



**The Board of Directors Report attached to the
financial statements of
Raya Holding for Financial Investments S.A.E**

**The Board of Directors Report on the company's
activities during the period ending on 30/06/2023**

RAYA Holding for Financial Investments | Board Report for the period ending 30/06/2023



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Dear Shareholders of Raya Holding for Financial Investments,

Presented is a comprehensive report that outlines an overview of the company's activities during the period ending on June 30th, 2023, pertaining to both the consolidated and standalone financial statements.

The general status of the company and business results

Financial Key Highlights | for the six-month period ended June 30th, 2023 | Consolidated Financial Statements:

- This quarter proved to be yet another remarkable period for the group, as it achieved an exceptional surge in total revenue. During 1H2023, Raya Group experienced an impressive revenue growth, with consolidated revenue reaching approximately EGP 14.5 billion compared to EGP 9.1 billion in 1H2022, reflecting a significant increase of 59% Y-o-Y. This strong set of results was mainly driven by the exceptional performance of the following strategic business units: Trade and Distribution, Information Technology, information and communications technology, and contact centers. Raya Distribution, which generated a consolidated revenue of EGP 6.4 billion compared to EGP 4.2 billion in 1H2022, reflecting a 54% Y-o-Y increase. The boost in revenue is primarily due to the increase in Nigeria, retail, and the distribution of electronics and home appliances revenue streams. Raya Information Technology also witnessed a remarkable growth, with revenues of EGP 3.1 billion, a significant increase of 1.04x compared to the same period in 2022.
- Raya Customer Experience witnessed a significant increase in revenue 1H2023, recording EGP 911 million, compared to EGP 496 million in 1H2022, marking an impressive growth of 84% Y-o-Y. In addition to that, increase in consolidated revenues can be attributed to the expansions in Raya Foods, which experienced a remarkable increase in revenue from EGP 396 million to EGP 628 million, a notable rise of 59% Y-o-Y. Raya Holding's achievements in 1H2023 demonstrate the strength of its business model and its ability to navigate through challenges while seizing opportunities. The organization's dedication to continuous improvement, customer satisfaction, and stakeholder value has been central to its success. Moreover, Aman Holding for Non-Banking Financial Services and Electronic Payments experienced a remarkable increase in revenue, generating a consolidated revenue of EGP 2 billion compared to EGP 1.7 billion and reflecting a 20% Y-o-Y increase.
- During 1H2023, Gross Profit demonstrated remarkable performance, amounting to EGP 3 billion compared to EGP 1.8 billion during 1H2022, representing an impressive 61% Y-o-Y increase. The Gross Profit margin also experienced a positive development to reach 20.3% compared to 20.1% a year earlier. The noteworthy increase in the gross profit can be attributed to the exponential growth and margin enhancement achieved in the several strategic business units such as: trade and distribution, information technology, Fintech NBFS, and foods lines of businesses.
- General and Administrative Expenses recorded EGP 1.2 billion in 1H2023, marking a 43% Y-o-Y increase from the EGP 857 million during 1H2022. However, this reflects a G&A to Revenue of 8.4% compared to 9.4% during 1H2022, reflecting a slight decrease in margins. This increase is driven by inflationary pressures, expansions in new activities for the group, increased level of investment across almost all LOBs, and other costs associated with the expenses spent on the group's administrative buildings, including facilities, security, maintenance, etc...

M. Ghannam





- Sales and Marketing Expenses witnessed a 39% surge to reach EGP 509 million compared to EGP 365 million recorded during 1H2022. Despite the prevailing high inflation rates, the S&M to Revenue decreased to 3.5%, down from the 4.0% for the same period in the prior year.
- During 1H2023, net financing expenses increased by 78%, recording EGP 521 million up from the EGP 292 million in 1H2022. The noteworthy increase can be attributed to the exponential growth and margin enhancement achieved in the Fintech NBFS (Non-Banking Financial Services) line of business (LOB), which is driven by growth in lending portfolios and a favorable development in Net Interest Margins (NIMs).
- Demonstrating the company's remarkable financial progress during the period, Net income before minority recorded EGP 350 million for 1H2023 compared to EGP 170 million recorded a year prior, recording an annual significant increase of c. 1.06x. The enhancement in Net Income can be attributed to two main pillars. Firstly, currency depreciation had a positive effect on profit margins for export-oriented businesses within the group (mainly RCX and Raya Foods). Secondly, efforts for market share enhancement, economies of scale, and ability to leverage market-leading positions helped attain better profitability margins (mainly within the IT and the Trade LOBs).

Headcount:

- During 1H2023, the number of employees reached 17,488 employees compared to 15,212 employees during the same period last year. The major contribution in headcount is attributed to the Raya FMCG, Aman for Electronics Payments, Raya Foods, Aman for Financial Services, and Aman for Microfinance.

Financial Key Highlights | for the six-month period ended June 30th, 2023 | Standalone Financial Statements:

During 1H2023, standalone revenues increased to record EGP 111 million compared to EGP 77 million in 1H2022, reflecting a significant increase of 44% Y-o-Y.

Strategic Business Units – Operational & Financial Overview during 1H2023

Revenue turnover is allocated across the company's diverse strategic business units

Trade and Distribution Sector:

During 1H2023, Raya Trade and Distribution (RTD) business unit demonstrated impressive financial performance, with total revenues reaching EGP 6.4 billion. This represented a substantial 54% Y-o-Y increase compared to EGP 4.2 billion in 1H2022. The remarkable revenue growth can largely be attributed to the exceptional performance of both Raya's mobile distribution and retail segments, the strategic expansion and efficient operations in Nigeria and United Arab Emirates and increase in number of Raya mega stores and Raya shops.

Information Technology Sector:

Raya Information Technology (IT) exhibited a remarkable surge in revenue, witnessing a substantial 1.06x Y-o-Y growth in 1H2023, recording EGP 3,096 million compared to EGP 1,517 million in 1H2022. This notable rise can be attributed to a substantial expansion in activities such as the installation, supply, and maintenance of





ATMs for local banks, as well as the company's involvement in the transformation of the digital information systems and data centers.

Communication Centers Sector:

Raya Customer Experience (RCX) has reported robust financial results for 1H2023, with revenues totaling EGP 911 million, marking a significant 68% increase compared to the same period last year. This growth is attributed to three key drivers: the expansion of the BPO business, successful revenue realization from major accounts introduced in 1H 2023, and favorable gains resulting from the recent devaluation of the Egyptian Pound. The company's strategic efforts to diversify its revenue mix, coupled with its commitment to exceptional customer service, have contributed to this impressive performance.

Non-Banking Financial Services, Electronic Payment, and Microfinance Sector (AMAN)

AMAN's gross revenues significantly climbed by 20% Y-o-Y to record EGP 2,029 million in 1H2023 versus EGP 1,691 million in 1H2022. This surge in revenue is propelled by the expansion in financing portfolio across microfinance, consumer finance, and small and medium enterprises.

Smart Buildings & Leasing Sector:

During 1H2023, Raya Smart Buildings achieved revenues of EGP 95 million, marking a 11% Y-o-Y increase from EGP 86 million in 1H2022. This growth is attributed to the increase in operational efficiencies at West Cairo premises and increase in office rental services client portfolio.

Logistics and Transportation Sector:

Ostool's financial performance in 1H2023 showcased substantial growth, with revenues surging by 79% Y-o-Y to record EGP 566 million compared to EGP 317 million at the same time the previous year. Impressively, the company's gross profit demonstrated an even more remarkable increase of 1.24x Y-o-Y, reaching EGP 118 million. This boost elevated the gross profit margin to 21%, a noteworthy improvement from the 17% recorded a year earlier. This commendable growth is attributed to the company's robust expansion of activities in furnishing comprehensive logistics services to cement manufacturers and producers within Egypt. Moreover, the company broadened its client base to encompass sectors including grains, energy, and petrochemicals, thus establishing the fleet company in a pioneering role within Egypt's heavy transport and logistics sector.

Vehicle Manufacturing Sector:

Raya Advanced Manufacturing recorded revenues of EGP 324 million during 1H2023 up from EGP 249 million in 1H2022, reflecting an increase of 30% Y-o-Y.

Restaurants Sector:

During 1H2023, Raya Restaurants demonstrated robust financial performance, reporting revenues of EGP 60 million. This marks a noteworthy 15% Y-o-Y increase from the EGP 52 million generated during 1H2022. This growth trajectory was primarily fueled by the strategic expansion of the company's branch network, which not only bolstered its market presence but also contributed to a considerable rise in sales volume.

M. Ghannem





FMCG Sector:

In 1H2023, Raya FMCG achieved significant financial growth, with revenues reaching EGP 593 million, marking a 58% Y-o-Y increase. This increase is mainly driven by new business partnerships/expansions, capturing a larger market share, efficiently managing expenses, and cost optimization.

Frozen food Manufacturing sector:

Raya Foods achieved revenues amounting to EGP 628 million in 1H2023, marking an impressive 59% Y-o-Y increase from EGP 396 Mn in 1H2022. This increase is mainly attributed to the fact that over 95% of the company's products are exported, thereby generating more than 90% of revenues in foreign currency. In terms of local production and distribution, Raya Foods' local sales contributed a total of 5% to the total business in 1H2023.

Home Appliances Manufacturing sector:

Backed by a wide scope of product offerings and brand optimization, the company achieved a revenue milestone of EGP 75 million in 1H2023 with a drastic Y-o-Y increase of 2.18x from EGP 24 Mn in 1H2022.

Raneem Heliga


M. Sharawy
