

RAYA CONTACT CENTER REPORTS Q3 2021 RESULTS

REVENUES

EGP 561.3 MN

▼ (0.8%%) y-o-y

GROSS PROFIT

EGP 194.7 MN

▲ 34.7% Gross Profit Margin

EBITDA

EGP 111.2 MN

▲ 19.8% EBITDA Margin

NET PROFIT

EGP 20.0 MN

▼ (52.8%) y-o-y

Raya Contact Center (RACC.CA on EGX), Egypt's largest provider of comprehensive business process outsourcing (BPO) services, announced its consolidated Q3 2021 results, reporting revenue of EGP 561.3 million. The largest contributor to revenue was the Outsourcing segment (49%), followed by HR Outsourcing services (30%) and Hosting services (21%). Gross profit margin for the period recorded 34.7% up from 31.9% in Q3 2020 while net profit recorded EGP 20 million, reflecting a net profit margin of 3.6% compared to EGP 28 million, and 5.1 % in Q3 2020, respectively.

Summary Income Statement

EGP	Q3 2020	Q3 2021	% Change
Revenue	565,693,659	561,367,888	(0.8%)
<i>Outsourcing</i>	326,784,987	273,780,737	(16.2%)
<i>Insourcing</i>	129,916,758	170,241,772	31%
<i>Hosting</i>	108,991,914	117,345,379	7.7%
Gross Profit	180,211,783	194,737,601	8.1%
<i>Gross Profit Margin</i>	31.9%	34.7%	+2.8 pts
EBITDA	56,519,133	111,285,474*	96.8%
<i>EBITDA Margin</i>	9.9%	19.8%	+10 pts
Net Profit **	28,630,451	20,033,064	(52.8%)
<i>Net Profit Margin</i>	5.1%	3.6%	(1.5) pts

*Adjusted EBITDA for the period has amounted to EGP 114.7 million including a non-recurring EGP 3.5 million in Due Diligence fees related to our recent acquisition transaction, that we were unable to capitalize due to the newly changed IFRS accounting standards.

** Normalized net profit recorded EGP 23.5 million reflecting a Net Profit Margin of 4.2%. Normalization restates the income statement prior to implementing article 49 of the Egyptian Accounting Standards related to rent contracts. Further explanation found below in the net profit section of the financial overview.

Note from the CEO

We are pleased to announce our Q3 2021 earnings release, and I continue to be thrilled with the materializing of our turnaround strategy. Our operation optimization and internal development are still ongoing, and started yielding, evidently by the significant enhancement of our operational performance from 2020.

The decline in our top line is mainly due a general slowness in in our industry especially in the GCC regions due to the Pandemic and post Pandemic effect and the resulting slow decision-making process, which we have anticipated and communicated since the beginning of the year.

Our profitability margins have also been negatively affected due to the downsizing of our UAE operations as was communicated in earlier in the year. We are still hold a very positive outlook on the region and continuing with our aggressive commercial approach in order to build a robust pipeline that will materialize in 2022.

Utilization also plays a major role in our transformational strategy, and our efforts to ensure optimized operations. Our workstation utilization currently stands at 54%, due to the triggering of the work from home since the start of the Pandemic and the related strict safety measures due to the size of our workforce (+6,500 professionals), and although we had never reached these levels, it gives us room to fully utilize our capacity without further investment in the local market, and allocate our expansion investments into foreign markets, in line with our acquisition strategy.

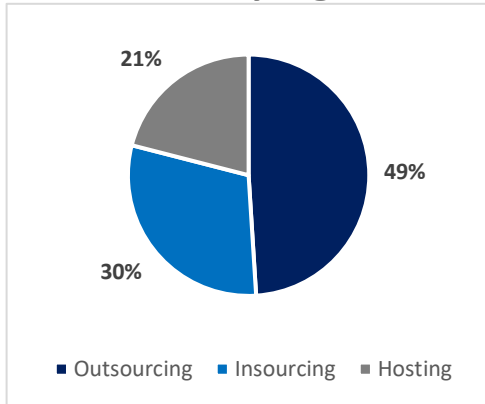
On the expansion front, we have communicated the closure of our first acquisition in the GCC and becoming a major shareholder with an 85% stake in Gulf CX, and on September 1st we have successfully completed the share transfer. Gulf CX is a leading GCC customer experience company in located in Bahrain with operational presence in KSA. The acquisition complements our transformational strategy through several angles and will strengthen our position in the GCC region and establish a concrete foundation for our presence the KSA Market, the largest BPO market in the region. Furthermore, we are currently working to expanding our presence in the KSA by establishing a new large facility in the Kingdom's capital, Al Riyadh, that is expected to be fully operational in 2022.

We have also announced that we have established a US entity located in the state of Delaware. The new entity will support our commercial activities in the continent, which have already started yielding as 7% of our 2022 pipeline will be generated from US based clients.

We remain confident that by focusing on growth, innovation, products and services renewal, tackling our operational shortfalls, and managing our cost drivers we will be able to overcome the existing macro-economic challenges and be well positioned to resume our double-digit growth for years to come.

Ahmed Refky
Chief Executive Officer

Revenue by Segment

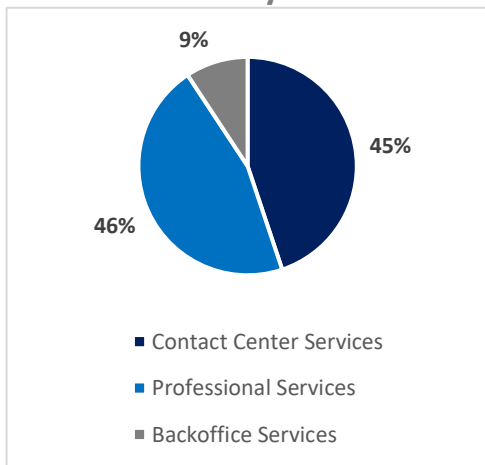


Operational Review

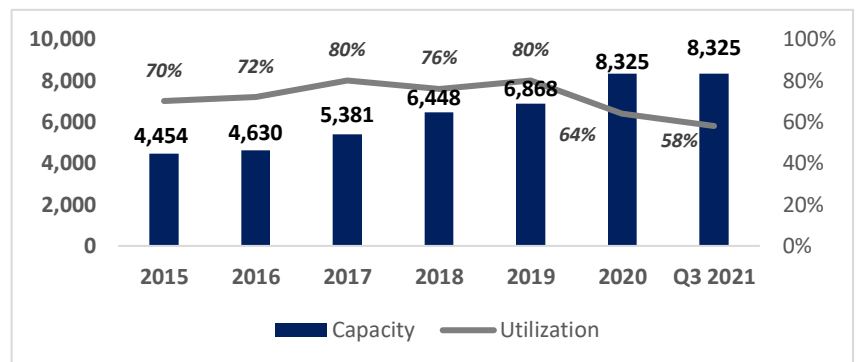
In Q3 2021, RCC's total workstation capacity stood at around 8,300 with utilization rates recording 58%, compared to c. 64% of the same period of last year (not including capacity of Gulf CX). RCC's total CAPEX/Revenue recorded 3% for the period, versus 6.7 % in Q3 2020.

RCC prides itself on the quality, reliability and security of its service, a key competitive strength that is a function of its continued investment in human resources development and quality assurance programs. In 2020, RCC successfully renewed and maintained its operational quality accreditation certificates, including its COPC accreditation for performance management for the 14th consecutive year, the ITIL information technology framework, and the PCI-DSS e-payment security accreditation. Moreover, RCC follows best practices as (ISMS) Information Security Management system, which is mapped by NIST and SANS institute.

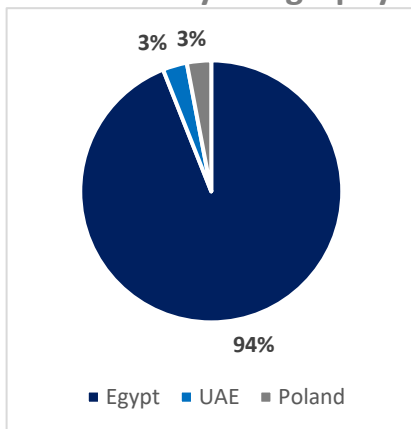
Revenue by Service



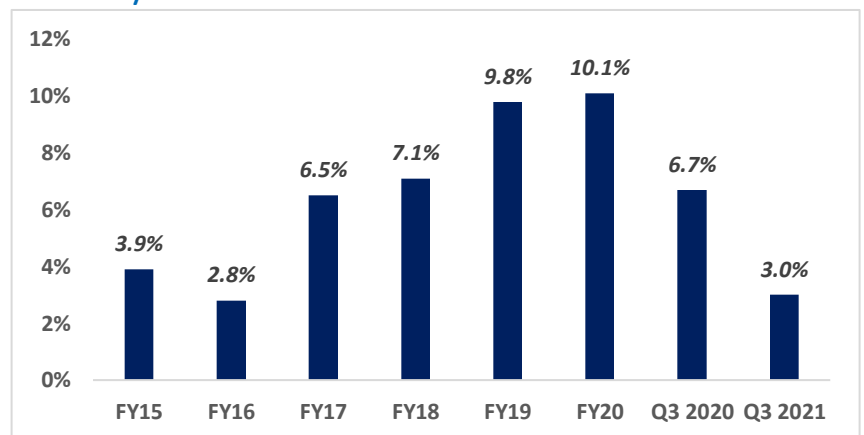
Workstation Evolution & Utilization¹



Revenue by Geography



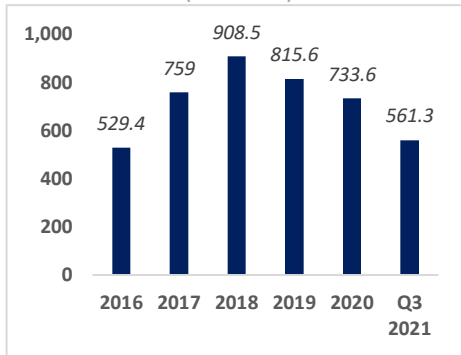
CAPEX / Sales Ratio



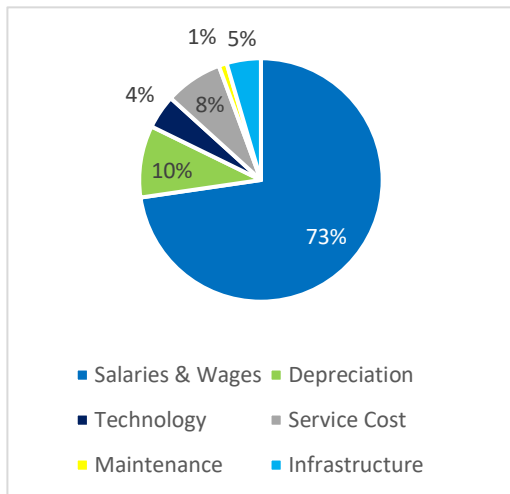
¹ Utilization is calculated as the average productive workstations' utilization by the average total workstations.

Revenue Progression

(EGP mn)



COGS Breakdown



Financial Review

Consolidated revenues in Q3 2021 recorded EGP 561.3 million, down (0.8%) y-o-y — The decline in our top line is mainly attributable to the sharp drop in our GCC business, and the slowness in commercial activities witnessed across all our geographies.

Analyzing Q3 2021 revenue by **currency**, **offshore** revenue (USD) recorded EGP 282.6 million, representing 50.3% from total revenue, compared to 61% of the same quarter of last year, while locally generated revenue accounted for the balance. Q3 2021 revenue by **service segment**, our main revenue contributor, **contact center outsourcing** recorded EGP 273.7 million, representing 49% of total revenue. **Insourcing business (HR outsourcing)** recorded EGP 170.2 million, representing 30% of total revenue, while the **Hosting business** recorded EGP 117.3 million, representing 21% of revenue.

The change in revenue mix during and post the peak of the Pandemic that witnessed the Insourcing business, which delivers a relatively low profitability margin due its high HR cost, increase to the range of 30% of total revenues, compared to historical levels of 15%-20% has played a major role in our declining profitability margins. Also, utilization rates have a negative impact on our top line, especially in the GCC. On another note, we are still witnessing an overall slowness in the business environment during this period of 2021 mainly with the Outsourcing business, which have led to its lower contribution of 49% of total revenue compared to around 70% in previous years.

Analyzing revenue by **geographical location**, **Egypt's** facilities generated EGP 528.7 million of revenue, representing 94% from total revenue. **UAE's** operations contributed by EGP 17.4 million, representing 3% from total revenue, while our facility in **Poland** accounted for EGP 15.1 million.

On the **costs of goods sold** (COGS) level, RCX recorded EGP 366.6 million in Q3 2021, compared EGP 385.4 of the same period of last year. Salaries & wages constituted of the largest share of COGS standing at 73%, which is in line with our historical trends.

Gross profit recorded EGP 194.7 million, and yielding a GP margin of 34.7%, up by 3% y-o-y. The enhancement in our gross profit margin reflects the materialization of management efforts to optimize our operations, despite the negative effect of the revenue mix change.

Meanwhile, **selling, general and administrative** (SG&A) expenses recorded 83.8 million in Q3 2021, representing 15% from total revenue. The increase in SGA expenses during the quarter was due to annual salary increases, while Marketing expenses accounted for EGP 7.5 million, representing c. 93% growth YoY, in line with the strategy of our newly created Marketing function to establish our marketing presence and brand awareness in both Egypt and the GCC.

EBITDA recorded EGP 11.2 million, with a 19.8% EBITDA margin, reflecting an outstanding increase y-o-y, compared to the 9.9% EBITDA margin that was achieved in Q3 2020.

Net profit recorded EGP 20 million with a net profit margin 3.6%, down from EGP 28.6 million reflecting an 52% decline from the same period last year.

It is worth mentioning that starting 2021, the Company has implemented Article 49 of the Egyptian Accounting Standards related to Rent contracts. In essence, the article tackles the mechanism by which medium to long term rent agreements are treated on both the balance sheet and income statement, reflecting a negative impact of around EGP 23.5 million, if net income were to be normalized for comparability with previous periods.

By design, the new treatment's effect will be enhanced on the long run, given the nature of its treatment as compounded interest right of use facility, where the interest portion of the payment is substantial at the beginning of the tenor and decline throughout with principal payments kicking in.

Furthermore, effective tax rate for the quarter (c. 45%) have also had an impact on our bottom line. The effect is due to the sharp decline in our operations in the UAE, where the country offers a tax-free environment, resulting in 94% of the quarter's revenue are generated from Egypt.

As of end Q3 2021, the company's financial position remained liquid with a healthy **cash balance** of EGP 63.2 million. Our large cash balance of historical periods was used to finance our recent acquisition of 85% of Gulf CX. It is worth mentioning that a refinancing facility is currently being finalized in the range of USD 10 million, part of which will be used to boost our automation and AI strategy.

About Raya Contact Center

Raya Contact Center (RCC) is a world-class business process outsourcing (BPO) and contact center outsourcing (CCO) service provider offering contact center, professional, back office and inside sales channel management services to global clients, including Fortune 1,000 companies in the Middle East, Europe, Africa, & North America in over 25 different languages. **Q3 2021**, Raya Contact Center operated twelve top-of-the-line facilities, spanning eight facilities in various locations around Egypt, one facility in Dubai, UAE, one in Al Manama, Kingdom of Bahrain, one in Al Khobar, KSA, and one in Warsaw, Poland, with over 8,300 seats capacity and average of 5,700+ employees. RCC serves a diversified clientele base of over 100 clients operating in the EMEA region, focusing on high growth industries, namely telecom & media, technology & consumer electronics, travel & hospitality, banking, automotive, and retail industries.

Raya Contact Center is the number one BPO provider in Egypt boasting the largest market share by total FTEs (Full Time Equivalent), and aspires to be the leading BPO provider in the MENA region. Raya Contact Center is the only listed BPO player on the Egyptian Stock Exchange, and is currently trading under the symbol "RACC.CA".

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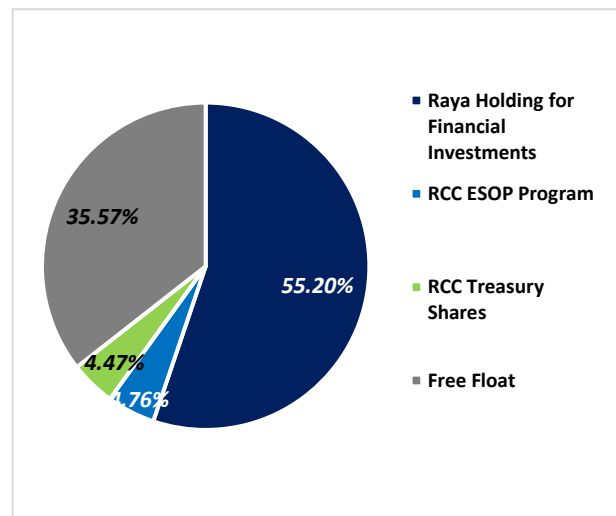
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RACC.CA on the EGX

Number of Shares	222,727,272*
Share Price (Sep 30th)	EGP 3.36
Market Cap (Sep 30th)	EGP 749 Million

Shareholding Structure

(September 30th, 2021)



- *In June 2021, the EGM has approved the retirement of 4.2 million treasury shares, and in October 2021, the BoD has decided to initiate the process of retiring the remaining 5.6 million treasury shares.*

Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "anticipates", "assumes", "believes", "could", "estimates", "expects", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business

and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management's ("Management") current views of future events, are based on Management's assumptions, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations in the prices of raw materials or employee costs required by our operations, its ability to retain the services of certain key employees, its ability to compete successfully, changes in political, social, legal or economic conditions in Egypt, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management's ability to timely and accurately identify future risks to our business and manage the risks mentioned above.

Consolidated Income Statement

EGP	Q3 2020	Q3 2021	% Change
Revenue	565,693,659	561,367,888	(0.8%)
COGS	(385,481,876)	(366,630,287)	(4.9%)
Gross Profit	180,211,783	194,737,601	8.1%
General & Administrative Exp.	(62,790,662)	(76,289,678)	
Selling & Marketing Exp.	(3,922,567)	(7,561,614)	
Rent	(85,995,225)	(37,202,772)	
Provisions No Longer Required			
Impairments	(4,382,821)	(2,275,018)	
Impairments Reversal	3,474,950	4,882,015	
Depreciation Leased Assets		(44,696,171)	
Operating Profit	26,595,458	31,594,363	18.8%
Interest Income (Expense)	9,497,549	7,915,434	
Gain on Sale of Fixed Assets		613,586	
FX Gain (Loss)	(1,324,239)	(2,231,834)	
Other Non-operating expenses		(10,259,938)	
EBT	34,768,768	27,631,610	(42.5%)
Tax	(6,138,317)	(7,598,546)	11.3%
Net Income	28,630,451	20,033,064	(52.8%)
<u>Distributed as follows:</u>			
Shareholders of the Parent Co.	27,985,680	19,066,035	
Minority Interest	644,771	967,029	
Earnings Per Share	0.11	0.08	

Consolidated Balance Sheet

	Q3 2020	Q3 2021
Assets		
Long Term Assets		
Fixed Assets	147,720,119	156,235,413
Right of Use Assets	-	173,097,369
Intangible Assets	165,980	81,587
Deferred Tax Asset	93,010	2,293,786
Investment under Process	-	183,985,835
Goodwill	26,582,777	26,582,777
Total Long term Assets	174,561,886	542,276,767
Current Assets		
Accounts Receivables	127,976,726	132,909,651
Advance Payment & Other Debit Balances	76,039,521	67,435,090
Due from Related Parties	6,162	6,162
Deferred Tax	-	-
Cash & Cash Equivalents	195,291,299	63,269,422
Total Current Assets	399,313,708	263,620,325
Total Assets	573,875,594	805,897,092
Equity		
Issued and Paid Capital	53,030,303	103,924,355
ESOP Program		5,303,030
Additional Paid in Capital	75,306,925	25,941,331
Legal Reserve	31,060,282	31,060,282
Merger Reserves	(2,834,374)	(2,834,374)
FX Translation Reserve	(5,366,573)	(5,736,311)
Treasury Stock	(50,239,412)	(27,658,910)
Retained Earnings	267,405,967	232,621,588
Net Income Attributable to Majority Owners	27,985,680	19,066,035
Total Parent's Shareholders' Equity	396,348,798	381,687,026
Minority Interest	2,397,221	1,356,947
Total Equity	398,746,019	383,043,973
Liabilities		
Long Term Liabilities		
Long Term Debt	33,764,578	59,560,918
Deferred Tax Liability	4,451,994	3,186,705
Other long term Liabilities	2,914,526	1,341,873
Long Term Loan for Right of Use		123,998,766
Total long term Liabilities	41,131,098	188,088,262
Current Liabilities		
Bank Overdraft	4,935,112	7,334,276
Accounts Payable	52,086,448	45,605,099
Other Credit balance	41,794,850	70,092,072
Provisions	2,014,207	2,014,207
Due to Related Parties	7,944,519	8,190,084

Taxes Payable	8,067,466	11,588,287
Current Portion of Long Term Lease	5,958,455	19,853,631
Lease Liability		67,236,844
Dividends Payable	11,197,420	2,850,357
Total Current Liabilities	133,998,477	234,764,857
Total Liabilities	175,129,575	422,853,119
Total Liabilities & Equity	573,875,594	805,897,092