RAYA CONTACT CENTER REPORTS H1 2021 RESULTS

REVENUES
EGP 376.5 MN
▼ (2.5%) y-o-y

GROSS PROFIT
EGP 129.5 MN
▲ *34.3% Gross Profit Margin*

EBITDA
EGP 70.2 MN
▲ *18.6% EBITDA Margin*

NET PROFIT
EGP 9.7 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 H1 2021 results, reporting revenue of EGP 376.5 million. The largest contributor to revenue was the Outsourcing segment (50%), followed by HR Outsourcing services (29%) and Hosting services (21%). Gross profit margin for the period recorded 34.3% up from 31% in Q2 2020 while net profit recorded EGP 9.76 million, reflecting a net profit margin of 2.6% compared to EGP 20.6 million, and 5 % in Q2 2020, respectively.

Summary Income Statement

EGP	H1 2020	H1 2021	% Change
Revenue	**386,220,754**	**376,563,724**	***(2.5%)***
Outsourcing	*224,612,687*	*188,256,381*	*(16%)*
Insourcing	*89,946,877*	*109,972,961*	*22%*
Hosting	*71,661,190*	*78,334,382*	*(16%)*
Gross Profit	**121,057,687**	**129,544,439**	***7%***
Gross Profit Margin	*31.3%*	*34.4%*	*+3.1%*
EBITDA	**38,485, 261**	**70,264,853**	***111.7%***
EBITDA Margin	*9.9%*	*18.6%*	*+82.6%*
Net Profit	**20,656,138**	**9,757,402***	***(52.8%)***
Net Profit Margin	*5.3%*	*2.6%*	***(51.6%)***

Normalized net profit recorded EGP 14.2 Million reflecting a Net Profit Margin of 3.8%. 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 H1 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.

Revenues have recorded EGP 376.5 million for the period, down 2.5% Y-o-Y. The decline is mainly due a general slowness in in our industry especially in the GCC regions due to the Pandemic and the resulting slow decision-making process. We have anticipated the decline since the beginning of the year, and we are in line with our guidance of the year with revenues reaching around EGP 875 million.

Gross Profit has recorded EGP 129.5 million, reflecting a gross profit margin of 34.4%, while on the EBITDA level the Company recorded EGP 70 million, reflecting an EBITDA margin of 18.6%, almost double our same margin of the same quarter last year. Normalized net profit, however, have recorded EGP 14.2 million and a 3% Net Profit Margin, due to the downsizing of our Dubai operations as was communicated in Q1. We are still hold a very positive outlook on the region, and with our aggressive commercial activities and robust pipeline, we are certain that during this year we will boost our GCC utilization rates and further expand in the region, through both organic and acquisitive approaches.

We are quite pleased with the improvement in our operating margins, on both the GP and the EBITDA levels, and we are confident about our guidance and remain optimistic about our 2021 trajectory, especially with revenues kicking in from the business we landed last year.

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 even though we it had never reached that point, 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 are thrilled to announce that we have completed our first acquisition transaction in July, and we are now a major shareholder with an 85% stake in Gulf CX, a leading GCC customer experience company in located in Bahrain with operational presence in KSA. The acquisition complements our transformational strategy through several angles: first, it 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. Second, Gulf CX offers a very robust growth trajectory and delivers a very healthy EBITDA margin in the range of +20%, which is expected to have a significant positive effect on our financial performance post consolidation. Moreover, the Company focuses on verticals that fit our strategy due to their post pandemic growth and scalability, such as E-commerce, Retail, and Tech.

The transaction is expected is. It will also deliver a range of post integration synergies and is expected to have a positive effect on our “hybrid delivery” operational model, as we add more delivery facilities in new geographies.

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, with plans to turn into a delivery location once our US pipeline materializes. Our M&A activity for the region is still quite active with plans to close another transaction by Q1 2022.

Our balance sheet remains resilient, with a healthy cash balance standing at EGP 228 million or c.30% of total assets.
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.

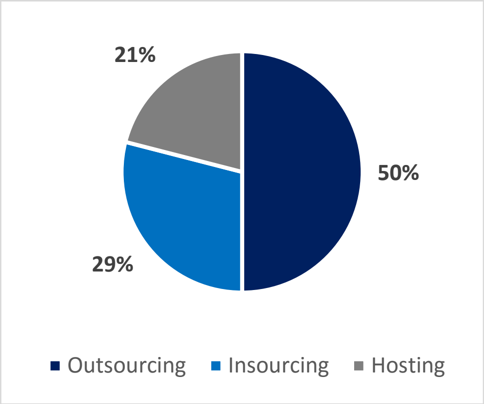
Ahmed Refky
Chief Executive Officer

Operational Review

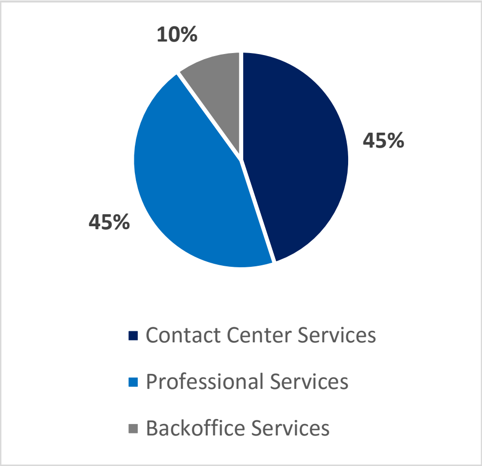
In H1 2021, RCC's total workstation capacity stood at around 8,300 with utilization rates recording 63%, compared to 59% of the same period of last year. RCC's total CAPEX/Revenue recorded 3.4% for the period, versus 8.5% in H1 2020. The decline in CAPEX is mainly attributable to the completion of our 1,500 workstation facility in Smart Village that was offloaded via a 3-year Hosting contract in March 2020., worth c. EGP 200 million

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.

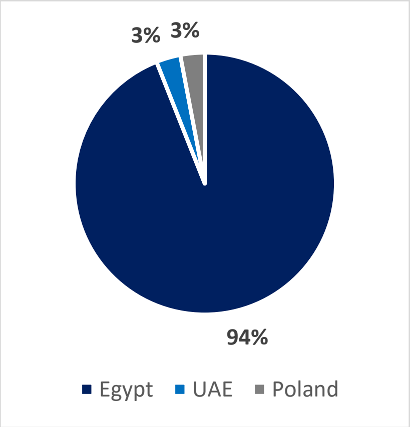
Revenue by Segment



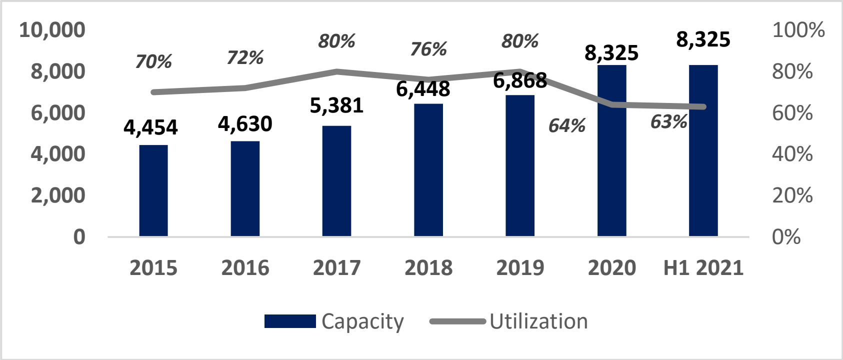
Revenue by Service



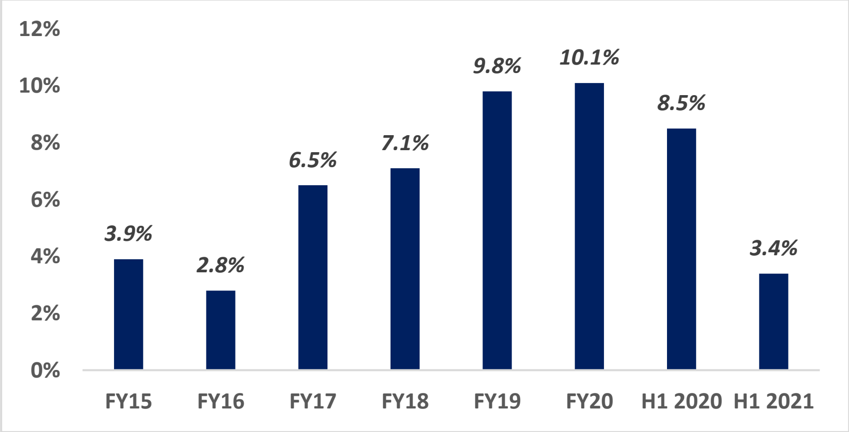
Revenue by Geography



Workstation Evolution & Utilization[1]



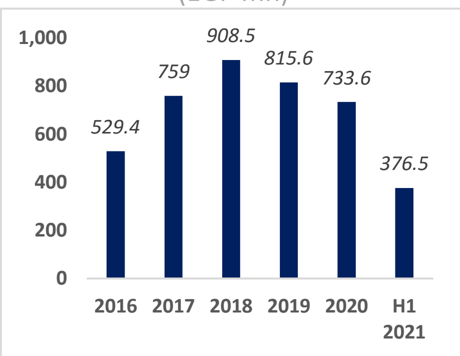
CAPEX / Sales Ratio



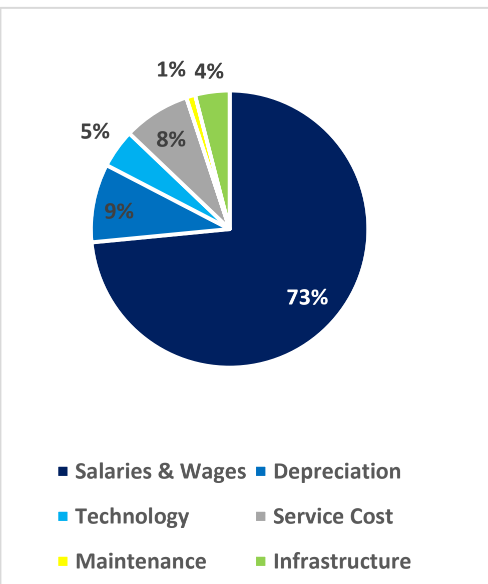
[1] Utilization is calculated as the average productive workstations' utilization by the average total workstations.

Revenue Progression

(EGP mn)



COGS Breakdown



Financial Review

Consolidated revenues in H1 2021 recorded EGP 376.5 million, down (2.5%) y-o-y — The decline in our top line is mainly due to several factors including, the drop in our GCC business, in addition to terminations of some minor accounts in line with Management's account cleansing exercise targeting some of the legacy unprofitable accounts.

Analyzing H1 2021 revenue by ***currency***, *offshore* revenue (USD) recorded EGP 193.5 million, representing 51% from total revenue, compared to 63% of the same quarter of last year, while locally generated revenue accounted for the balance. H1 2021 revenue by ***service segment***, our main revenue contributor, *contact center outsourcing* recorded EGP 188 million, representing 50% of total revenue. *Insourcing business* (*HR outsourcing*) recorded EGP 110 million, representing 29% of total revenue, while the *Hosting business* recorded EGP 78 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. On another note, we are still witnessing an overall slowness in the business environment during the first half of 2021 mainly with the Outsourcing business, which have led to its lower contribution of 50% of total revenue compared to around 70% in previous years.

Analyzing revenue by ***geographical location***, **Egypt's** facilities generated EGP 355 million of revenue, representing 94% from total revenue. **UAE's** operations contributed by EGP 11.4 million, representing 3% from total revenue, while our facility in **Poland** accounted for EGP 9.8 million.

On the ***costs of goods sold*** (COGS) level, RCX recorded EGP 247 million in H1 2021. Salaries & wages constituted of the largest share of COGS standing at 73%, which is in line with our historical trends.

Gross profit recorded EGP 129.5 million, and yielding a GP margin of 34.4%, 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 55.8 million in H1 2021, representing 14% from total revenue. The increase in SGA expenses during the quarter was due to annual salary increases, while Marketing expenses accounted for EGP 5 million, representing c. 132% 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 70.2 million, with a 18.66% EBITDA margin, reflecting an outstanding increase y-o-y, compared to the 9.85% EBITDA margin that was achieved in H1 2020.

Net profit recorded EGP 9.75 million with a net profit margin 3%, down from EGP 20.6 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 14.2 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.
With regards to non-operating income, our interest income has witnessed a decline due to the recent decrease in interest rates from c.11% to c. 8.7%, resulting in around EGP 1 million in interest income loss. in addition, FX is still burdening our profitability where we recorded c. EGP 2 million in FX losses.

As of end H1 2021, the company's financial position remained liquid with a healthy ***cash balance*** of EGP 228 million or c.30% of total assets.

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. ***H1 2021***, Raya Contact Center operated ten top-of-the-line facilities, spanning eight facilities in various locations around Egypt, one facility in Dubai, UAE, 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".

For further information, Please contact:

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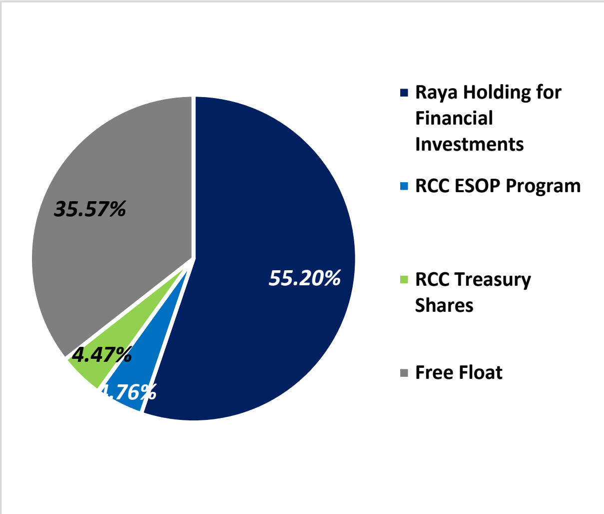
RACC.CA on the EGX	
Number of Shares	222,727,272
Share Price (Aug 11th)	EGP 3.87
Market Cap (Aug 11th)	EGP 862 Million

Shareholding Structure

(Aug 11th, 2021)



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	H1 2020	H1 2021	% Change
Revenue	**386,220,754**	**376,563,724**	***(2.5%)***
COGS	(265,163,067)	(247,019,285)	*(6.8%)*
Gross Profit	**121,057,687**	**129,544,439**	***7.0%***
General & Administrative Exp.	(42,048,870)	(50,885,792)	
Selling & Marketing Exp.	(2,153,577)	(5,012,181)	
Rent	(57,677,061)	(26,702,058)	
Impairments	(2,755,530)	(2,152,236)	
Impairments Reversal	1,638,580	2,794,295	
Depreciation Leased Assets		(28,772,002)	
Operating Profit	**18,061,229**	**18,814,465**	***4.2%***
Interest Income (Expense)	7,418,558	6,729,074	-
Gain on Sale of Fixed Assets	0	613,586	-
FX Gain (Loss)	(867,050)	(1,741,654)	-
Other Non-operating expenses		(10,252,502)	
EBT	**24,612,737**	**14,162,969**	***(42.5%)***
Tax	(3,956,599)	(4,405,567)	-
Net Income	**20,656,138**	**9,757,402**	***(52.8%)***
Distributed as follows:			
Shareholders of the Parent Co.	20,208,300	9,111,268	
Minority Interest	447,838	646,134	
Earnings Per Share	**0.08**	**0.04**	

Consolidated Balance Sheet

	H1 2020	H1 2021
Assets		
Long Term Assets		
Fixed Assets	174,331,769	164,557,751
Right of Use Assets	-	165,146,579
Intangible Assets	146,549	105,049
Deferred Tax Asset	63,731	2,008,287
Goodwill	26,582,777	26,582,777
Total Long term Assets	**201,124,826**	**358,400,443**
Current Assets		
Accounts Receivables	150,181,286	129,017,594
Advance Payment & Other Debit Balances	59,541,887	67,726,961
Due from Related Parties	6,162	6,162
Deferred Tax	-	-
Cash & Cash Equivalents	203,610,655	228,205,711
Total Current Assets	**413,339,990**	**424,956,428**
Total Assets	**593,033,313**	**783,356,871**
Equity		
Issued and Paid Capital	53,030,303	106,060,606
ESOP Program		5,303,030
Additional Paid in Capital	75,306,925	44,280,860
Legal Reserve	31,060,282	31,060,282
Merger Reserves	(2,834,374)	(2,834,374)
FX Translation Reserve	(3,429,829)	(5,916,934)
Treasury Stock	(46,518,571)	(48,134,690)
Retained Earnings	267,405,967	237,908,877
Net Income Attributable to Majority Owners	20,208,300	9,111,268
Total Parent's Shareholders' Equity	**394,229,003**	**376,838,925**
Minority Interest	2,200,288	1,711,793
Total Equity	**396,429,291**	**378,550,718**
Liabilities		
Long Term Liabilities		
Long Term Debt	34,370,817	61,413,575
Deferred Tax Liability	5,139,011	3,657,639
Other long term Liabilities	7,084,148	1,291,457
Long Term Loan for Right of Use		122,903,870
Total long term Liabilities	**46,593,976**	**189,266,541**
Current Liabilities		
Bank Overdraft	10,402,772	6,962,865
Accounts Payable	44,575,410	38,369,773
Other Credit balance	60,753,477	67,786,255
Provisions	2,014,207	2,014,207
Due to Related Parties	7,341,136	7,961,965
Taxes Payable	5,303,427	7,649,414

Current Portion of Long Term Lease	5,728,470	18,896,485
Lease Liability		65,898,648
Dividends Payable	13,891,147	-
Total Current Liabilities	**150,010,046**	**215,539,612**
Total Liabilities	**196,604,022**	**404,806,153**
Total Liabilities & Equity	**593,033,313**	**783,356,871**