methods

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.

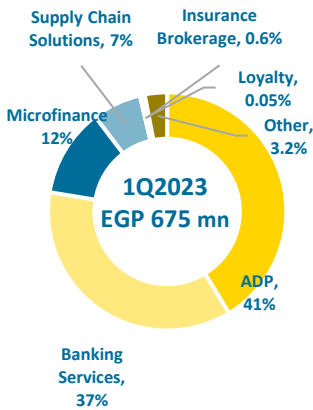


seen across the Egyptian market and its consumers, a trend significantly bolstered by rising internet and smartphone penetration rates.

Consolidated Financial Performance

- **Total revenue** for the period booked EGP 675.7 million, rising 39.9% y-o-y from EGP 483.0 million in 1Q2022. Fawry's **Banking Services** segment remained the primary driver of top-line growth, contributing 50% to year-on-year growth. Secondly, the Company's **Microfinance, Alternative Digital Payments (ADP), and Supply Chain Solutions** saw tangible revenue growth during the three-month period, contributing 18%, 17%, and 10% to consolidated top-line expansion, respectively.
- Fawry's legacy ADP segment contributed 41% to the Company's overall top-line, down from 51% one year previously. The decrease in the ADP segment's contribution to overall revenue reflects the success of Fawry's efforts to diversify revenue streams as the Company continues to expand its offering to its wide customer base. The Banking Services segment was the second largest contributor to total revenue, accounting for 37% compared to 32% during 1Q2022. Increased contributions from the Banking Services segment showcase the Banking Services segment's sustained financial and operational success as it continues to cement its place as an integral business line in Fawry's operations. Finally, the Microfinance and Supply Chain Solutions segments contributed 12% and 7% to the Company's total revenues, respectively.
- **Gross profit** during 1Q2023 increased to EGP 418.8 million, up 50.3% y-o-y from EGP 278.7 million during the previous year and yielding a gross profit margin (GPM) of 62.0%. Increases in gross profitability reflect successful revenue diversification strategies and cost control measures as management continues to actively monitor channel fees to improve profitability.
- Fawry reported **EBITDA** of EGP 239.9 million during the first quarter of 2023, increasing 78.6% y-o-y and with an associated margin of 35.5%. The Company's EBITDA margin expanded by 7.7 points y-o-y during the quarter, from 27.8% in 1Q2022 as G&A expenses continued to normalize.
- **Adjusted net profit after NCI**, excluding the post tax impact of Fawry's non-cash ESOP program, stood at EGP 146.8 million in 1Q2023, increasing 241.7% y-o-y compared to EGP 43.0 million during 1Q2022. The Company reported an adjusted net profit margin of 21.7%, up 12.8 points from 8.9% in the same period of the previous year.
- **Statutory net profit after NCI** recorded EGP 123.3 million during 1Q2023, rising by 337.9% y-o-y and booking an NPM of 18.2% against 5.8% one year previously.

Revenue Breakdown by Segment



Segments Overview

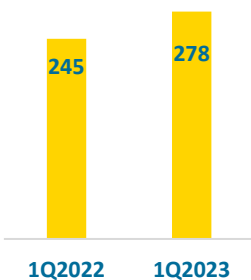
Alternative Digital Payments

- The **Alternative Digital Payments (ADP)** segment booked EGP 277.6 million in revenues during 1Q2023, up 13.2% y-o-y from EGP 245.2 million one year previously to surpass the previously anticipated guidance of 11.0% y-o-y growth during 2023.
- Fawry’s ADP segment constituted 41.1% of the Company’s total revenues in 1Q2023. Despite being the largest contributing segment to consolidated revenues, the ADP segment accounted for only 16.8% of top-line growth as the Company continues to diversify its revenue streams and expand its service offering to customers.

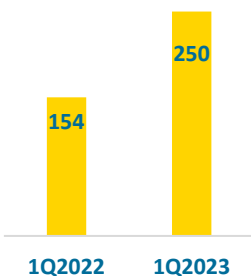
Banking Services

- Fawry provides a range of financial services under agency agreements with banks. **Banking Services** booked revenues of EGP 249.9 million, up a notable 62.6% y-o-y from EGP 153.7 million in the same period of the previous year. Throughout the quarter, growth in the Company’s Banking Services segment was driven primarily by the Acceptance business, which reported top-line growth of 98.9% y-o-y, and secondarily by its Agent Banking business, which booked revenue expansion of 40.3% y-o-y. It is worth noting that the Banking Services segment was the single largest contributor to Fawry’s consolidated revenues, accounting for 50% of revenue growth for the period.
 - The **Agent Banking** business booked revenue of EGP 134.2 million in 1Q2023, an increase of 40.5% y-o-y. The Agent Banking business also recorded throughput of EGP 22.5 billion during the quarter, increasing 41.4% y-o-y.
 - The **Acceptance** business reported revenues of EGP 115.7 million, almost doubling the EGP 58.2 million booked during 1Q2022, and significantly outpacing guidance of 65% y-o-y growth during 2023. Additionally, acceptance throughput rose 149.2% y-o-y to EGP 13.0 billion in the three-month period, from EGP 5.2 billion during 1Q2022 as a result of the increasing uptake in Fawry’s Merchant Aggregator Platform, reflecting the significant upward trajectory in the number of acceptance-enabled merchants in Fawry’s retail network throughout the year.

ADP Revenue (EGP mn)

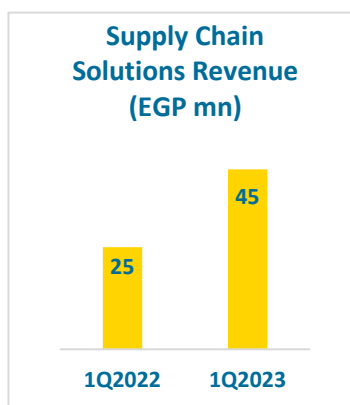
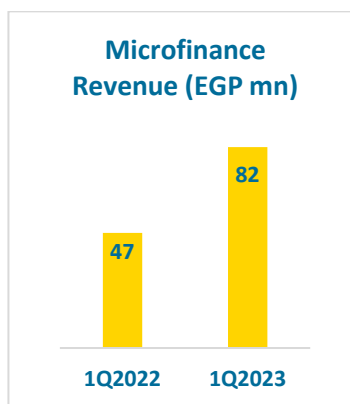


Banking Services Revenue (EGP mn)



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 posted revenues of EGP 82.3 million, up 73.6% y-o-y from the EGP 47.4 million recorded in the previous year.

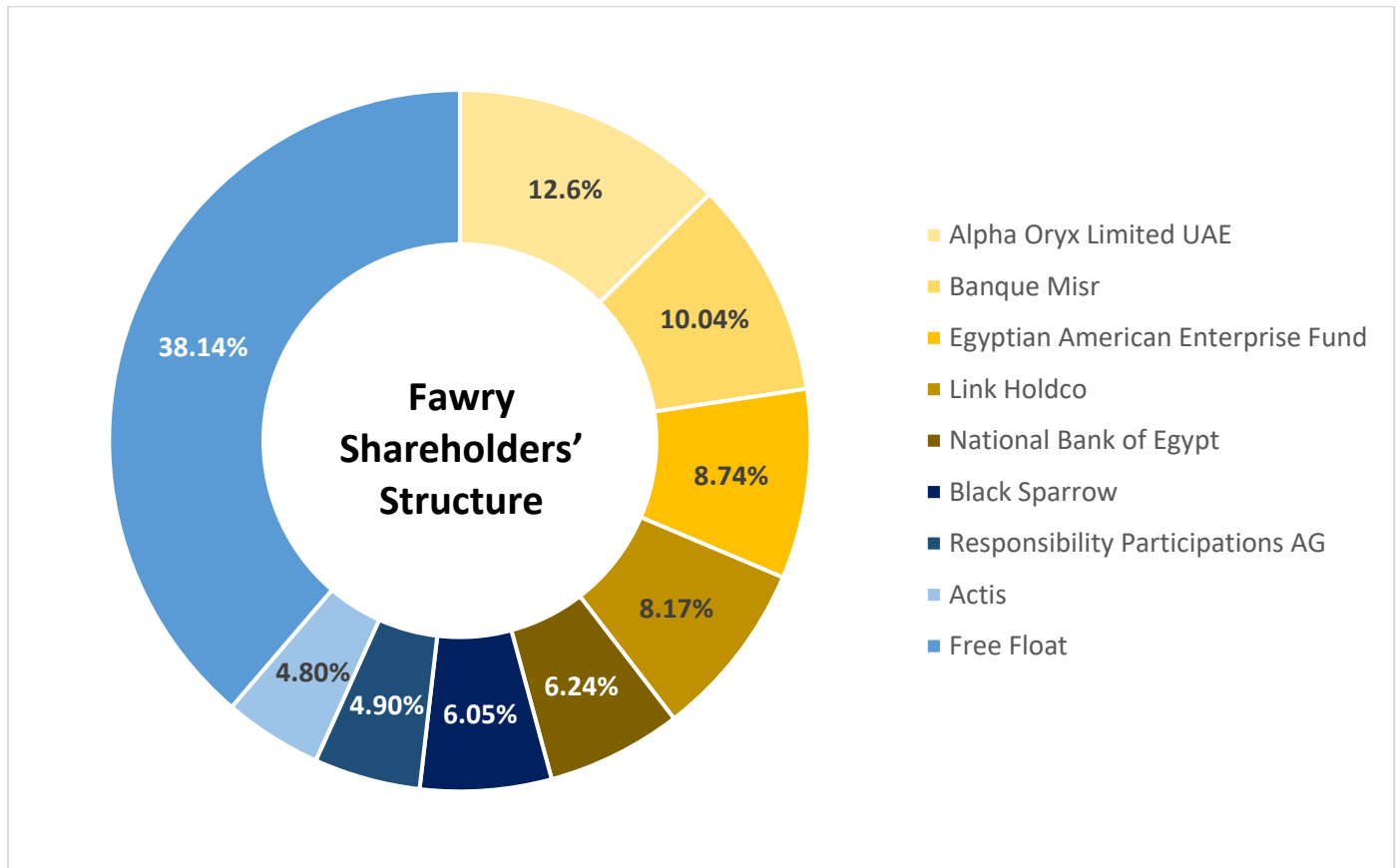
- Outstanding loans in Fawry's microfinance portfolio stood at EGP 726.9 million, net of provisions, up by 46.4% y-o-y.
- Revenues from Fawry's microfinance segment accounted for 12.2% of the Company's consolidated top-line up from 9.8% during 1Q2023. Moreover, The Microfinance segment was the second largest contributor to overall revenue growth, accounting for 18.2% of top-line expansion.
- It is also worth noting that the company is currently working on attaining a license for SME financing.
- Throughout 1Q2023, the Company successfully increased the Digital Finance Unit's performance as its FMF strategic business line by concentrating on Fawry clients, in addition to marketing and partnerships leads. In parallel, the Loan Officer unit was mainly concentrated on portfolio quality maintenance. As a result, Digital Finance clients and portfolio grew by 10.3% and 2.4% q-o-q, respectively. While the Loan Officers Unit's client and portfolio grew by 3.7% q-o-q, while keeping portfolio relatively stable.

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 revenues of EGP 44.6 million during the three-month period, up 80.8% y-o-y from 1Q2022. Supply Chain Solutions contributed 6.6% to consolidated revenues and was responsible for 10.3% of the Company's revenue growth during the quarter.

– Ends –

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 311 thousand agents, Fawry processes more than 3 million transactions per day, serving an estimated customer base of 50 million users monthly.

Learn more at www.fawry.com.

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