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Dubai, UAE, 09 March 2023

## AL ANSARI FINANCIAL SERVICES ANNOUNCES ITS INTENTION TO FLOAT ON THE DUBAI FINANCIAL MARKET

- 750 million (seven hundred and fifty million) ordinary shares (the "Shares") will be made available in the Global Offering, representing [10] % of Al Ansari Financial Services' issued share capital. The Global Offering comprises the Qualified Investor Offer and the UAE Retail Offer
- The Qualified Investor Offer subscription period is expected to run from 16 March 2023 to 24 March 2023
- The UAE Retail Offer subscription period is expected to run from 16 March 2023 to 23 March 2023
- Admission of shares to trading on the DFM is anticipated to occur on or around 6 April 2023
- Al Ansari Holding LLC (the "Selling Shareholder"), the sole shareholder in Al Ansari Financial Services, reserves the right to amend the size of the Global Offering at any time before pricing of the Global Offering subject to the applicable laws of the UAE and the approval of the SCA.

Al Ansari Financial Services PJSC (under incorporation in the Emirate of Dubai, UAE, as a Public Joint Stock Company) ("Al Ansari Financial Services" or the "Group" or the "Company"), one of the leading integrated financial services groups in the UAE, today announced its intention to proceed with an initial public offering (the "IPO" or the "Global Offering") and to list its ordinary shares for trading on the Dubai Financial Market (the "DFM").

### KEY HIGHLIGHTS OF THE OFFERING

- 750,000,000 (seven hundred and fifty million) Shares each with a nominal value of AED 0.01 (one fil) will be made available in the Global Offering, representing 10% of the Company's total existing share capital.
- All shares to be offered represent the sale of existing shares held by Al Ansari Holding. Al Ansari Holding reserves the right to amend the size of the Global Offering at any time before pricing of the Global Offering subject to the applicable laws of the UAE and the approval of the SCA. Al Ansari Holding is Al Ansari Exchange's only shareholder and therefore it is the only selling shareholder.
- The Global Offering will be made available to individual and other investors as part of the UAE Retail Offering (as defined below) as well as to professional investors outside the United States of America, including the UAE, as part of the Qualified Investor Offering (as defined below).
- Abu Dhabi Commercial Bank PJSC ("ADCB"), EFG-Hermes UAE Limited ("EFG Ltd.") acting in conjunction with EFG Hermes UAE LLC ("EFG LLC" and together with EFG Ltd., "EFG-Hermes") and Emirates NBD Capital PSC ("ENBD Capital") have been appointed as joint global coordinators.

- Emirates NBD Bank PJSC (“Emirates NBD”) has been appointed as the Lead Receiving Bank.
- The Internal Sharia Supervision Committees of ADCB and Emirates NBD have issued pronouncements confirming that, in their view, the Global Offering is compliant with Shariah principles.

#### **CAPITAL STRUCTURE AND DIVIDEND POLICY**

- The existing share capital of the Company consists of 7,500,000,000 ordinary shares, each with a nominal value of AED 0.01, which are fully paid, issued and outstanding.
- Following the Global Offering, the Company intends to adopt a semi-annual dividend distribution policy and to pay dividends twice each fiscal year after the Global Offering in April and October of each year.
- The Company is targeting to pay a minimum dividend of AED 600 million with respect to 2023 earnings with the first half of the payment being made in October 2023 and the second half of the payment being made in April 2024.
- A minimum dividend pay-out ratio of at least 70% of the net profit generated (paid semi-annually) is expected going forward.
- The Group continues to evaluate accretive investment opportunities for growth. In the absence of suitable opportunities that meet the target investment criteria and returns, the Company will consider distributing higher dividends than the minimum annual dividends stated above.
- The Company’s ability to pay dividends is dependent on a number of factors, among others, the Company's cash management requirements and prevailing market conditions.
- In addition, as Al Ansari Exchange accounts for the majority of the profits of the Group, the payment of dividends by Al Ansari Financial Services to its shareholders will also be subject to the approval of the Central Bank of the UAE (the “CBUAE”).

#### **SUMMARY OF AL ANSARI FINANCIAL SERVICES’ INVESTMENT PROPOSITION**

- Leading and pioneering exchange house in the UAE with unparalleled physical branch network and customer-friendly digital transactional platforms
- Leading player in the world’s second-largest and growing, outward personal remittances market by total outward remittances value
- Prominent player in highly demanded bank notes market, well positioned to capitalise on increase in tourism, tourist spend and economic expansion in the UAE
- Well-defined retail and corporate customer acquisition and retention strategy, supported by cross-selling capabilities through its growing B2B offerings
- Setting industry standards and best practices in a highly regulated industry with high barriers to entry
- Innovative and proprietary digital capabilities enhancing customer experience, enabling scale, boosting efficiency and supporting data security
- Solid financial performance, resilient through the COVID-19 pandemic with a history of delivering growth
- Led by high-quality management team with a wealth of industry experience

- Clear growth strategy to support the Group's ambitions to further cement its market leadership position in the UAE, grow B2B business, expand its footprint in other GCC markets, and boost digital capabilities.

## SUMMARY OF AL ANSARI FINANCIAL AND OPERATING PERFORMANCE HIGHLIGHTS:

### Financial Highlights

AED millions	2020	2021	2022
Operating income <sup>(1)</sup>	831	988	1,154
of which:			
Remittances	654	703	737
Bank Notes	101	202	338
WPS	47	48	59
Others	29	34	21
EBITDA <sup>(2)</sup>	420	551	657
EBITDA margin (%) <sup>(3)</sup>	50.5%	55.8%	56.9%
Net Profit for the year	375	491	595
Free cash flows <sup>(4)</sup>	405	523	626
Cash conversion (%) <sup>(5)</sup>	96%	95%	95%

(1) Operating income is defined as "Income" excluding "Other income" and "Interest income – net".

(2) EBITDA is defined as "Profit for the year" excluding "Depreciation and Amortization", "Finance cost on lease liabilities" and "Interest income – net".

(3) EBITDA margin is calculated as EBITDA divided by operating income.

(4) Free cash flows are calculated as EBITDA minus capital expenditure.

(5) Cash conversion is calculated as EBITDA minus capital expenditure divided by EBITDA.

### Operational Highlights

	2020	2021	2022
No. of physical branches (number)	191	215	231
Number of personal remittance transactions (millions)	20.3	21.6	22.0
Volume of outward remittances transactions (millions)	43,371	46,467	47,199
Value of bank notes transactions and pre-paid cards (AED millions)	39,578	71,480	74,733
Number of salary files processed – WPS (k)	850	899	1,099
Load value – Pre-paid cards (AED millions)	599	1,105	1,628

**Commenting on the launch of the IPO process, Mohammad Ali Al Ansari, Chairman of Al Ansari Finance Services, said:**

*"Since the founding of our first company Al Ansari Exchange in 1966, Al Ansari Financial Services has been playing an essential role in the mobility of money within and outside the UAE. We are proud to be a crucial part of residents' and tourists' lives. We are also equally proud to be the trusted partner to local businesses and international institutions, supporting their cross-border money transfer, currency exchange and end-to-end cash management requirements.*

*The UAE's global ranking as a tourist, commerce, talent and finance hub has steadfastly climbed over the years, thanks to government efforts and business-friendly policies, fuelling the growth and expansion of our business. Today, we are one of the leading integrated financial services groups in the UAE with a comprehensive offering. Furthermore, our customer-first and solutions-oriented mindset has enabled us to successfully scale the business and provide high-quality offerings that exceed customer expectations.*

*We are also incredibly proud to be considered by our industry peers and wider stakeholder universe as the standard bearers in a highly regulated market. We take compliance, security and risk measures very seriously and commit to applying the necessary measures and employing top-notch tools to ensure we operate at the highest levels of transparency and security.*

*Our strong track record of successful growth underpinned by the trust we have built with our customers, partners and the CBUAE, as well as the Central Bank of Kuwait, has culminated in this milestone moment. We believe Al Ansari Financial Services is ready to become a publicly listed company and to offer investors a unique investment opportunity with significant exposure to a region that is expected to witness robust growth in the mid-term.*

*With Al Ansari Holding remaining the largest single shareholder post-listing, this reaffirms its commitment to supporting the Group's growth ambitions and working alongside the new shareholders to enable Al Ansari Financial Services to further unlock its value over the long run."*

**Rashed Ali Al Ansari, Group Chief Executive Officer of Al Ansari Financial Services, said:**

*"Al Ansari Financial Services' dominant and growing physical presence across the UAE and its leading position in the outward personal remittances and retail foreign currency market set us apart from other exchange houses. The broad spectrum of customers we service through in-person or digital channels provides us with an edge over other players in the market providing similar services.*

*Our success today is underpinned by our reliable, scalable and digitally enabled operations as well as our team of experts. Moreover, we have an extensive global exchange network through developing our own money transfer operator, leveraging the longstanding relationship with global correspondent banks and other key partners.*

*As a market leader with an agile and CAPEX-light business model, which enables us to generate strong growth with limited investment capital requirements, and a very healthy cash profile, we believe we can harness favourable market trends in the UAE and across the GCC. Those organic growth drivers include an increase in the number of tourists, continued population growth with a large*

*expatriate community. Furthermore, we are well positioned to capitalise on the strong macroeconomic backdrop with the UAE and other GCC economies which are expected to expand at a healthy pace in the mid-term.*

*We have a well-defined growth strategy that we expect to enable us to further increase our market leadership and physical dominance at home and to grow our presence in other markets. We also plan to continue to invest in our digital capabilities and customer touchpoints to ensure we provide superior service to our loyal and growing customer base. I am also proud of the incredible talent we have at the Group and subsidiary levels, and I am confident that we have the right people in place to execute our growth agenda.*

*Listing our shares on the DFM is a natural next step in our growth journey and will allow us to further boost our credibility with our key stakeholders. We believe that this is the right time to present investors with an opportunity to join us on our new and exciting chapter and look forward to welcoming new shareholders to the Group."*

#### **DETAILS OF THE GLOBAL SHARE OFFERING**

750 million (seven hundred and fifty million) shares are being made available in the Global Offering, representing 10% of Al Ansari Financial Services' issued share capital. All the shares are existing shares being sold by the Selling Shareholder, and the Group will not receive any proceeds from the Global Offering. The Selling Shareholder reserves the right to amend the size of the Global Offering at any time before pricing the Global Offering subject to the applicable laws of the UAE and the approval of the SCA.

The Global Offering shall be made available to the following subscribers:

- to individual and other investors, as defined in the prospectus relating to the UAE Retail Offer (the "UAE Prospectus") as part of the UAE Retail Offer; and
- to professional investors and other investors in a number of countries outside the United States of America, including in the UAE, as part of the Qualified Investor Offer.

The Emirates Investment Authority (the "EIA") shall be entitled to subscribe for up to 5% of the Global Offering, and the percentage of Shares which the EIA may purchase shall be allocated in full before the commencement of allocation to any other Subscribers to the Qualified Investor Offer.

The UAE Retail Offer subscription period is expected to open on 16 March 2023 and is expected to close on 23 March 2023, with the Qualified Investor Offer subscription period expected to open on 16 March 2023 and is expected to close on 24 March 2023.

The completion of the Global Offering and admission of the Shares to listing and trading on the DFM ("Admission") is currently expected to take place in April 2023, subject to satisfactory market conditions and obtaining relevant regulatory approvals in the UAE, including approval of Admission from the SCA.

The Shares held by the Selling Shareholder following completion of the Global Offering shall be subject to a lock-up which starts on the date of Admission and ends 180 days thereafter, subject to certain terms and conditions.

Details of the Global Offering will be included in the Arabic and English language UAE Prospectus and the UAE public subscription announcement (the "Public Announcement") with respect to the UAE Retail Offer and the English-language International Offering Memorandum with respect to the Qualified Institutional Offer. The UAE Prospectus and the Public Announcement will be published today, and the International Offering Memorandum is expected to be published in due course. The UAE Prospectus and the International Offering Memorandum will be available at [www.aafs.ae/ipo](http://www.aafs.ae/ipo).

ADCB, EFG-Hermes and ENBD Capital have been appointed as joint global coordinators.

Emirates NBD has been appointed as the Lead Receiving Bank. ADCB, Abu Dhabi Islamic Bank PJSC, Al Maryah Community Bank LLC, Commercial Bank of Dubai PSC, Dubai Islamic Bank PJSC and Emirates Islamic Bank PJSC have been appointed as Receiving Banks.

The Internal Sharia Supervision Committees of ENBD and ADCB have issued pronouncements confirming that, in their view, the Global Offering is compliant with Shariah principles. Investors should undertake their own due diligence to ensure that the Global Offering is Shariah-compliant for their own purposes.

## OVERVIEW OF AL ANSARI FINANCIAL SERVICES

Al Ansari Financial Services is one of the leading integrated financial services groups in the UAE. It empowers its subsidiaries, **Al Ansari Exchange**, **Al Ansari Exchange Kuwait** (full acquisition by the Group is currently ongoing and expected to be completed post-IPO), **Worldwide Cash Express**, **CashTrans** and **Al Ansari Digital Pay** (under incorporation in the UAE), to unlock their growth potential through synergy.

The Group's subsidiaries in the UAE are:

- **Al Ansari Exchange.** Founded in 1966 and licensed by the Central Bank of the UAE, Al Ansari Exchange is the Group's first and largest subsidiary by percentage contribution to operating income. The Exchange offers an integrated offering including remittances, bank notes and Wage Protection System and other relevant services.
- **CashTrans.** Established in 2011, it is an integrated cash management solution company providing cash transportation, processing, and security services to leading financial institutions, private enterprises and major corporations in the UAE.
- **Worldwide Cash Express.** Founded in 2017, it is a money transfer operator ("MTO") providing remittance services for sending and receiving parties in two different countries. It does so through its proprietary platform and using its extensive network of global banks and payment correspondents.
- **Al Ansari Digital Pay.** Currently in the process of being incorporated, it is intended to create an inclusive digital wallet that will provide a seamless payment experience to serve all UAE-based customers. It is expected to enable customers to remit money domestically

and abroad, pay bills and unlock a host of other digitally-enabled services, bringing the Group one step closer to creating a digital marketplace. Al Ansari Digital Pay is in the process of obtaining a store value facilities and retail payment service provider (PSP) card schemes license from the CBUAE.

Beyond the UAE, Al Ansari Financial Services expanded into Kuwait with the establishment of **Al Ansari Exchange Kuwait** in 2002, which primarily provides remittances and foreign currency exchange services. Al Ansari Exchange Kuwait, an entity owned by some of the current shareholders of the Selling Shareholder, is currently in the process of being fully acquired by Al Ansari Financial Services. 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. The transaction is expected to be completed post-IPO.

Through its subsidiaries, the Group provides its products and services to a diverse range of customers, including:

- **Retail:** residents and inbound and outbound tourists;
- **Corporates:** large, medium and small enterprises in the UAE, global sending and receiving institutions and agents, and other exchanges.

The Group delivers its products and services through a comprehensive global network underpinned by its proprietary technology and relationships with third parties.

Underpinned by the UAE's growing position as a global financial, commercial, talent and tourism hub, the Group has expanded its core offerings to include:

- **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.
- **Others Services** – The Group's other offerings include, among others, bill payment and end-to-end cash management solutions.



## INVESTMENT PROPOSITION

### Leading and pioneering Exchange House in the United Arab Emirates with unparalleled physical branch network and customer-friendly digital transactional platforms

- **Deep roots with nearly 60 years of experience, evolving from family business to a Group.** With a history dating back to its establishment as a family business in 1966, the Group has grown its presence across the UAE and introduced services to cater to changing customer needs in order to enhance their experience. The total number of employees as at 31 December 2022 was 4,123.
- **Physical branch dominance across the UAE.** With 231 physical branches as at 31 December 2022, the Group has the largest physical branch network in the UAE, which is more than double compared to the second player in the market according to a report prepared by Edgar, Dunn and Company (the "EDC Report"). The Group has branches entrenched in neighbourhoods to act as an easy access point for residents and a presence across premium locations, with a focus on malls, to capture footfall and offer an easy access point for tourists.
- **Rapid growth in its digital offering to cater to evolving customer needs and to remain competitive.** In order to cater to more sophisticated customers, the Group introduced digital channels to transact business and the Group has witnessed rapid growth in its mobile application, which it now considers to be a vital part of its service offerings. Although the Group's focus on these digital platforms so far has been largely focused on its retail customers, the Group has also started to incorporate digital business-to-business ("B2B") solutions for its corporate customers through its e-Exchange offering.

### Leading player in the world's second largest and growing outward personal remittances market

- **UAE's massive and growing outward personal remittances market.** The UAE is the second largest outward personal remittances market globally by total outward remittances value of USD 48 billion, according to the EDC Report, and exchange houses are expected to continue to play a significant role given the large and growing low-income expatriate population who have less access to bank accounts. In addition, favourable visa and citizenship programmes are expected to attract more people to the Emirates, which is expected to further increase the demand for remittances.
- **Exchange houses in the UAE are expected to be largest contributor to outward personal remittances market growth.** According to the EDC Report, the market for outward personal remittances is forecasted to grow at approximately 3.2% CAGR between 2021 and 2027 (with exchange houses growing faster than the market at a CAGR of 4.2% between 2021 and 2027), while the market for bank notes is expected to benefit from the recovery in tourist inflows. The overall outward personal remittances market is expected to grow to AED 211 billion by the year ending 31 December 2027, with AED 138 billion being attributed to exchange houses and AED 73 billion being attributed to banks.
- **The Group is a leading player in the personal outward remittances market in the UAE.** In 2021 the Group handled approximately 2.6% of global outward personal remittances. According

to the EDC Report, as at 31 December 2021, Al Ansari Exchange held 38% of the exchange house outward personal remittance market and has historically grown at a much faster pace than the UAE personal remittance market.

- **The Group has the largest share of digital outward personal remittances among exchange houses in the UAE.** Approximately 41% of the total digital outward personal remittances in 2021 in the UAE were conducted through Al Ansari Exchange's digital platforms, according to the EDC Report.
- **Attractive and promising corporate remittance business.** The corporate remittances business is showing very promising signs and the Group has already been penetrating and growing its market share in that market segment, which is currently dominated by banks.
- **Leveraging on the Group's physical branch dominance and unparalleled global network reach.** The Group is able to cater to the increasing numbers of low-income expatriate individuals given its large network of physical branches, which reached 231 physical branches as at 31 December 2022. The Group has an unparalleled global network reach with 131 correspondent banks and 137 agents present in 45 countries, as at 31 December 2022.

**Prominent player in highly demanded banks notes market, well positioned to capitalise on increase in tourism, tourist spend and economic expansion in the UAE**

- **Increase in inbound tourists and tourists' spend supports foreign currency exchange market growth in the UAE.** Foreign currency exchange in the UAE is expected to grow as a result of increasing tourist numbers and tourist spend in the country. According to the EDC Report, exchanged foreign currency cash volumes in the UAE are forecasted to grow at an approximately 4.0% CAGR between 2022 and 2027 and income tourist spend in the UAE is forecasted to grow at an approximately 6.7% CAGR over that period.
- **The Group is one of the top players in the UAE in the retail foreign currency exchange market.** Its share of the retail foreign currency exchange market for the year ended 31 December 2021 was 35%, according to the EDC Report.
- **The Group's strong presence across UAE malls further boosts its ability to capitalise on the growing tourism industry in the UAE.** Malls represent a strategic location for exchange houses to capture footfall and are an easy access point for tourists. As at 31 December 2022, the Group had 61 branches in malls across the UAE.
- **Pre-paid cards provide the Group with an additional revenue stream and supports its expanding foothold in the digital space.** The Group offers pre-paid cards to its individual customers, which has allowed it to access the digital space of foreign currency exchange. For the year ended 31 December 2022 the load value of the pre-paid cards was AED 1.63 billion compared to AED 1.11 billion in 2021 and AED 599 million in 2020. In August 2022, Visa, the Group's strategic business partner for the pre-paid product, noted that the Group had the fastest-growing multi-currency pre-paid card in the UAE between 2021 and 2022.
- **Economic growth and strong synergies between retail and wholesale bank notes transactions supports wholesale foreign currency exchange.** The Group is expected to benefit from this trend given Al Ansari Exchange's leading position in the UAE wholesale market. According to

the EDC Report, the Group's market share in the UAE wholesale market for 2022 is estimated to be between 45% and 50%.

#### **Well-defined retail and corporate customer acquisition and retention strategy, supported by cross-selling capabilities through its growing B2B offerings**

- **Quality of service, ease of access, promotional campaigns, digital channels and diverse offering supports retail customer acquisition and retention.** Based on feedback collected through customers using the Group's tablets at its branches, the Group had a 98% customer satisfaction rating for July 2022 to December 2022.
- **Expanding B2B offerings to cater to unmet corporates' needs and to retain customers through effective cross-selling.** For its corporate clients, the Group's offering includes cross-border payments, end-to-end cash management solutions through CashTrans, and bill collections. The Group has been expanding its B2B offering, which not only helps to attract new customers but also to retain customers through effective cross-selling.
- **WPS offering acts as a vital customer acquisition channel for both retail and corporate customer groups.** As at 31 December 2022, there were over 160,000 corporates customers registered to use the Group's WPS solutions. There were around 550,000 monthly salary disbursements in December 2022. The Group also provides WPS card users with a full suite of services through its large branch network. WPS card users also have access to branches and smart counters, which allow them to use the Group's cash withdrawal, remittances, and utility payments services, supporting cross-selling.

#### **Setting industry standards and best practice in a highly regulated industry with high barriers to entry**

- **The Group operates in a highly regulated industry.** Remittances and foreign currency exchange operations can only be carried out by banks and CBUAE-licensed exchange houses. Exchange houses must comply with strict anti-money laundering compliance rules. Furthermore, in December 2022, the CBUAE announced that it is requiring exchange houses to increase their Emiratisation percentage by 4% annually until it reaches the target ratio of 30% of the total number of employees by 2027.
- **Stricter capital requirements and higher operating costs led to drastic drop in the number of exchange houses in the UAE in the recent past.** New capital requirements and increasing costs of compliance and operations are also making it more difficult for other existing players to survive in the exchange houses market and very stringent requirements from the CBUAE make it difficult for new players to enter the market. As a result, according to the EDC Report, the number of exchange houses in the UAE dropped drastically from 140 in 2017 to 84 in 2022.
- **The Group believes that it has strong regulatory compliance.** The Group has no outstanding regulatory fines or penalties. The Group has a strong internal compliance and risk framework, which it believes build greater credibility with regulators. The Group has over 90 compliance and risk professionals and rigorous "know your customer" ("KYC") and risk procedures for all of its partners and correspondent banks as well as an in-house compliance module.

- **Group's staunch commitment to supporting the exchange industry in the UAE.** The Group is a founding member of the Foreign Exchange and Remittances Group ("FERG"), which is a non-profit organisation and is the main bridge between the exchange and remittance industry and the CBUAE. The Chairman of Al Ansari Financial Services is also the chairman of FERG and the Group believes it is seen by FERG as a thought leader for regulations and best practices.

#### **Innovative and proprietary digital capabilities enhancing customer experience, enabling scale, boosting efficiency and supporting data security**

- **The Group has innovative and proprietary digital capabilities.** The Group operates a state-of-the-art technology suite integrated across multiple customer touchpoints allowing for cross-selling opportunities and scale through multiple digital offerings. The Group's integrated technology platform was purpose-built to implement a wide array of digital channels through its proprietary digital products, connect its global network and operations, localise its marketing, products and experiences and facilitate its data-driven approach.
- **Digital capabilities leveraged as a customer intelligence tool.** The Group's digital capabilities allow it to collect data analytics for the Group on customer trends, which it uses to enhance its offering and customer experience. In addition to its proprietary software, the Group uses other leading and sophisticated third-party software. Given the scale of the Group's business and complexity of digital cross-border payments, the Group's technology platform has broad and complex capabilities and together with the Group's data, gives it a competitive advantage in understanding its customers.
- **Award-winning Fintech App.** Launched in 2018, the Al Ansari Exchange mobile app was rated as the top Fintech App in the United Arab Emirates and the GCC region and placed second in the Middle East Region on the Forbes Middle East list of the Top 15 Fintech Apps 2021. The Group also offers its web-based e-Exchange platform to both its retail and its corporate customers.

#### **Solid financial performance, resilient through the COVID-19 pandemic with a history of delivering growth**

- **Exceptional growth in operating income between 2020 - 2022 despite COVID-19 pandemic induced challenging market conditions.** The Group reported AED 1,154 million in operating income for the year ended 31 December 2022, with remittances accounting for 64% of the Group's operating income, bank notes accounting for 29% of the Group's operating income and the remaining 7% of operating income being split between the Wage Protection System and others. The outward remittance market for exchange houses contracted by 23.9% and tourist spend in the UAE contracted by 52.4% between 2019 and 2021 primarily as a result of the COVID-19 pandemic. Despite the challenging backdrop, the Group was able to gain market share and strengthen its position as a market leader.
- **Increased number of digital transactions, higher foreign exchange margins and the overall operating leverage of the Group supported improving EBITDA margins.** The Group achieved

EBITDA margin of 56.9% in 2022, with EBITDA growing at an approximately 25% CAGR between 2020 and 2022. The increase in EBITDA and improvement in profitability was mainly driven by higher foreign currency exchange margins, higher penetration of digital transactions, which enjoys higher margins compared to physical transactions, and the overall operating leverage of the Group's business. In addition, the Group's business model generated strong profitability with limited capital expenditure requirements while expanding its branch network and continuing to invest in its digital offering.

- **Generated a sustained increase in cash flows year-on-year between 2020 and 2022.** The sustained growth is mainly driven by EBITDA growth, with a relatively stable cash conversion of 95%, 95% and 96% for the years ended 31 December 2022, 2021 and 2020, respectively.
- **Historical dividend distributions with pay-out ratio between 67% and 74%.** Given the strong cash generation, the Group has been able to deliver strong value to the shareholders, with a dividend pay-out ratio of 67% and 74% for the years ended 31 December 2021 and 2020, respectively.

#### High-quality management team with a wealth of industry experience

- **Seasoned management team including over 75 years of collective industry experience.** Members of the Group's senior management team have an average of over 20 years of experience in the industry including Rashed A. Al Ansari, the Group Chief Executive Officer, Mohammad Bitar, the Deputy Group Chief Executive Officer, and Faisal Anwar, the Group Chief Financial Officer. In addition to Mr Al Ansari, Mr Bitar and Mr Anwar, the Group's Chief Operating Officer, Group Chief Technology Officer, Group Chief Human Resources Officer and Group Chief Corporate Services Officer each have at least two decades of experience in the industry.
- **Achieved several key milestones, supporting the Group's evolution, expansion and delivering robust financial performance.** The Group's management team has had several accomplishments including reaching the target of over 230 physical branches in operation, delivering operating income and EBITDA growth between 2020 and 2022, making the Group the first exchange house in the UAE to implement e-KYC procedures for its digital offering.
- **The Group's management team retains a high level of independence.** Rashed Al Ansari is the only member from the Al Ansari family on the management team. In addition, the Group's corporate governance is overseen by a number of internal committees headed by independent directors.

Clear growth strategy to support the Group's ambitions to further cement market leadership position in the UAE, grow B2B business, expand footprint in other GCC markets, and boost digital capabilities

The Group's growth strategy is centred on six pillars:

##### 1. *Expand the Group's physical branch network in the United Arab Emirates*

- **Recent roll out of expansion strategy led to 47 new branches opening between 1 January 2020 and 31 December 2022.** In recent years, the Group has been implementing a strategy of

expansion of its physical presence, of which approximately 59% were profitable within the first month of operations and 90% were profitable within the first six months of operations.

- **Branches are expected to remain the key driver of the Group's growth going forward.** The Group believes that its customer base will prefer to continue to interact in a physical branch rather than online for the foreseeable future given its large number of low-income expatriate customers who have limited access to bank accounts and rely on face-to-face interactions. In addition, the branch network acts as a customer acquisition tool with 32% of Al Ansari's remittances customers for the year ended 31 December 2022 also using other services offered by the Group during that period.
- **The Group seeks to gain scale and market share in a growing industry supported by a strong macroeconomic backdrop and taking advantage of a "first mover advantage"** The Group intends to continue adding new branches to its network and relocating underperforming branches going forward depending on market conditions to optimise the performance of its branch network. The Group expects to open more than 60 additional branches over the next five years to reach a network of approximately 300 branches in the mid-term.

## *2. Expand to other markets in the GCC region and leverage Worldwide Cash Express to expand international reach*

- **Other markets in the GCC identified by the Group as attractive markets to penetrate.** GCC market accounted for 25.4% of worldwide outward remittance flows in 2021, according to the EDC Report.
- **Group's imminent and growing presence in Kuwait, the sixth-largest outward personal remittances market globally in 2021.** The Group is in the process of acquiring Al Ansari Exchange Kuwait (an entity owned by some of the current shareholders of the Selling Shareholder), which in turn has recently acquired Oman Exchange Company, a leading exchange company in Kuwait. The Group's acquisition of the Al Ansari Exchange Kuwait is expected to be completed after the IPO. According to management, upon completion, this acquisition is expected to create the fourth-largest player in the Kuwait market with a 7.7% market share in terms of number of physical branches.
- **Organic and inorganic investment to support Group's expansion ambitions in Kuwait.** Through continued investments, both organic (opening of new branches), inorganic (further M&A opportunities) and digital investments (roll-out of mobile app and smart counters), the Group is aiming to become the largest player by market share in Kuwait. In 2021, the largest player in Kuwait had 103 branches and 22.7% of market share.
- **Plan to leverage its MTO, Worldwide Cash Express, to expand international reach.** The Group believes that Worldwide Cash Express has a differentiated offering compared to other competitors due to its more extensive agent network in what it considers the main receiving countries, its more competitive pricing, and its greater range of pay-out methods. As part of its strategy, the Group plans to open representative offices for Worldwide Cash Express in Europe and in Asia to widen its network of receiving agents. As at 31 December 2022, Worldwide Cash Express had 74 receiving agents and 37 sending partners.

### 3. *Continue investing in the Group's digital offering*

- **The Group believes digital transactions will grow faster than transactions executed by branch.** Management expects digital transaction will account for approximately 20% of the Group's overall personal outward remittance transactions by 2027, an increase from 15% in 2022.
- **The Group is keen to keep investing in its increasingly popular mobile app to ensure it remains competitive and aims to transform it to a digital marketplace.** For the year ended 31 December 2022, 10% of the Group's remittance income was generated through its mobile app. The Group is one of the few exchange houses in the market that offers its services through a mobile app to its customers. The mobile app was initially designed for remittances services only, however, new functions and services have been added over time (e.g., pre-paid cards) and management is planning to add more services (e.g., digital wallet and bank notes services), with the aim to transform the app into a digital marketplace. The Group envisages the digital wallet framework to be fully integrated with the existing technological infrastructure of the Group, which will retain all the key functionalities in-house.
- **Plans to continue investing in and rolling out smart counters in branches.** The Group has already rolled out six smart counters, which it believes have been well-received by its customers. The Group has ordered 100 smart counters in total and intends to complete the roll out of the smart counters by mid-2023. The Group believes the new smart counters will help increase operational efficiencies by reducing personnel costs while increasing onboarding capabilities and providing customers with a convenient and fast way to pay for simple transactions such as bill payments.
- **Launch of Al Ansari Digital Pay to support Group's desire to increase its digital product offering.** With a view of creating a digital marketplace ecosystem, the Group expects to launch a digital wallet (through Al Ansari Digital Pay) and is looking at a number of more innovative products that focus on digital payments. Also, the Group believes that moving the Wage Protection System business to a digital wallet would allow it to increase cross-selling by keeping client funds in the digital marketplace and accelerate the migration of unbanked clients towards digital remittances.
- **Pre-paid cards product to be further expanded.** To meet customer needs and create a more compelling value proposition for both the customer, the Group intends to further grow this offering.
- **Shift to digital to support margin expansion.** The Group's branch network accounts for approximately 60% of the Group's operating expense cost base, so the shift to digital is expected to lower total cost to serve.

### 4. *Increase margins without compromising competitiveness*

- **The Group also believes that it has scope to increase prices given the quality of the services and its market leadership position.** The Group's customer proposition in terms of speed, reliability and customer experience and the Group's high level of customer satisfaction and its market pricing compared to the pricing of its competitors and overall pricing in the UAE gives the Group room to increase prices.

#### *5. Expand its value proposition in the corporate remittances market*

- The Group's current B2B proposition is primarily represented by the Group's Wage Protection System offering, a valuable cross-selling tool. The Group has 160,000 registered corporate customers, mostly represented by small-to-medium enterprises ("SMEs"), out of the approximately 370,000 SMEs active in the UAE. Although the Wage Protection System is a low-fee and high-volume offering, it is a valuable cross-selling channel for other services of the Group.
- The Group believes that it has extensive room to gain market share in the corporate remittance space. For the year ended 31 December 2021, Al Ansari Exchange had a 14% market share in the corporate remittances through exchange houses market in the UAE. The Group believes that it has sufficient reach to increase its market share for cross-border remittances now that it has become an area of focus. If the Group were to bring its corporate market share in line with its personal outward remittances market share, it would be able to achieve an incremental AED 14 billion of yearly cross-border volumes.

#### *6. Expand its value proposition in the end-to-end cash management market*

- Steady growth in end-to-end cash management market in the UAE creates market opportunity for the Group to expand its offering. According to the EDC Report, the end-to-end cash management market size was approximately AED 334 million in terms of operating income opportunity in 2021 and the market is forecast to grow at a 4% CAGR between 2022 and 2027, reaching an operating income opportunity of AED 422 million by 2027.
- The Group plans to expand its business by offering its end-to-end cash management services to more external customers. The Group's subsidiary, CashTrans, which so far has been mostly serving Al Ansari Exchange's cash management needs, will be targeting more third-party clients. Recently, the Group has onboarded a number of exchange house and other corporate entities for cash transportation services.
- Planning on investing in scaling the business to support growth ambitions. The Group intends to open a cash sorting facility in the first half of 2023. Through the new cash sorting facility, the Group expects to be able to offer CBUAE deposits and withdrawals, ATM replenishment and maintenance services, bank branch collection and delivery services, cash processing, cash vaulting, customer credits through banks and bulk cash deposit machines.

-ENDS-



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EFG-Hermes UAE Limited ("EFG Ltd.") acting in conjunction with EFG Hermes UAE LLC

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