

RAYA CONTACT CENTER REPORTS FY2021 RESULTS

REVENUES

EGP 789.2 MN

▲ 7.0% y-o-y

GROSS PROFIT

EGP 276.4 MN

▲ 35.0% Gross Profit Margin

EBITDA

EGP 151.5 MN

▲ 19.2% EBITDA Margin

NET PROFIT

EGP 23.7 MN

▼ (53.7%) y-o-y

Raya Contact Center (RACC.CA on EGX), Egypt's leading business process outsourcing (BPO) and contact center outsourcing (CCO) services provider, announced today its consolidated results for the year ended 31 December 2021, recording revenues of EGP 789.2 million, a 7.0% y-o-y increase. Gross profit increased by 13.0% y-o-y to EGP 276.4 million, while net profit recorded EGP 23.7 million in FY2021, down 53.7% compared to last year, with a net profit margin of 3.0%.

Summary Income Statement

EGP	FY2020	FY2021	% Change
Revenue	733,805,280	789,237,070	7.0%
<i>Outsourcing</i>	415,689,926	358,694,247	(13.7%)
<i>Insourcing</i>	175,321,683	230,758,321	31.6%
<i>Hosting</i>	142,793,671	199,784,502	39.9%
Gross Profit	240,524,873	276,424,549	13.0%
<i>Gross Profit Margin</i>	32.8%	35.0%	+2.2 pts
EBITDA	75,244,884	151,522,945	101.4%
<i>EBITDA Margin</i>	10.3%	19.2%	8.9 pts
Net Profit	36,468,952	23,740,316*	(53.7%)
<i>Net Profit Margin</i>	5.0%	3.0%	(2.0) pts

*Excludes M&A fees of EGP 7 million related to the acquisition of Gulf CX & c. EGP 2.5 million in end of service payments

Note from the CEO

We are pleased to report on our full-year 2021 results which show healthy top-line growth despite the unique challenges presented by the persistence of the COVID-19 pandemic. The results are an affirmation that we are on the right path as we begin reaping the benefits from our internal transformation coupled with extensive optimization efforts. RCC continues to navigate shifting market dynamics as our turnaround strategy lays the foundation for a promising growth trajectory that will capitalize on the market developments and yield improved results for the Company moving forward.

Changes in revenue allocation caused a setback in our profitability, as bottom line was impacted by adverse market dynamics, which led to greater revenue contribution from our insourcing business compared to our high profit margin BPO segment. The impact of the shift in revenue allocation was exacerbated by heavily decreasing utilization rates across our facilities due to COVID-19. Today, we are confident that the easing of pandemic restrictions will allow us to boost our commercial activity and grow utilization rates over the coming year. Additionally, we are pushing forward with our pre-pandemic plans for Poland to grow the operation and cement our presence as a key player in the European market.

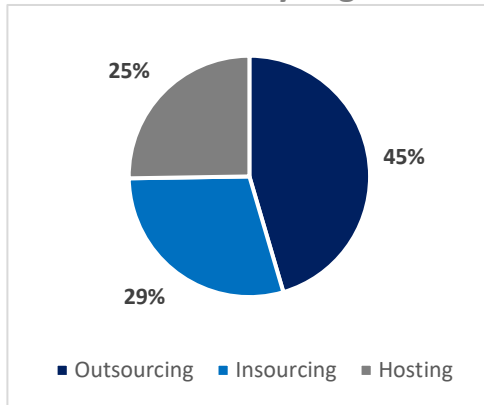
To counter the downsizing of our UAE operations, which historically provided a high-margin line for our business, we focused on diversifying foreign currency income streams. In turn, RCC acquired an 85% stake in Gulf CX in September 2021, gaining access to lucrative and growing markets in the region. We are thrilled to be operating in the Kingdom of Bahrain and the Kingdom of Saudi Arabia, which offer great potential to grow our BPO segment in the GCC. Gulf CX has been well-received in the KSA market, garnering much attention, and is already securing RCC a strong client roster and pipeline. As a result of the demand in KSA, we are expanding into Riyadh through our new 400-seat facility, to meet our robust pipeline. The Riyadh facility is expected to commence operations in early Q2 2022.

In line with our expansion and diversification plans, our new US entity in Delaware has also started attracting various US-based clients in the short time since establishment. RCC is actively pursuing its US acquisition plans to further grow its share in the US market.

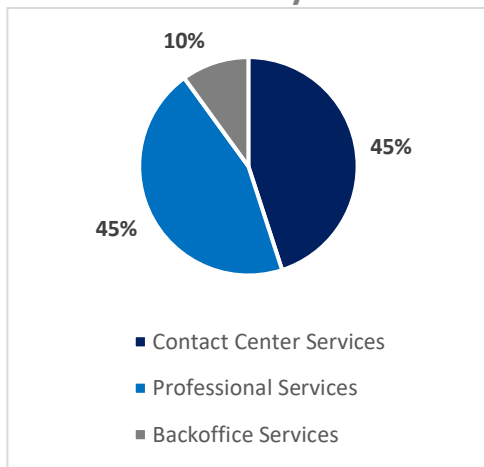
As we head into 2022, we are confident in having set the stage for the next chapter in RCC's story. Our turnaround strategy's innovation, product and service optimization, continues to propel us in identifying more efficient cost management solutions to weather the challenging macroeconomic environment. We are well-positioned to recapture our historic margins and deliver well-diversified value creation for our shareholders.

Ahmed Refky
Chief Executive Officer

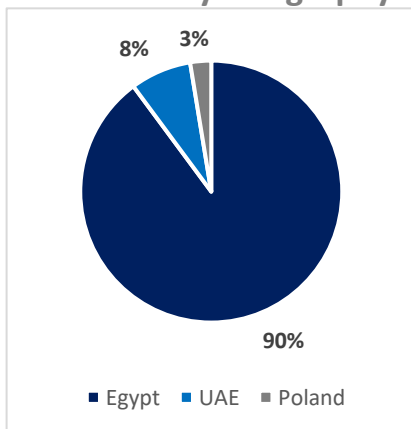
Revenue by Segment



Revenue by Service



Revenue by Geography

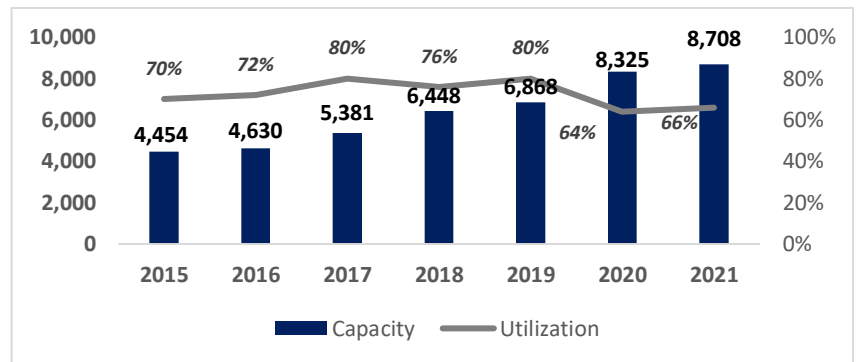


Operational Review

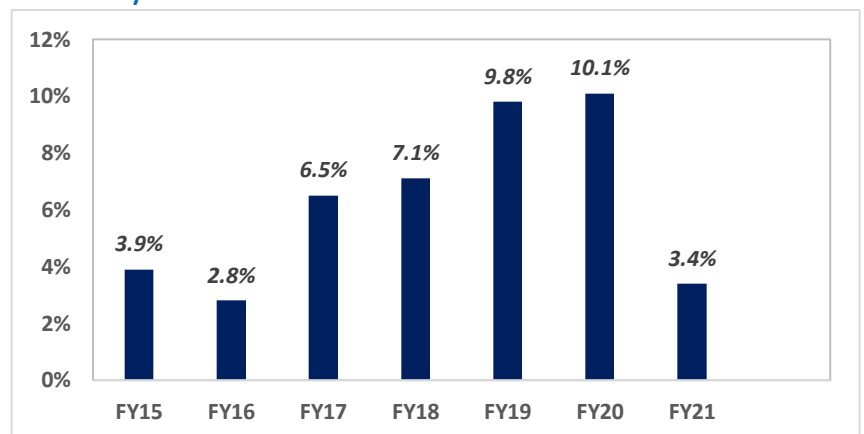
In FY2021, RCC’s total workstation capacity stood at 8,708 with utilization rates recording 66%, compared to 53% last year, which excluded the Gulf CX capacity. Total CAPEX for FY2021 was EGP 26.8 million compared to EGP 74.1 million in FY20021, which also declined as a percentage of revenues to 3.4% compared to 10.1% in the previous year.

RCC is recognized as an industry expert and prides itself on consistently delivering reliable, secure, high-quality service to its customers. The company’s competitive strength is a function of its continued investment in human resources development and quality assurance programs. In 2021, RCC successfully renewed and maintained its operational quality accreditation certificates, including its COPC accreditation for performance management for the 15th consecutive year, the ITIL information technology framework and the PCI-DSS e-payment security accreditation. Moreover, RCC adheres to the Information Security Management System (ISMS) best practices as outlined by the NIST and SANS institutes.

Workstation Evolution & Utilization¹

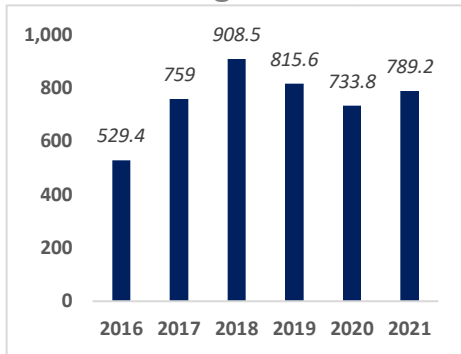
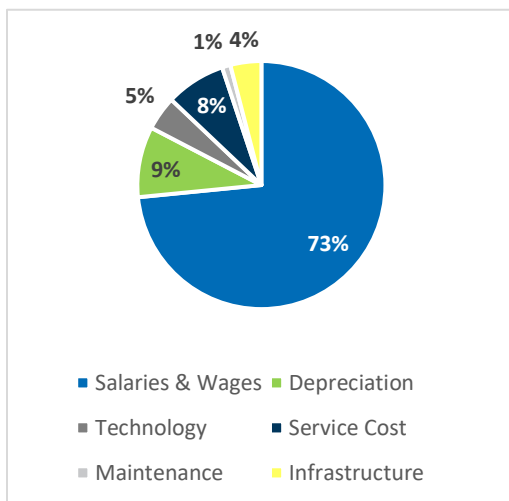


CAPEX / Sales Ratio



Financial Review

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

Revenue Progression (EGP mn)

COGS Breakdown


Consolidated revenues in 2021 recorded EGP 789.2 million, up 7.0% y-o-y, driven by an expansion in our operations, recent acquisition of Gulf CX and increased utilization rates. On a segment basis, outsourcing services was the largest contributor to consolidated revenues accounting for 45.4% of the year’s revenue, followed by HR outsourcing and hosting services, contributing 29.2% and 25.3%, respectively.

Analyzing full-year 2021 revenues by **currency**, *offshore* revenue (USD) recorded EGP 414.2 million, accounting for 52.5% of total revenue, compared to 59.3% last year. In terms of the revenue breakdown by **service segment**, *contact center outsourcing* continues to be the primary contributor recording EGP 358.7 million in 2021, representing 45.4% of total revenue. Our *insourcing business*, also known as *HR outsourcing*, recorded EGP 230.8 million to contribute 29.2% of total revenue, while the *hosting business* recorded EGP 199.8 million, accounting for the remaining 25.3% of total revenue.

The insourcing business delivers a relatively low profit margin due to its high HR cost. The COVID-19 pandemic brought about a change in revenue mix which resulted in the insourcing business accounting for a larger share of total revenue at around 30% compared to historical levels of 15-20%. Consequently, the company’s profitability margins were impacted by the shift in revenue mix. Furthermore, a challenging macroeconomic environment negatively impacted the outsourcing business, a high profit margin segment, which normally contributed to around 70% of total revenue compared to the 45% realized this year.

Analyzing revenue by **geographical location**, RCC derived 89.9% of its revenues from **Egypt’s** facilities, which recorded EGP 709.2 million in 2021. The second largest contribution came from the **UAE** operations, which saw revenues reach EGP 59.5 million, representing 7.5% of total revenue. Finally, the **Poland** facility recorded EGP 20.5 million, making up 2.6% of total revenues.

Total **costs of goods sold (COGS)** for FY2021 was EGP 521.2 million, a 5.7% y-o-y increase; however, RCC’s COGS as a percentage of revenues declined to 66.0% compared to 67.2% in the previous year. Salaries & wages constituted of the largest share of COGS standing at 73%, which is in line with our historical trends.

In FY2021, RCC’s **gross profit** recorded EGP 276.4 million, up 13.0% y-o-y, with a gross profit margin of 35.0% versus the 32.8% recorded last year. The improvement in our gross profit margin reflects management’s efforts to enhance operational efficiency despite the negative impact of the aforementioned change in revenue mix.

Meanwhile, **selling, general and administrative (SG&A)** for FY2021 was EGP 124.3 million, up 28.1% y-o-y, representing 15.7% as a percentage of revenues. The increase in SG&A expenses during the year was due to higher annual salaries and marketing expenses. The increased marketing expenditure is in line with the company’s strategy to raise brand awareness both in Egypt and the GCC to strengthen the company’s position.

EBITDA recorded EGP 151.5 million, reflecting an outstanding 101.4% y-o-y increase compared to 2020. The EBITDA margin also grew from 10.27% to 19.2% in 2021.

Net profit for the year declined 53.7% y-o-y to EGP 23.7 million, with a net profit margin of 3.0% versus 5.0% for FY2020. The sharp decline in net profit was due to a suboptimal change in revenue allocation which saw a greater revenue contribution from the insourcing business compared to the high profit margin BPO segment.

Furthermore, RCC witnessed a sharp decline in its UAE operations, a country that offers a tax-free environment, and more business shift to the Egypt facilities where the effective tax rate is 27%.

As at year-end 2021, the company's financial position remained liquid with a healthy **cash balance** of EGP 82.8 million. Our historically large cash balance was used to finance our recent acquisition of 85% of Gulf CX. It is worth mentioning that a refinancing facility is currently being negotiated in the range of USD 10 million, part of which will be used to boost our automation and AI strategy and is expected to be finalized in the first half of 2022.

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. In 2021, Raya Contact Center operated 13 state-of-the-art delivery sites, spanning eight facilities nation-wide in Egypt, one facility in the UAE, one in the Kingdom of Bahrain, two in KSA and one in Poland. The facilities combined have an approximate seating capacity of 9,000 and 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".

For further information,
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RACC.CA on the EGX

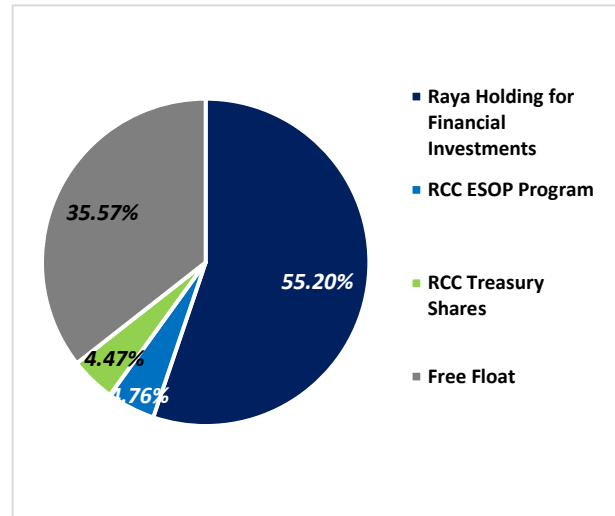
Number of Shares 222,727,272*

Share Price as at 31 December 2021 EGP 3.08

Market Cap as at 31 December 2021 EGP 686 million

Shareholding Structure

(31 December 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	FY2020	FY2021	% Change
Revenue	733,805,280	789,237,070	7.0%
COGS	493,280,407	521,150,972	5.3%
Gross Profit	240,524,873	276,424,549	13.0%
General & Administrative Exp.	(82,596,279)	(113,503,048)	
Selling & Marketing Exp.	(6,775,628)	(10,790,765)	
Rent	(115,588,867)	(49,985,882)	
Impairments	(4,393,863)	(3,734,118)	
Impairments Reversal	4,252,900	5,088,648	
Depreciation Leased Assets	-	(60,427,202)	
Financing Interest on Leased Assets	-	(16,551,622)	
Operating Profit	35,423,136	26,520,560	(33.6%)
Interest Income (Expense)	12,338,652	7,854,413	
Gain on Sale of Fixed Assets	(865,167)	613,586	
FX Gain (Loss)	(507,396)	(2,465,018)	
EBT	46,389,225	32,523,541	(42.6%)
Tax	(9,902,273)	(8,783,225)	(12.7%)
Net Income	36,486,952	23,740,316	(53.7%)
<u>Distributed as follows:</u>			
Shareholders of the Parent Co.	35,638,175	22,906,762	
Minority Interest	848,777	833,554	
Earnings Per Share	0.15	0.11	

Consolidated Balance Sheet

	FY2020	FY2021
Assets		
Long Term Assets		
Fixed Assets	90,291,567	174,099,507
Right of Use Assets	-	227,722,857
Intangible Assets	84,040,202	-
Deferred Tax Asset	146,549	60,140
Goodwill	63,731	95,153
Total Long term Assets	201,124,826	591,600,250
Current Assets		
Accounts Receivables	118,508,274	145,281,686
Advance Payment & Other Debit Balances	53,307,295	83,567,255
Due from Related Parties	6,162	1,657,024
Cash & Cash Equivalents	216,166,529	82,838,598
Total Current Assets	387,988,260	313,344,563
Total Assets	589,113,086	904,944,813
Equity		
Issued and Paid Capital	106,060,606	103,924,355
ESOP Program	5,303,030	5,303,030
Additional Paid in Capital	44,891,436	25,941,331
Legal Reserve	31,060,282	31,060,282
Merger Reserves	(2,834,374)	(2,834,374)
FX Translation Reserve	(6,203,963)	(5,757,706)
Treasury Stock	(50,239,412)	(27,658,910)
Retained Earnings	226,675,436	232,621,588
Net Income Attributable to Majority Owners	35,638,175	22,906,762
Total Parent's Shareholders' Equity	390,351,216	385,506,358
Minority Interest	1,238,694	5,160,410
Total Equity	391,589,910	390,666,768
Liabilities		
Long Term Liabilities		
Long Term Debt	52,138,725	57,510,315
Deferred Tax Liability	5,109,834	6,031,280
Other long term Liabilities	1,804,176	2,509,115
Long Term Loan for Right of Use	-	198,048,244
Total long term Liabilities	59,052,735	264,098,954
Current Liabilities		
Bank Overdraft	4,422,487	9,575,615
Accounts Payable	33,815,735	53,791,762
Other Credit balance	64,980,837	92,152,607
Provisions	2,014,207	2,014,207
Due to Related Parties	7,604,474	8,044,298
Taxes Payable	10,550,087	7,407,920
Current Portion of Long Term Lease	10,427,744	21,492,496

Lease Liability	-	53,030,822
Dividends Payable	4,654,870	2,669,364
Total Current Liabilities	138,470,441	250,179,091
Total Liabilities	197,523,176	514,278,045
Total Liabilities & Equity	589,113,086	904,944,813