



الأنصاري للخدمات المالية
ش.م.ع.
AL ANSARI FINANCIAL SERVICES
P.J.S.C.



First Quarter 2023 Results

11 May 2023

2023
FIRST QUARTER

Al Ansari Financial Services Reports a 7.2% Net Profit Increase in Q1 2023 to AED 133 million on Strong Demand Across All Products

Al Ansari Financial Services announces the financial results for Q1 2023 demonstrating a robust performance

Key Highlights in Q1 2023:

1. Solid growth in Operating Income

- **Operating Income** grew 9.1% YoY to AED 287 million driven by **8.6% YoY increase** in the total number of transactions across all offerings.
- **EBITDA** increased by 7.9% YoY to AED 151 million with a steady EBITDA Margin near 53% on the back of strong top line growth, high margin contribution from increased digital transactions – and Group's CAPEX-light model.

9.1%

Operating Income growth



8.6%

Increase in no. of Transactions



7.9%

EBITDA



7.2%

Net Profit



2. Strong increase in Net Profit

- **Net Profit** came in at AED 133 million, increasing 7.2% YoY on the back of healthy top-line growth, strong increase in exchange income from the Bank Notes and pre-paid cards products as well as the Group's significant operating leverage and increase in contribution from digital channels.
- This marks the Group's fourth consecutive Net Profit increase in the Q1 period.

3. Surge in digital channels and corporate business

- Transactions conducted through **digital channels** across all products continue to boom, with a 32% YoY increase in Q1 2023.
- **Corporate Business** transactions witnessed 47.6% YOY increase in value reaching AED 27.64 billion.

32%

Increase in Digital Transactions



47.6%

Increase in value of Corporate Business



4. Enhanced Performance in Bank Notes

- **Bank Notes** business records strong performance in Q1 2023 on the back of tourism boom with Operating Income up by 36.8% YoY.

36.8%

Growth in Bank Notes Operating Income



Note: All financial information is based on Group's continued operations

Dubai, UAE - 11 May 2023 - Al Ansari Financial Services PJSC (DFM: ALANSARI), (the “Group”), one of the leading integrated financial services groups in the UAE and the parent of Al Ansari Exchange, today announced its financial results for the first quarter (“Q1”) of 2023, ended 31 March 2023. This marks the first financial results since the Group listed 10% of its issued share capital through an initial public offering on the Dubai Financial Market (“DFM”) on 6 April 2023.

Q1 2023 Financial Highlights

In AED thousands (unless otherwise stated)	Q1 2023	Q1 2022	% change
Operating Income	287,022	263,116	9.1
EBITDA	151,382	140,334	7.9
EBITDA margin (%)	52.7%	53.3%	(0.6) pp
Net Profit	133,009	124,113	7.2
Earnings per Share	0.018	0.017	7.2
Free Cash Flow	140,715	136,680	3.0

Q1 2023 Operational Highlights

	Q1 2023	Q1 2022	% change
No. of physical branches in UAE	232	217	7 (No. of net new branches 15)
Total No. of transactions ('000)	11,771	10,835	8.6
Corporate business - value of transactions by (AED millions)	27,637	18,729	47.6
Digital Channels - No. of transactions ('000)	871	658	32.2

Q1 2023 Financial and Operational Performance Commentary

- Operating Income increased 9.1% YoY to AED 287 million driven by an 8.6% YoY increase in the total number of transactions.
- The increase in the number of transactions was driven by exceptional demand from the Corporate business segment underpinned by buoyant economic conditions. It is also owed to a strong increase in the Bank Notes business on the back of the UAE's tourism boom and increase in outbound tourism.
- EBITDA increased by 7.9% YoY to AED 151 million with a steady EBITDA Margin near 53% on the back of strong top line growth, high margin contribution from increased digital transactions and Group's CAPEX-light model.
- Net Profit came in at AED 133 million, increasing 7.2% YoY on the back of healthy top-line growth, strong increase in exchange income from the Bank Notes and Pre-Paid Cards products as well as the Group's significant operating leverage and increase in transactions conducted through digital channels.
- Despite an increasing operating cost environment, the Group managed to maintain a relatively strong control over major costs, such as rent, thanks to its market dominance.
- Free cash flow (FCF) increased by 3% YoY to AED 141 million, demonstrating the Group's healthy cash flow position. The Group's ability to increase its cash generation is driven by EBITDA growth with c.93% cash conversion rate.

Performance of other products

- The WPS business saw a strong increase in Operating Income, up 23.4% in Q1 2023 versus Q1 2022. This is predominantly driven by growth in the number of newly acquired corporate customers.
- While still in its early stages, the end-to-end cash management business, through CashTrans, is gaining remarkable momentum, with the number of customers growing from only 3 in Q1 2022 to 25 in Q1 2023. The Group expects this number to continue growing as it ramps up operating and sales efforts within this product line.

Dividend

- As announced during the IPO, and outlined in the Prospectus, the Group intends to distribute a minimum of AED 600 million for FY 2023 to be paid out semi-annually with the first half expected to be distributed in October 2023 and the second payment to be disbursed in April 2024. The dividend is subject Board of Director's recommendation and shareholder approval.

Commenting on the results Rashed Ali Al Ansari, Group CEO of Al Ansari Financial Services, said:

“2023 is off to a fantastic start, building on the previous year’s strong financial and business performance. Our integrated offering, multi-channel approach, diverse and growing customer base and capex-light business model have supported our profitable growth over the last three months. The Group’s growth is underpinned by a robust UAE economy, specifically the increase in number of inbound tourists, positive consumer confidence and increase in business activities.



Our latest financial performance demonstrates why we are a compelling investment opportunity, supports our promise to distribute dividends and validates investors’ strong demand in our IPO.

Looking ahead, we will continue to execute the well-funded and executable growth strategy to unlock shareholder value over the mid to long term. We expect to further strengthen our market leadership position in our home market within the remittance and banknotes market by increasing our physical branches. We also believe that the digital channels will continue to perform exceptionally, as more and more customers choose the convenience and ease of that channel, which will support margin expansion. Staying in our home market, we believe the outstanding growth in demand we saw in our corporate business from new and existing clients will continue to gather pace thanks to our know-how, offerings, market reputation and our talent. We also expect to expand our footprint in other high-potential GCC markets, supporting our revenue diversification.”



Mohammad Bitar, Deputy Group CEO of Al Ansari Financial Service, said: “We are encouraged by the strong growth across the business during the first three months of 2023, with the star performer for the period being the Bank Notes and Wage Protection System (WPS) business.

The Bank Notes business is buoyed by the significant increase in number of tourists coming to the UAE, with Dubai alone receiving 4.67 million international visitors in the first quarter of 2023, according to official data. It was also supported by the strong increase in the wholesale bank notes business. The pre-paid cards product also had an outstanding period, with the number of transactions jumping by 40% compared to Q1 2022. The WPS business growth was driven predominately by increase in both the number of corporate customers and the total number of salary disbursements.

More generally, we are very pleased with the remarkable growth in the B2B business. This is owed to our strategic initiatives to expand our market share in this very attractive customer segment. We anticipate acquiring more corporate customers and increasing

cross-selling to existing ones, in line with our growth strategy. Additionally, our investment in digital channels is paying off, and we are continuing to see a significant uptick in the number of transactions executed through those channels across all our offerings. We anticipate more and more of our customers to opt for a hybrid approach, using both our physical and digital channels for their money transfer and bill payment needs.”

Corporate Highlights

Update on Al Ansari Exchange Kuwait Acquisition

As announced in the IPO prospectus, the Group is currently in the process of fully acquiring Al Ansari Exchange Kuwait, which in turn has completed the acquisition of Oman Exchange - Kuwait. According to management, upon completion, the acquisition will give the Group a strong presence in the sixth-largest outward personal remittances market globally in 2021.

Other Major Updates

The Group saw a 21% increase in the number of employees in Q1 2023 compared to Q1 2022 and a 5% increase compared to 31 December 2022. The consistent growth in the number of employees is in line with the Group’s expansion strategy.

Emiratization has experienced remarkable growth in Q1 2023, compared to the same period in 2022 with a significant increase of 95%, in the number of Emirati nationals, in line with the Group's support of the Government's Emiratization initiative. This growth can be attributed to various measures taken by the Group, including providing training and development programmes, and actively seeking out and recruiting Emirati talent at career events and in collaboration with top universities in the region.



AL ANSARI FINANCIAL SERVICES PJSC

Reports a Strong Q1 2023 Financial Performance on
Encouraging Demand Across All Products

Q1 2023 Financial Highlights

Q1 2023		Q1 2022
AED 287 Million	OPERATING INCOME ▲ 9.1%	AED 263 Million
11.8 Million	NO. OF TRANSACTIONS ▲ 8.6%	10.8 Million
AED 151 Million	EBITDA ▲ 7.9%	AED 140 Million
53 %	EBITDA MARGIN	53 %
AED 133 Million	NET PROFIT ▲ 7.2%	AED 124 Million

Q1 2023 Operational Highlight

BANK NOTES OPERATING INCOME ▲ 36.8% vs. Q1 2022	WPS* OPERATING INCOME ▲ 23.4% vs. Q1 2022 *Hages Protection System
COPRORATE BUSINESS – VALUE OF TRANSACTIONS ▲ 47.6% vs. Q1 2022	DIGITAL CHANNELS - NO. of TRANSACTIONS ▲ 32% vs. Q1 2022

Appendix 1 Description of Al Ansari Financial Services' Product Offerings

Remittances	The Group provides remittances at its retail branches and via its digital channels, offering domestic and global money transfers through its proprietary money remittance platforms, Cash Express, Global Fund Transfer and Worldwide Cash Express, as well as through its money transfer operator partners such as Western Union and its transfer payment network where transfers to bank accounts are executed via money transfer services such as SWIFT or Ripple. The Group offers remittances for its retail and corporate customers.
Bank Notes	The Group's retail and wholesale foreign currency exchange services primarily comprise the sale and purchase of foreign currency directly to and from retail and wholesale customers. The Group offers its bank notes services in over 70 currencies across all its branches. The Group also offers pre-paid cards as part of its retail foreign currency exchange services. Both the Group's Travelcard and FlexiblePay products are reloadable pre-paid cards that can store either single or multiple currencies on the card, and which also allow the conversion of such currencies to other currencies by the user. The Group's pre-paid cards, where available, can be purchased or reloaded in the Group's branches, online or through the mobile app.
Wage Protection System ("WPS")	The Group offers corporate payroll solutions, executing wage payments on behalf of companies operating in the United Arab Emirates in compliance with the directives of the UAE's Ministry of Human Resources & Emiratisation, under the Wage Protection System initiative.
Other Services	The Group's other offerings include, among others, bill payment and end-to-end cash management solutions.

Appendix 2: Glossary of Terms

Term	Definition
Corporate business or B2B business	Products and services offered to Corporate Customers, including WPS, Bill Collection, End to End cash management, Remittances, Bank Notes.
Digital business	All transactions conducted through digital channels across all products, including Remittances, Travel Card, Bill Collection and WPS.
Digital outward personal remittances	Outward personal remittances conducted through digital channels.
Operating Income	Operating Income is defined as “Income” excluding “Other income” and “Interest income – net”. In other words, it is income generated from the Group’s operations.
EBITDA	EBITDA is defined as “Profit for the year” excluding “Depreciation and Amortization”, “Finance cost on lease liabilities” and “Interest income – net”.
EBITDA Margin	EBITDA margin is calculated as EBITDA divided by operating income.
Number of transactions	The number of transactions conducted by the Group per product (Remittances, Bank Notes, WPS) or by channel (in person, digital) or by customer segment (Retail, Corporate)
Value of transactions	The aggregate nominal value of executed transactions, which is calculated by: number of transactions x AED per transaction.