

E7 Group FY2023 Operational Net Profit Up 110% Year-on-Year Driven by Robust EBITDA Growth of 45%

Abu Dhabi, United Arab Emirates, 13 February 2023: E7 Group PJSC (“E7” or “the Group”), a provider of commercial printing, security printing and solutions, sustainable packaging and distribution services, listed on the Abu Dhabi Securities Exchange (**Ticker: E7**), today announced its preliminary financial results for the year ended 31 December 2023.

FY2023 Financial & Operational Highlights

Operational Net profit improved by 110% year-on-year to AED 142.5m, enabled by security solutions growth and commercial printing.

Revenue growth of 10% year-on-year to AED 631.9m, driven by new customer wins, particularly in the security solutions, commercial printing, and sustainable packaging segments.

EBITDA improved by 45% year-on-year to AED 169.6m, enabled by the growth in higher margin segments and efficiency improvements.

Successful listing on ADX added AED 1.1bn to the Group’s balance sheet, with Group cash at the end of FY2023 of AED 1.29bn, supporting future growth plans.

International customer base expanded, with E7 Group now serving customers in more than 25 countries across multiple business segments.

Capacity improvements in the full year included the addition of two folding carton lines and one paper cup line, enabling growth in the sustainable packaging segment.

E7 recently listed as a de-SPAC entity on ADX through a successful business combination between ADC Acquisition Corporation PJSC (“ADC”), the UAE’s first Special Purpose Acquisition Company (“SPAC”), and United Printing and Publishing. At the time of E7’s listing, AED 1.1bn in cash was made available to E7 Group, enabling the acceleration of E7’s growth in the security solutions and sustainable packaging sectors, while supporting future investments in digitalization and talent.

Commenting on E7 Group’s full year results, Ahmed Al Shamsi, Chairman of E7 Group, said:

“2023 was a milestone year for E7 Group, with our successful listing on ADX, the launch of our new identity and the impressive full year growth across our key strategic product lines. The UAE government remains an important partner for E7 given our next generation security solutions capability and this year we further diversified our customer base, taking our innovative UAE-made products and solutions to the world. Our listing on ADX, through the region’s first SPAC merger process, supports Abu Dhabi’s ambition to expand its dynamic capital markets whilst also accelerating the Group’s growth strategy and driving our ambition to increase market share by leveraging our brand, customer base and robust ecosystem.”

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

“I’m immensely proud of the Group’s performance during 2023, a period in which we cemented our position as a leading provider of diverse printing, sustainable packaging and security solutions. Adjusting for the impact of the merger with ADC Acquisition Corporation PJSC, E7 delivered 110% net profit growth during the year, enabled by our ability to efficiently and effectively identify and secure commercial opportunities, which drove both revenue growth and margin expansion. We also continue to diversify our product mix, foster long-term customer relationships and act as a trusted partner to our growing international customer base, ensuring we are well placed to capitalize on growth opportunities in 2024.”

Group Revenue Growth Accelerates as Margins Expand

In the twelve months to 31 December 2023, E7 Group delivered robust **revenue** growth of 10% year-on-year to AED 631.9m, with its security solutions, commercial printing and sustainable packaging product segments achieving strong growth.

EBITDA for the period improved by 45% year-on-year to AED 169.6m on the back of solid revenue expansion and the successful implementation of operational efficiency improvements, including the restructuring of E7's logistics business, raw material savings and close management of operational expenditure, while also benefitting from its focus on high-margin product segments.

Operational net profit for the period increased to AED 142.5m, an increase of 110% year-on-year and an operational net profit margin of 22.6%, a significant improvement on the 11.8% net profit margin achieved in 2022. E7's exceptional net profit and margin growth demonstrates its ability to deliver value in high-margin product segments, whilst continuing to implement operational and cost efficiency improvements across the organization.

Reported net profit for FY2023 was impacted by the accounting treatment adopted in relation to E7's listing on ADX, carried out via a de-SPAC process. United Printing and Publishing, E7 Group's registered legal entity, has been recorded as the accounting acquirer of ADC, through a reverse merger with the previously listed SPAC. The impact of the acquisition includes one-off non-cash listing expenses of AED 191.4 million recorded in E7 Group's full-year statement of profit or loss, contributing to the Group's reported net loss of AED 51.1 million.

Following E7's listing, AED 1.1bn was made available to the Group. As at 31 December 2023, E7 Group's **cash** stood at AED 1.29bn. The Group's strong cash position provides ample capacity to invest in growth projects, including investment in technological capability, talent and to explore opportunities for regional expansion.

Continued Product Diversification Delivers Strong Results

E7 Group saw significant growth in its **security solutions** business line, which provides national identification, passport and smart card solutions to banking, government, telecom, retail, hospitality, transport and other industries. The successful delivery of these products requires a strong understanding of and experience in international security protocols and standards, and an ability to maintain the highest levels of confidentiality, security and communication throughout the production and delivery process. E7 has cemented itself as a regional leader in this field, helping it to secure government and private sector customers in the UAE, the Middle East and internationally.

The Group continues to benefit from long-held customer relationships in **commercial printing**, with the UAE's Ministry of Education one of its largest partners. E7's commercial printing business benefits from steady, long-term Government contracts and long-standing commercial contracts.

E7's successful move into **sustainable packaging** in 2022 continues to open opportunities in new sectors and geographies. The Group now provides sustainable packaging solutions to businesses across the UAE, Netherlands, Saudi Arabia, Oman and Jordan. During 2023 the Group invested in additional production capacity, increasing its annual installed capacity to 19,000 tons per annum.

The Group's **Tawzea** business specializes in logistics and delivery services, primarily serving customers who procure products from E7, but also providing distribution-only services for other customers. Its presence in this segment allows E7 to manage the end-to-end process of production and delivery for customers, providing certainty for customers and the Group.

Organic Growth Opportunities Complemented by Targeted Acquisition Strategy

E7 expects to deliver continued top and bottom-line growth in 2024, led by its security solutions and sustainable packaging segments. The Group is in discussion with several regional and surrounding Governments regarding security solutions, including national identification and passport production, and continues to steadily grow market share in the sustainable packaging sector.

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Financial Overview

(FY2023 = Twelve-month period to 31 December 2023)
(Figures expressed in AED '000)

Description	FY2023 (AED'000)	FY2022 (AED'000)	% Change
Revenue	631,931	576,089	10%
Gross Profit	198,589	164,092	21%
EBITDA	169,614	117,494	45%
Operational Net Profit¹	142,549	67,954	110%
<i>Fair value adjustments of warrants</i>	(2,294)	N/A	N/A
<i>One-off non-cash listing expenses</i>	(191,355)	N/A	N/A
Reported Net (Loss)/Profit²	(51,100)	67,954	(175%)
(Loss)/Earnings Per Share (AED)	(0.618)	1.004	(162%)
Adjusted Earnings Per Share (AED)³	1.696	1.004	69%

1. Excluding one-off non-cash listing expenses.

2. Including one-off non-cash listing expenses.

3. Adjusted Earnings per share excludes the impact of one-off non-cash listing expenses.

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 utilizing best-in-class technology to create customized solutions for customers. 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.

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