



Swvl Holdings Corp
H1 2022 Prepared Remarks

September 1, 2022

Moderator

Introduction/Safe Harbor/Non-IFRS

Good morning, everyone. During today's call, we will discuss our first half and second quarter 2022 results and operating performance followed by a question-and-answer period. If you wish to ask a question via the webcast, please use the Ask a Question tab available on the webcast link any time during the Webcast. With me today are Mostafa Kandil, CEO and Youssef Salem, CFO.

During this call, we'll be making certain forward-looking statements, including projections or estimates about the future performance of the Company. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could materially differ because of factors discussed on today's call and detailed in the Company's most recent Form 20-F, interim results on Form 6-K and other disclosures filed with or furnished to the U.S. Securities and Exchange Commission from time to time.

During this call, we will also refer to certain non-IFRS financial measures, which include Adjusted EBITDA and Contribution Margin. Reconciliations between our IFRS and non-IFRS financial measures can be found in the Investor Relations section of our website, including in the company's First Half Trading Update.

As a reminder, this conference call is being recorded. A replay of the call will be available on the Swvl Investor Relations website. The replay will be available approximately two hours after the end of the call and will continue through Friday, September 1, 2023

And now I will turn the call over to Mostafa.

Mostafa Kandil, CEO

Strategy

Thank you everyone for tuning in!

After our Q1 earnings where we grew our total ticket fares and total bookings 4x year on year and beat estimates, our focus became on how to maintain this rapid growth while achieving positive cash flow generation even faster than planned and we made significant progress towards that in Q2.

Our transformative mobility operating system now powers mass transit systems for mega cities across 20 countries in Europe, Latin America, Asia, Africa, and the Middle East. Our differentiated technology stack delivers massively on accessibility, efficiency, and convenience through various mobility routing solutions and technologies, utilizing cutting edge AI and machine learning for a better rider, operator, and driver experience. Currently, Swvl caters to a spectrum of use cases across Business to Business and Business to Government, where we help more than 370 live accounts in simplifying a complex mass transit ecosystem, while optimizing cost structures.

Our strategy is predicated on three key pillars: sustainable growth, powered by technology innovation, leading to accelerated profitability. We continue to invest in the Company's unique technology stack and build on Swvl's product suite and routing capabilities to serve more user personas and expand the addressable market with higher margins. This differentiated portfolio of inhouse built capabilities include fixed, dynamic and on-demand routing. Fixed routing is the ability to create an optimized network of fixed routes and timings based on fixed demand data inputs. Dynamic routing is where we create a reservations based model to adapt with dynamic timing and location demand patterns. On-demand routing allows for a demand responsive routing model where vehicles move within a defined zone based on real time demand pooling. These capabilities are all brought together as an integrated suite of products for our customers via the Swvl Operating System.

This technology-centric model allows for easy, rapid and parallel expansion across multiple markets due to its resource-light requirements. This allows us to deepen penetration in existing markets while continuing to launch new markets and expand our global footprint. After establishing our position as the leading mass transit technology platform across Asia and Africa over the past few years, we have expanded in the last 12 months our geographic presence to become also the leading mass transit operating system that has integrated marketplace and Software as a Service offerings across Latin America and Europe. With a footprint spanning Brazil, Mexico, Argentina and Chile in Latin America and Germany, France, UK, Spain, Italy, Turkey, Portugal and Switzerland in Europe, we have a substantial presence across both continents creating significant synergies and multiple growth levers.

This continued growth, coupled with strong unit economics drives increasing cash flow generation from markets, which, over time, we expect will continue to grow and continue to absorb our R&D investments.

Q2 and July

In Q2, total ticket fares hit another all-time high \$29m, up 3.0x year-over-year, driven by

bookings growth of 3.5x year-over-year, now at 22.6m in Q2, another all-time high. With that, I am very proud to say that we crossed 100m bookings. When we started Swvl five years ago, we wanted to create opportunities for everyone by building a platform that enables cities to move in a more efficient, safe, and reliable commute. And I am extraordinarily proud that we have now done this more than a 100m times.

Our business is backed by very strong fundamentals. Net revenue retention in Q2 in our B2B and B2G segments was 125%. Annualized ticket fares reached \$126m in June, 415% CAGR since 2017. We continue to win marquee clients around the world. In Germany, Swvl partnered with the German Government at the G7 Summit to power fully electric on-demand shuttles for 2,500 media representatives. In Kuwait, Swvl entered into a strategic partnership with City Group, the leading transport operator in the country who will utilize Swvl's Software as a Service to power their offering. The goal across these projects is to ensure the highest level of sustainability while maintaining maximum safety, reliability and convenience. Activity levels exceeded pre-pandemic levels, with the number of clients in our B2B and B2G reaching 6.3x the pre-pandemic count.

With that I will now turn the call over to my colleague Youssef.

Youssef Salem, CFO

Financial recap

Topline strength, coupled with rigorous cost discipline, translated into turning contribution margin breakeven for the first time across the full platform, significantly earlier than planned. We have also significantly improved our adjusted EBITDA as we reduced central costs and increased efficiencies. Reconciliations between our IFRS and non-IFRS financial measures can be found in the Investor Relations section of our website, including in the company's First Half Trading Update.

The majority of this adjusted EBITDA spend is on R&D where we have a 300 person strong engineering, product, data science and operational research teams building our entire technology stack in house. We expect this to turn positive next year as more cities continue to scale and hence the cash flow generated by the markets becomes sufficient to self-fund the R&D spend.

We ended H1 with \$19m cash on balance sheet; \$29m subsequently raised in early Q3 from a private placement and equity facility with access to further funds as needed from the equity facility. Our Q2 performance is also in line with its expectation to turn cash flow positive in 2023 putting us at an inflection point in our journey where we are well capitalized and have a clear roadmap to cash flow generation.

M&A

Organic business continues to grow significantly month-on-month both in existing markets as well

as new organic launches including 4 new countries since the beginning of the pandemic: Brazil, Kuwait, Saudi Arabia and Jordan. We expect to continue to scale existing markets and launch new ones organically as we capitalize on the strength of our technology, market launch and marketing capabilities.

In each market we look for the most capital efficient and highest return on investment avenue to deploy our technology and operating system, the key competitive advantage and barrier to entry. Therefore, we complement and further accelerate this organic growth with inorganic market entries where we conclude that it is more capital efficient to back the leading local or regional champion. In this case, we roll-up this asset into Swvl in an all-share or primarily share accretive deal where we utilize the existing team, supply and users base, on the ground presence and local integrations and combine that with the strength of our technology to deliver more accelerated and synergistic growth.

We have now completed 5 acquisitions: door2door in Germany, Shotl in Spain, Urbvan in Mexico, Viapool in Argentina, and Volt Lines in Turkey, as we continue to expand in countries with higher purchasing power in alignment with Swvl's portfolio optimization program to turn cash flow positive in 2023.

We are realizing significant revenue and cost synergies from these transactions by integrating them into Swvl's operating system. For example, revenues in Turkey and Argentina are now at 2.0x and 2.1x respectively their pre-integration revenues in February 2022 and grew month-on-month 36% and 16% respectively in June while at the same time improving contribution margins.

Outlook

We expect to end 2022 within 90-100% of our initial topline guidance of \$141m. The main headwind is the continued strength of the US dollar. The currencies in Swvl's countries of operations have depreciated by a weighted average of 19% over the course of the year to date. We also expect to beat our adjusted EBITDA target for this year of -\$87m by 5-10%, on our roadmap to beat it again substantially next year where we expect to become cashflow positive in 2023 compared to an initial adjusted EBITDA guidance of -\$92m.

Our year-to-date results are a strong endorsement of our ability to maintain growth while improving profitability, and we are confident in our ability to continue to deliver on those goals. This confidence is shared by our shareholders, directors and officers of the Company, including 31 pre-business combination shareholders, key executives and Queen's Gambit Holdings who entered into voluntary 6 months extensions to their respective lock-up agreements with these extensions applying to approximately 84% of the total number of outstanding Swvl shares as of 30 June, reinforcing their long-term commitment.

With that, we will move to any questions from the audience.

Forward Looking Statements

These remarks may contain forward-looking statements which include, but are not limited to,

statements regarding future events and other statements that are not historical facts. Forward-looking statements are generally accompanied by words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “should,” “would,” “plan,” “predict,” “potential,” “seem,” “seek,” “future,” “outlook” and similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Actual results and outcomes could differ materially for a variety of reasons, including, among others, general economic, political and business conditions, including but not limited to the economic and operational disruptions and other effects of the COVID-19 pandemic; the ability of Swvl to execute its growth strategy, manage growth profitably and retain its key employees; competition with other companies in the mobility industry; Swvl’s limited operating history and lack of experience as a public company; recent implementation of certain policies and procedures to ensure compliance with applicable laws and regulations, including with respect to anti-bribery, anti-corruption, and cyber protection; the risk that Swvl is not able to execute its portfolio optimization plan; the risk that Swvl is unable to attract and retain consumers and qualified drivers and other high quality personnel; the risk that Swvl is unable to protect and enforce its intellectual property rights; the risk that Swvl is unable to determine rider demand to develop new offerings on its platform; the difficulty of obtaining required registrations, licenses, permits or approvals in jurisdictions in which Swvl currently operates or may in the future operate; the fact that Swvl currently operates in and intends to expand into jurisdictions that are, or have been, characterized by political instability, may have inadequate or limited regulatory and legal frameworks and may have limited, if any, treaties or other arrangements in place to protect foreign investment or involvement; the risk that Swvl’s drivers could be classified as employees, workers or quasi-employees in the jurisdictions they operate; the fact that Swvl has operations in countries known to experience high levels of corruption and is subject to territorial anti-corruption laws in these jurisdictions; the ability of Swvl to maintain the listing of its securities on Nasdaq; Swvl’s acquisitions may not be beneficial to Swvl as a result of the cost of integrating geographically disparate operations and the diversion of management’s attention from its existing business, among other things; and other risks that will be detailed from time to time in filings with the U.S. Securities and Exchange Commission. The foregoing list of risk factors is not exhaustive. There may be additional risks that Swvl presently does not know or that Swvl currently believes are immaterial that could also cause actual results to differ from those contained in forward-looking statements. In addition, forward-looking statements provide Swvl’s expectations, plans or forecasts of future events and views as of the date of this communication. Swvl anticipates that subsequent events and developments will cause Swvl’s assessments and projections to change. However, while Swvl may elect to update these forward-looking statements in the future, Swvl specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Swvl’s assessments as of any date subsequent to the date of these remarks. Accordingly, undue reliance should not be placed upon the forward-looking statements.

Statement Regarding Non-IFRS Measures

These remarks include references to non-IFRS financial measures, which include Adjusted EBITDA and Contribution Margin. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation from, or as an alternative to, financial measures determined in accordance with IFRS. In addition, these non-IFRS financial measures may differ from non-IFRS financial measures with comparable names used by other companies.

Swvl uses these non-IFRS financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons, and Swvl’s management believes that these non-IFRS financial measures provide meaningful supplemental information regarding its

performance by excluding certain items that may not be indicative of recurring core business operating results.

There are a number of limitations related to the use of non-IFRS financial measures. In light of these limitations, we provide specific information regarding the IFRS amounts excluded from these non-IFRS financial measures and evaluate these non-IFRS financial measures together with their relevant financial measures in accordance with IFRS.

An explanation of the non-IFRS financial measures referenced in these remarks can be found below:

Adjusted EBITDA is a non-IFRS financial measure calculated as loss for the year adjusted to exclude: (i) depreciation of property and equipment, (ii) depreciation of right-of-use assets, (iii) employee share-based payments charges, (iv) foreign exchange gains/losses, (v) provision for employees' end of service benefits, (vi) indirect tax expenses, (vii) finance income, (viii) finance costs, (ix) transaction costs relating to the Business Combination and (x) tax.

Contribution Margin is non-IFRS financial measure calculated as Adjusted EBITDA for the period adjusted to exclude: (i) employee salaries, (ii) real estate related expenses, (iii) travel related expenses, and (iv) other general fixed operating expenses, over the period of measurement.

Reconciliations between our IFRS and non-IFRS financial measures can be found in the Investor Relations section of our website, including in the company's First Half Trading Update.

Key Business Measures

In addition to the measures presented in our consolidated unaudited interim financial statements, these remarks include references to certain key business measures that Swvl's management uses to help evaluate and identify trends affecting Swvl's business, formulate business plans and make strategic decisions. The key business measures referenced in these remarks are set forth below.

Total Ticket Fares is an operating measure representing the total dollars processed on Swvl's platform for seats booked.

Total Bookings is an operating measure representing the total number of seats booked by riders and corporate customers (completed or canceled) on our platform, over the period of measurement.