

Fawry Releases 9M-2020 Results

Fawry delivers strong top-line growth of 45.2% y-o-y to EGP 892.7 million in 9M-2020 with enhanced margins, while continuing to push forward multiple strategic initiatives.

9M-2020 Highlights

Revenues

EGP 892.7 MN

▲ 45.2% y-o-y

Gross Profit

EGP 487.▲ MN

▲ 61.9% y-o-y / 54.6% margin

Throughput Value

EGP 58.7 BN

▲ 51.5% y-o-y

EBITDA

EGP 259.▲ MN

▲ 63.5% y-o-y / 29.0% margin

Net Profit

EGP 119.1 MN

▲ 99.4% y-o-y / 13.3% margin

Number of Transactions

+818 MN

▲ 31.5% y-o-y

15 November 2020 – (Cairo, Egypt) Fawry (the “Company”, FWRY.CA on the Egyptian Exchange), Egypt’s leading e-payments solutions provider, announced today its consolidated results for the third quarter ended 30 September 2020. The Company recorded revenues of EGP 892.7 million in 9M-2020, up 45.2% year-on-year, booking a net profit of EGP 119.0 million, up by 99.4% year-on-year and yielding a net profit margin of 13.3%.

Financial Highlights

- Fawry booked **total revenues** of EGP 892.7 million in 9M-FY2020, **an increase of 45.2% year-on-year** against the EGP 614.9 million booked one year previously. Top-line growth was driven by **strong operational performance across Fawry’s business segments**.
- The Company continued to **successfully diversify its revenue base** during 9M-2020, with the top-line contribution from **Banking Services** more than doubling year-on-year and the **Microfinance** segment’s contribution climbing at a rapid rate.
- EBITDA** reached EGP 259.0 million in 9M-2020, up by 63.5% year-on-year on the back of successful diversification efforts and their beneficial effects on operating costs, combined with efficient management of channel fees, the largest component of Fawry’s cost base.
- Net profit** booked EGP 119.0 million for 9M-2020, doubling against the level booked in 9M-2019.

Operational Developments

- Fawry registered **record throughput** figures, with strong growth in the **POS network** and a large increase in the number of **acceptance-enabled merchants**.
- Mobile wallet** transactions delivered stand-out growth for 9M-2020, while downloads of the **myFawry app** exceeded 1 million, with double-digit monthly transaction growth.
- Fawry and its banking partners collaborated to **license 60,000 additional merchants** to accept electronic payments under a CBE initiative during the period.

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- The Company has **developed a credit-scoring algorithm**, a major milestone in efforts to expand digital lending activities. Fawry also introduced **payment by handheld machines** for FMCG representatives during the period, bolstering its portfolio of Supply Chain Solutions.
- Egypt's Financial Supervisory Authority has approved an **electronic distribution agreement between AIG Egypt and Fawry Insurance Brokerage Company**, permitting the **distribution of 'white-penny' insurance policies through Fawry's electronic channels**, with monthly premiums starting at EGP 10. Policies will be distributed at Fawry's more than 194,000 physical outlets, via the e-wallets offered by Fawry's partner banks and mobile network operators, and through other channels.
- Fawry has entered into a **global partnership with VISA**, a global payments technology company listed on the New York Stock Exchange. The partnership will see Fawry and VISA roll out a number of initiatives designed to accelerate the development of Egypt's digital payments space – the latest in a string of successful collaborations between Fawry and major corporates and financial institutions.

Recent Corporate Developments

- **Management team reinforced with experienced additions.**

Fawry has made a number of appointments to its executive management team. The Company has appointed a Chief Commercial Officer for Enterprise Services, a Chief Commercial Officer for Banking Services, a Chief Marketing Officer, and a Chief Infrastructure Officer. The new additions bring distinguished records of service and vast combined experience at multinational technology and telecom firms such as IBM and Vodafone and Egyptian business majors such as Raya.

Chief Executive's Review

With 2020 drawing to a close, management at Fawry is highly satisfied with the Company's performance for the first nine months of the year. Our financial results for the period were well within management's expectations and in line with research analysts' consensus.

Fawry's top line continues to grow at a rapid clip, climbing by 45.2% year-on-year to record EGP 892.7 million for 9M-2020. Revenue growth remains broad-based and driven by strong performance across each of Fawry's business segments. The top line is both larger and significantly more diversified than for the comparable period of 2019: the revenue contribution from banking services doubled year-on-year, while the contribution from microfinance climbed at an even faster clip. Performance at our Banking Services segment was given an extra boost during the third quarter, as our FawryPlus chain of banking outlets has posted positive monthly earnings since August. Meanwhile, downloads of the myFawry personal app broke the one million mark, with monthly transaction volumes climbing at a double-digit rate. These positive trends are clearly reflected in Fawry's operating margins: EBITDA climbed by 63.5% year-on-year, driven both by an expanding top-line and the favorable cost profiles of our fastest-growing business segments, yielding a 3.2 percentage-point increase in the EBITDA margin to 29.0%.

In what has been a year of change and disruption in global markets, Fawry has remained steadfast in its strategic direction. Management is committed to developing a dynamic ecosystem that merges payments with digitization, thoroughly modernizing business and commerce in Egypt. We leverage our API-driven, data-fed business platforms to dynamically adapt to evolving market needs and continuously expand our portfolio of value-adding services. In the third quarter of 2020, Fawry made good on its strategic commitments by launching a credit-scoring algorithm fueled by behavioral data from our expanding merchant network – an important milestone in our efforts to pioneer direct digital lending to Egypt's large and underbanked SME market. The third quarter also saw us progress our efforts to digitize B2B transactions. Having pioneered the digitization of payments from smaller, unbanked merchants to their suppliers, Fawry has now made it possible for

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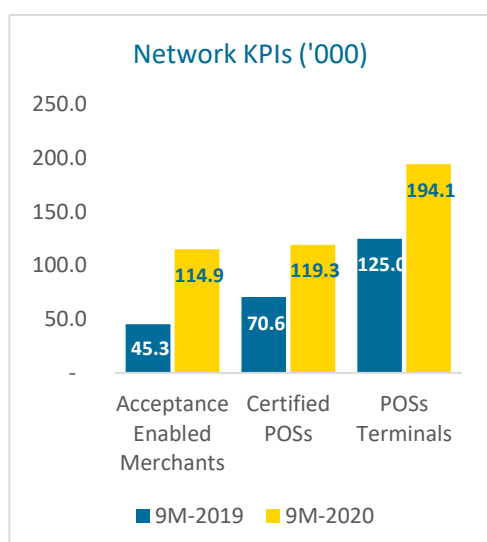
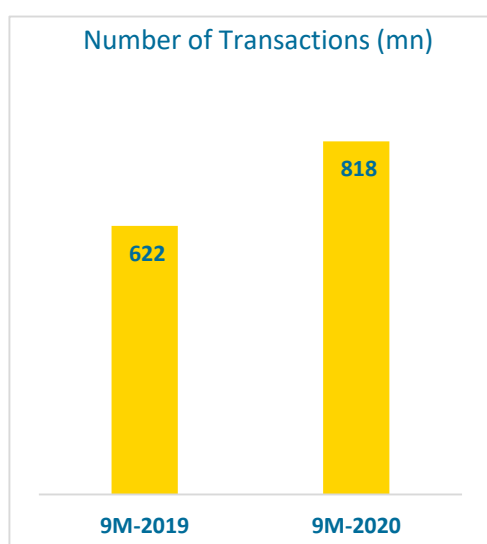
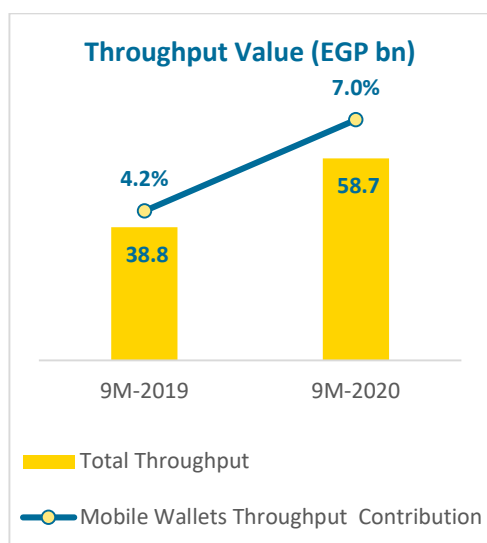
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salesmen representing FMCG and other companies to receive payment from merchants by using handheld devices. We see ample room for growth by continuously expanding our range of Supply Chain Solutions.

Meanwhile, we collaborated with our long-term partners at National Bank of Egypt and Banque Misr under a Central Bank initiative, licensing 60,000 additional merchants and enabling them to accept digital payments. These efforts are in line with the CBE's commitment to establishing a nationwide infrastructure for electronic payments and achieving financial inclusion, a commitment which poses significant potential for further value creation as more SMEs are integrated into the formal economy. We have also recently finalized partnerships with AIG and VISA which will enable us to provide digitally delivered insurance policies to Egypt's underinsured consumer market at competitive rates and to stimulate further development of the country's e-payments space, respectively.

Fawry is also moving to strengthen its team in a way that ensures the Company's ability to continuously capture market-driven opportunities for digitization. To this end, we have appointed a Chief Commercial Officer for Enterprise Services, a Chief Commercial Officer for Banking Services, a Chief Marketing Officer, and a Chief Infrastructure Officer. The new additions each bring more than 25 years of experience from global technology players such as IBM, MNOs such as Vodafone, and big-ticket Egyptian corporates like Raya. Looking ahead, we are confident that Fawry's financial results for FY2020 will remain well within published guidance. Moreover, we have made the investments in technology and personnel needed to leverage current market conditions in a manner that leaves the Company well-positioned to capture significant growth potential in 2021.

Eng. Ashraf Sabry
Chief Executive Officer

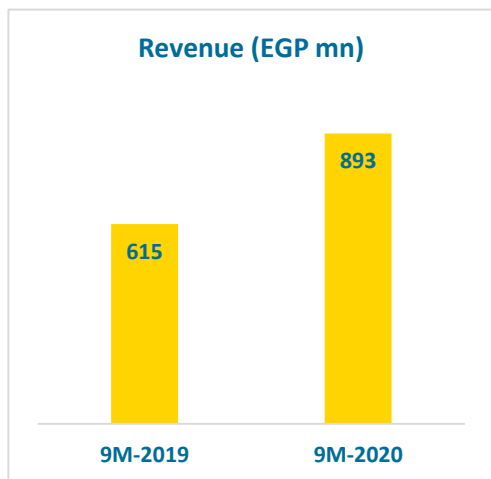


Operational Developments

Operational KPIs	9M-2019	9M-2020	Change %
Active Network Customers (mn)	24.1	29.0	20.3%
POS Terminals ('000)	125.0	194.1	55.3%
Certified POSs ('000)	70.6	119.2	68.8%
Active Banks in the Network	33	37	12.1%
Acceptance Enabled Merchants ('000)	45.3	114.9	153.6%
Services Provided	837	894	6.8%
Transactions (mn)	622	818	31.5%
Throughput Value (EGP mn)	38,756	58,724	51.5%

Fawry delivered another record throughput figure in 9M-2020, with throughput value climbing by 51.5% year-on-year to EGP 58.7 billion against EGP 38.8 billion one year previously.

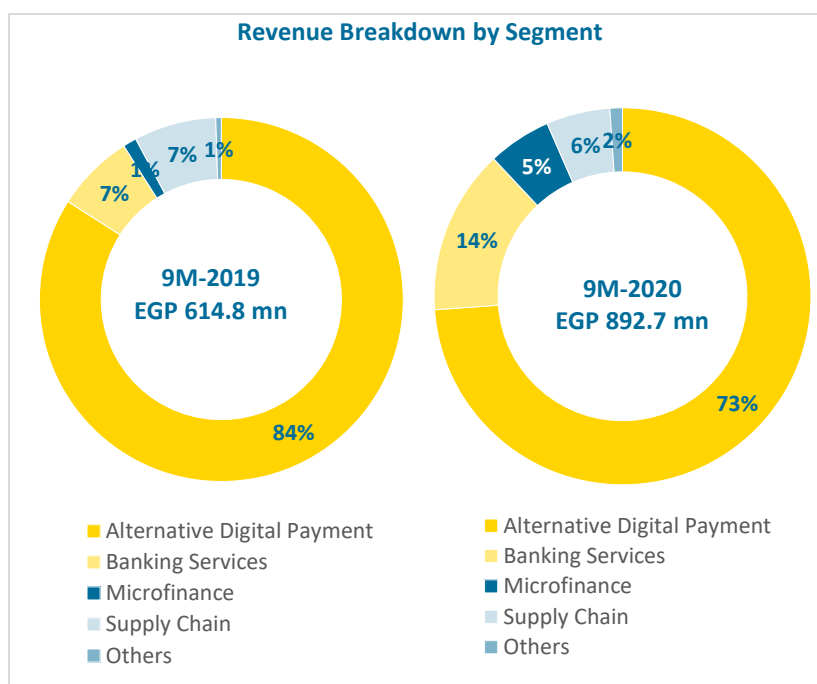
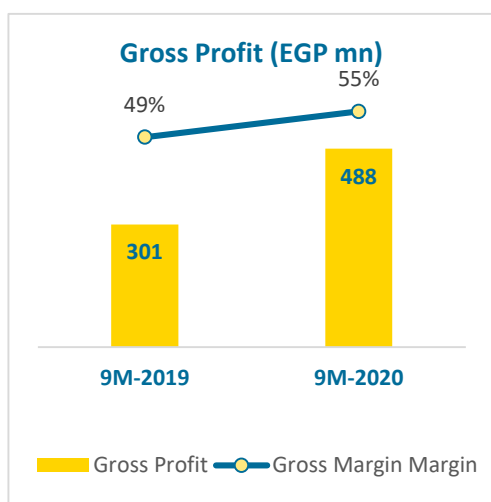
- Fawry handled a total of 818 million **transactions** in 9M-2020, up by 31.5% year-on-year from 622 million in 9M-2019.
- The Company's retail network was equipped with upwards of 194K **POS terminals** in 9M-2020, up by 55.3% year-on-year from 125K in 9M-2019 and reflecting Fawry's heavy investment in expanding the Company's merchant network and heightened outlays on POS technology.
- Bank-certified POS terminals** in Fawry's network registered 119.2K in 9M-2020, an increase of 68.8% year-on-year from 70.6K in 9M-2019. Certified POS terminals enable merchants and small businesses to accept an expanded range of payment methods, including payment by debit or credit card.
- Fawry enables underbanked merchants to accept credit card and mobile wallet payments through its Merchant Aggregator Platform. Increased uptake has seen the number of **acceptance-enabled merchants** in Fawry's network rise by a sharp 153.6% year-on-year to record 114.9K for 9M-2020 versus 45.3K one year previously.
- Mobile wallet transactions** have displayed particularly rapid growth in 9M-2020. Fawry handled a total of 19.8 million mobile wallet transactions during 9M-2020, up by 54.8% year-on-year from 12.8 million in 9M-2019. **Total mobile wallet throughput** recorded EGP 4.1 billion for the nine-month period, an increase of 150.6% year-on-year from EGP 1.6 billion one year previously. Mobile throughput represented 7.0% of Fawry's total throughput in 9M-2020, up from 4.2% in 9M-2019.



Financial Performance

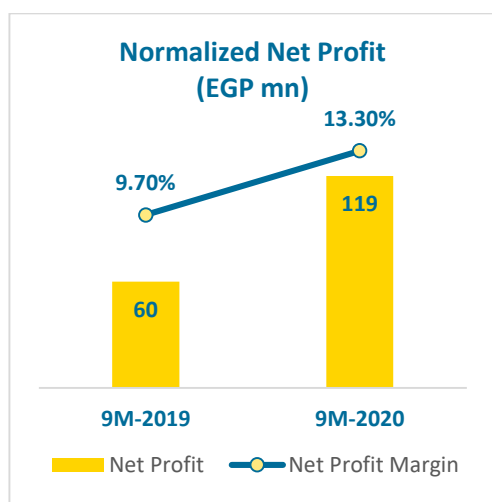
Financial KPIs (EGP mn)	9M-2019	9M-2020	Change%
Total Revenues	614,888	892,721	45.2%
Gross Profit	301,337	487,819	61.9%
Operating Profit	87,762	158,961	81.1%
EBITDA	158,408	259,035	63.5%
Net Profit Before NCI	76,252	145,197	90.4%
Net Profit After NCI	57,376	119,208	107.8%
Normalized Net Profit After NCI	59,738	119,094	99.4%

Fawry booked total revenues of EGP 892.7 million in 9M-2020, up by 45.2% year-on-year from EGP 614.9 million in 9M-2019.



Fawry continued to successfully diversify its revenue streams during 9M-2020, with positive effects on the Company's bottom line:

- Alternative Digital Payments (ADP)** revenues climbed by 26.8% year-on-year to register to EGP 655.3 million in 9M-2020 against EGP 516.7 million one year previously. Although Fawry's ADP segment continued to provide the largest share of the Company's overall top line, the segment's revenue contribution fell to 73.4% in 9M-2020 from 84.0% in 9M-2019. Fawry's business model continues to evolve from a



focus on ADP towards an integrated ecosystem that fuses a broad range of value-added services.

- Fawry provides limited financial services under agency agreements with banks and MNO companies. Revenue from Fawry's **Banking Services** segment climbed at a rapid 193.5% year-on-year, recording EGP 125.3 million in 9M-2020 against EGP 42.7 million one year previously. Growth in the segment was driven by the growing uptake at Fawry's Merchant Aggregator Platform and the consequent rapid increase in the number of acceptance-enabled merchants in Fawry's retail network. Banking Services represented 14.0% of the Company's total revenues in 9M-2020, doubling the share of 6.9% recorded in 9M-2019.
- The Company 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 total revenues of EGP 48.4 million in 9M-2020 against EGP 7.5 million in 9M-2019, exceeding management expectations for the segment's performance during the period and contributing 5.4% of the consolidated top line against <1% in 9M-2019.
- 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 accounted for 5.5% of total revenues during 9M-2020. Despite Covid-related market effects, revenue from the segment expanded by 9.8% year-on-year, booking EGP 49.3 million in 9M-2020 against 44.9 million one year previously.

Fawry enjoys robust operating margins, maintains healthy bottom-line growth.

- Fawry's **gross profit** recorded EGP 487.8 million for 9M-2020, up by 61.9% year-on-year from EGP 301.3 million in 9M-2019 on the back of rapidly rising revenues and efficient management of channel fees, the largest component of Fawry's cost base. The Company booked a gross profit margin of 54.6% in 9M-2020 against 49.0% one year previously.
- EBITDA** grew by 63.5% year-on-year in 9M-2020, booking EGP 259.0 million against EGP 158.4 million one year previously, yielding a 3.2 percentage-point climb in the EBITDA margin to 29.0% and demonstrating the viability of Fawry's diversification strategy and its positive impact on operating costs.

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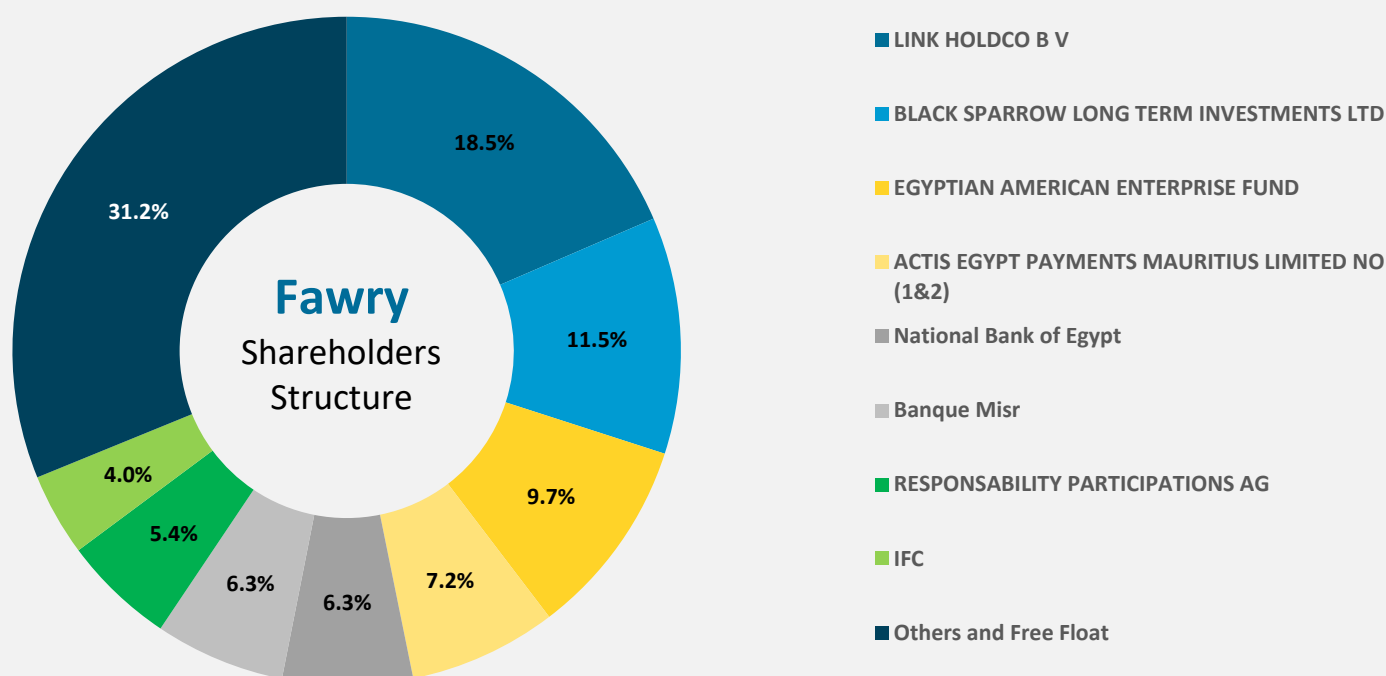
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- **Normalized Net Profit After NCI** booked EGP 119.0 million for 9M-2020, up by 99.4% year-on-year from the EGP 59.7 million registered for 9M-2019, with the net profit margin rising to 13.3% from 9.7% over the same period. Besides strong increases in operational profitability during the period, Fawry's bottom line was boosted year-on-year by the narrowing of losses from nonrecurring items and investments in an associate. Net profit received a secondary boost as Fawry booked a foreign exchange gain for 9M-2020 against a corresponding loss in 9M-2019.

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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 37 member banks, its mobile platform and more than 194,000 agents, Fawry processes an average of 3 million transactions per day, serving an estimated customer base of 29 million users monthly. Learn more at www.fawry.com.



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