

E7 Group Reports 9M 2024 Net Profit Growth of 82% and Announces Maiden Dividend Policy

Delivers 70% Growth in Q3 Net Profit and 6% EBITDA Growth, as Core Businesses Demonstrate Continued Momentum

Dividend Policy Targets To Return 50% of Distributable Annual Net Profit to Shareholders While Maintaining Strong Cash Reserves for Strategic Growth

Abu Dhabi, United Arab Emirates, 12 November 2024: E7 Group PJSC (“E7” or “the Group”), a provider of commercial printing, security printing and solutions, sustainable packaging, and distribution services (ADX: E7), today announced its results for the three-month (“Q3”) and nine-month (“9M”) periods ended 30 September 2024.

9M 2024 Financial & Operational Highlights

- Net profit before tax of AED 180.8m, up 82% YoY
- Revenue of AED 491.7m, up 6% YoY
- EBITDA of AED 129.9m, up 5% YoY
- Cash and bank balances of AED 1.44bn at the end of 9M 2024, supporting future expansion plans
- Awarded security printing and solutions contracts worth AED 115.5m for passport and ID card production, spanning 7 years
- Strong momentum with successful client acquisition and expansion initiatives across segments
- Partnered with SAP to roll out Group-wide ERP solution as part of digital transformation

Ahmed Al Shamsi, Chairman of E7 Group, said:

“E7 delivered another excellent quarter, demonstrating clear progress in the execution of our growth strategy. We continue to see strong growth momentum in niche segments like security solutions, where we plan to invest in significant capacity expansion over the next 12 months, and sustainable packaging. Our 82% year-on-year increase in net profit before tax for the first nine months of 2024 underscores the resilience of our business model and we remain optimistic about the robust growth opportunities ahead and our ability to continue delivering exceptional value for our shareholders. We’re also proud to announce our dividend policy, which will see E7 target to return 50% of distributable annual net profit to investors, with our first dividend payment to be made in the first half of 2025, subject to shareholders’ approval.”

Ali Saif Ali Abdulla Alnuaimi, Group Chief Executive Officer of E7 Group, said:

“Our strong third-quarter results reflect healthy performance across all our business segments. We continue to strengthen our portfolio of long-term client contracts, which enhances visibility of future revenues. Our investments in advanced printing technology and expanding regional presence continue to reinforce our leadership in the specialised security solutions segment. We continue to progress on our strategic growth priorities, actively pursuing M&A opportunities and investing in capacity expansion and digitalisation across our business. With more than AED 1.4 billion of cash and cash equivalents earmarked for strategic initiatives and acquisitions, we are well-positioned to drive sustainable growth.”

Strong Revenue Growth and Margin Expansion

Revenues in the third quarter of 2024 reached AED 190.9m, up 7% year-on-year. This growth was supported by new client wins in E7’s packaging business, where revenue increased 39% during the period. For the first nine months of 2024, E7’s revenue reached AED 491.7m, up 6% on the prior year.

EBITDA during Q3 2024 reached AED 59.0m, up 6% year-on-year. EBITDA margin during the period was stable at 31%, reflecting the benefit of long-term supply agreements and consistently healthy levels of capacity utilisation. In 9M 2024, EBITDA increased by 5% to AED 129.9m.

Reported net profit before tax grew to AED 80.6m in Q3 2024, up 70% on the prior year, with margin expanding to 42% from 27% in Q3 2023. For the first nine months of 2024, reported net profit before tax increased by 82% to AED 180.8m, with margin increasing to 37% from 21% in 9M 2023. Net profit after tax reached AED 73.3m in Q3 2024, up 55% from the same period last year, with margin rising to 38% from 27%. Nine-month net profit after tax grew 65% to AED 164.5m, as margin expanded to 33% from 21% year-on-year.

Cash and bank balances of AED 1.44bn at the end of 9M 2024 positions E7 well to invest in strategic growth opportunities.

Strategic Progress and Contract Wins Advancing Growth Trajectory

During Q3 2024, E7 Group strengthened its position across key markets with new contract wins totaling AED 118m. Achievements during the quarter included:

E7 Security: Secured a seven-year contract valued at AED 115.5m for passport and ID printing in the MENA region. The division also strengthened its market position as Security Printing Partner for the Middle East Banking Innovation Summit 2024.

E7 Printing: Expanded its Arabic literacy program platform across public and private schools in the education segment, complemented by a new app launch to enhance school-parent communication.

E7 Packaging: Strengthened its client base across domestic and export markets, while securing Gluten Free certification alongside its existing BRCGS certification.

Tawzea: Added new clients across government entities, healthcare, and spare parts sectors, with estimated annual revenue of AED 3m. Commercial shipments grew 27% year-on-year.

At the Group level, E7 has partnered with SAP to implement a unified cloud-based ERP solution, marking a significant step in its organic growth strategy. This digital transformation initiative will enhance operational efficiencies and customer experience across business segments while strengthening E7's platform for future growth.

The Company obtained ISO22301 BCM certification, while Tawzea secured ISO45001, ISO9001, and ISO140001 certifications. In line with its focus on talent engagement and development, the company actively participated in the UAEU Career Fair to support its Emiratisation initiatives.

E7 Group Confirms Maiden Dividend Policy

E7's Board of Directors has proposed, subject to shareholder approval, a dividend policy that lays down a framework for the distribution of dividends by the Company, to be funded through the annual operating cash flow of the Company.

As per the policy, the Company will distribute no less than 50% of the annual distributable net profit in dividends to its shareholders in two payments, subject to shareholders' approval. In Q1 2025, the Board of Directors will recommend a full-year dividend amount based on the Company's financial performance in FY 2024.

E7 is a highly cash-generative company benefitting from substantial long-term contracts with large government and corporate clients, providing stable and recurring revenue. As such, the Company is able to fund dividends through its operating cash flow while utilising resources on its balance sheet, including the AED 1.1 bn raised through the SPAC and PIPE fundraising processes in 2023, to invest in organic and inorganic growth initiatives. E7's growth plans include its previously announced investment of AED 182m to enhance its Security Solutions capability and the ongoing assessment of acquisition, partnership and joint-venture opportunities.

2024 Outlook and Financial Guidance

Given the current growth trajectory and strong 9M 2024 performance, E7 Group reaffirms its 2024 guidance. The Company expects single-digit revenue and EBITDA growth for FY 2024. Maintenance CAPEX is expected to remain at similar levels to previous years (1.5%) and, as announced in June, the Company has committed to expansion CAPEX of AED 182m to support the Group's entry into digital tax stamp production while exponentially expanding its passport manufacturing capacity. Additional CAPEX for inorganic growth will be deployed based on the availability of opportunities.

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Financial Overview

(9M 2024 = Nine-month period to 30 September 2024)
(Figures expressed in AED '000)

Description	Q3 2024 (AED'000)	Q3 2023 (AED'000)	% Change	9M 2024 (AED'000)	9M 2023 (AED'000)	% Change
Revenue	190,903	177,589	7%	491,700	463,553	6%
Gross Profit	68,317	61,286	11%	156,603	144,309	9%
EBITDA	58,973	55,656	6%	129,851	123,659	5%
Net Profit before FV adjustment on warrants	67,499	47,394	42%	155,083	99,423	56%
<i>Fair value adjustments of warrants</i>	13,074	-	-	25,690	-	-
Reported Net Profit before tax	80,573	47,394	70%	180,773	99,423	82%
Earnings Per Share (AED)	0.04	0.08	-52%	0.08	0.16	-48%

About E7 Group

Established in 2006 in Abu Dhabi, E7 Group (ADX: E7) provides commercial printing, security printing and solutions, sustainable packaging, and distribution services. E7 has a strong track record of utilising best-in-class technology to create customized customer solutions. The company continues to strengthen its position as an integrated services provider to a diverse and expanding customer base, including governments, enterprises, and financial institutions, with customers located in the Middle East, Central and South Asia, Europe, and South America. For more information, visit www.E7group.ae.

Contact**Investor Relations**

Sarada Tennakoon

Head of Investor Relations

Sarada.Tennakoon@e7group.ae

M: +971 50 394 8562

Media

Stephen Smith

Senior Vice President – Teneo

E7group@teneo.com

M: +971 58 546 1588