

CONTACT FINANCIAL ANNOUNCES 1Q-2023 RESULTS

Contact kicked off the new year building on a strong 2022 to deliver solid financial and operational growth for the first three months of 2023

Cairo, 29 May 2023

Contact Financial Holding SAE (CNFN.CA), Egypt's largest non-bank financial services provider, announced today its consolidated financial results for the three-month period ending 31 March 2023, reporting solid year-on-year operating income growth across its financing and insurance divisions of 28% and 43%, respectively. Meanwhile, financing net income fell by 14% while insurance net income rose by 35%, with consolidated normalized net income¹ recording EGP 178 million, representing a 3% year-on-year expansion.

1Q-2023 Key Financial and Operational Highlights²

	1Q-2022	1Q-2023	Change
Financing Division			
Total Portfolio (EGP bn)	11.47	16.79	46%
Financing Operating Income (EGP mn)	361	462	28%
Financing Net Income (EGP mn)	141	121	-14%
Insurance Division			
Gross Written Premiums (EGP mn)	252	437	73%
Insurance Operating Income (EGP mn)	57	81	43%
Insurance Net Income (EGP mn)	18	25	35%
Consolidated Results			
Total Operating Income (EGP mn)	419	548	31%
Net Income (EGP mn)	154	136	-11%
Annualized Return on Average Equity	26.0%	22.3%	-3.8 pts
Normalized Net Income (EGP mn)	173	178	3%

During 1Q-2023, Contact's financing division saw new financing extended rise by 66% year-on-year to record EGP 4.1 billion. Strong year-on-year growth was primarily driven by Contact's Consumer Finance, Auto, Commercial Trucks, and Working Capital products. Supported by the solid expansion in new financing, the division's operating income expanded 28% year-on-year to reach EGP 462 million in 1Q-2023. Despite the robust growth in financing operating income, an increase in credit loss provisions booked to hedge against potential increases in credit risk during the ongoing economic turbulence weighed on the division's net income for the quarter which declined 14% year-on-year to EGP 121 million. Meanwhile at the insurance division, robust results across both Sarwa Life and Sarwa Insurance saw total gross written premiums (GWP) reach EGP 437 million in 1Q-2023, representing a remarkable 73% year-on-year increase. Accordingly, insurance operating income was up 43% year-on-year to EGP 81 million, with the segment's net income recording EGP 25 million in 1Q-2023, up 35% year-on-year.

Commenting on the results, management said: "We are pleased to report another strong set of financial and operational results which see us set the tone for the rest of 2023. Building on our impressive 2022 performance, we successfully delivered further growth across both the financing and insurance divisions while simultaneously pushing forward on our longer-term growth and value creation strategy. Our results in the first quarter of 2023 came in the

¹ Normalized net income adjusts for the following: Net effect of new rent standard, tech investments, non-recurring marketing expense, Effects of special provisions on income taxes, and the effect of a special provision in life insurance

midst of difficult domestic and global macroeconomic environments, further showcasing our company's resilience and the effectiveness of our mitigation and investment strategies."

"Looking at our results in more detail, key highlights from the past quarter include the return to robust growth at our Auto and Truck segments which partially benefitted from an initial recovery of the two markets following the easing of import restrictions earlier in the year. In parallel, we continued to witness noteworthy growth at our Consumer Financing segment, supported by a growing merchant network, a broader product offering, and increased market penetration. On the merchant network front, we were particularly happy to announce that earlier this year we secured multiple key partnerships with a number of leading vendors. In parallel, we continued to effectively ramp up our newly launched ContactNow app, which in the first three months of the year was responsible for 15% of total new lending extended for Contact CrediTech. The new app, which during the quarter more than quintupled the average number of daily downloads, is enabling Contact to reach a larger customer base, boost engagement and retention rates, and deliver an increasingly tailored user experience to new and existing customers. In parallel, our insurance division continued to ramp up at a remarkable pace, achieving impressive growth on the back of increased market penetration and cross-selling, as well as new product launches completed throughout the past twelve months," **management added.**

On a product basis, the Consumer Finance and Auto Loans segments were the top performers during the quarter, delivering year-on-year new financing growth of 179% and 81%, respectively. Growth at the Consumer Finance segment was supported by an expanded direct-to-customer reach, a wider merchant network, and an enhanced digital presence. Building on the numerous new product rollouts conducted over the past year, the Consumer Finance segment has recently introduced financing services for furniture and home maintenance, further developing the segment's product offering. At the same time, Contact is now present in 97 different physical locations across the country including a network of 79 full-fledged Contact branches and 18 strategically located Contact booths. Although growth at the Contact Auto segment came principally on the back of a general increase in car prices, volumes are also rebounding on a quarterly basis. At the Working Capital segment, which includes Contact's short-term products under its factoring offering, new financing grew by 23% year-on-year supported by a growing number of new contracts as Contact focuses on serving a wider set of sectors including supply chains, industrial, medical, and transportation. In parallel, Contact Trucks' new financing expanded by 11% year-on-year on the back of a wider distribution network and an increasingly diverse product offering. On the other hand, Contact's Mortgage segment saw new financing extended drop by 37% year-on-year due to a slowdown in retail sales.

On the digital front, ContactNow, a rebranded and reworked version of the Contact App has ramped up strongly during the quarter. ContactNow is the first comprehensive financial platform in the market that provides a best-in-class user experience. The app provides a variety of services that cover the entire customer cycle, fulfilling a wide range of users' financial needs. In addition to offering instant credit limit to new customers using AI – a revolutionary step in the market and beyond – the app allows users to manage their accounts, purchases, complete loan installment repayments, settle utility and mobile bills, and conduct a variety of other payments. The app will also provide users with savings and investment tools in the near future. Operationally, as of 31 March 2023, the app's total registered users stood at 384 thousand, with over 80 thousand new registrations completed in 1Q-2023. Meanwhile, ContactNow recorded a 250% year-on-year increase in the number of instant credit approval requests submitted through the app during 1Q-2023.

"1Q-2023 also saw us successfully issue our 38th overall debt capital market issuance. During the quarter, Sarwa Securitization issued the market's first ever Consumer Finance and Auto Credit Securitization Bond. The bond, which was issued amid a challenging macroeconomic environment was issued for EGP 1.9 billion, and was awarded a similar credit rating to our previous debt issuances. The success of our latest securitization issuance is a testament to our

ability to successfully execute transactions during challenging market conditions enabling us to safeguard the Group's liquidity requirements regardless of the ongoing macroeconomic challenges," **management continued.**

"In light of the strong start to 2023 and the solid strategy in place, our outlook for the financing division remains positive. The Egyptian automotive market is showing initial signs of recovery, with a steady month-on-month improvement in car sales.. At the same time, our increasingly diversified portfolio and wide physical and digital footprint, provide us with multiple effective tools to continue driving sustainable growth throughout 2023 and beyond. On the digital front, we are looking to continue ramping up the ContactNow app, to deliver on the ambitious targets we set for ourselves at the start of the year. We are also excited to explore the potential of our recently launched Lending as a Service (LAAS) initiative, a unique offering that sees Contact once again emerge as an innovator in the Egyptian market," **management commented.**

At the insurance division, Sarwa Life's GWP increased 101% year-on-year in 1Q-2023, reaching EGP 259 million. Growth was primarily driven by medical insurance, in addition to a growing contribution from the company's SME life and health products. Meanwhile, Sarwa Insurance saw its GWP rise 44% year-on-year to EGP 178 million in 1Q-2023. The company's expansion came on the back of an increased reach and market penetration.

Finally, the Contactcars.com platform continues to deliver on its growth strategy with the average number of monthly users reaching 1.3 million for 1Q-2023 and the number of registered users rising 50% compared to 1Q-2022. During the quarter, the platform's classifieds segment played a central role in driving growth enabling Contactcars to capitalize on the positive momentum enjoyed by Egypt's used car market. During the quarter, the classifieds segment underwent multiple product-related updates to simplify the selling process for used cars. Similarly, the portal's car dealer business witnessed robust growth in 1Q-2023, with the number of subscribed dealers expanding by 245% year-on-year and revenue from subscribed dealers rising by 370% year-on-year during the three-month period.

"With nearly five months of 2023 now behind us, we remain on track to deliver on both our short- and longer-term targets for the year. Accordingly, our strategic priorities remain unchanged. Expanding and enhancing our digital capabilities continues to be at the top of our list. In parallel, we remain on the lookout for attractive investment opportunities to provide new services to our customers and new growth avenues for the company. In addition to expanding domestically, we have also set our sights on establishing a foothold in new regional markets. On that front, our newly-launched Kenyan affiliate, Almasi, is ramping up nicely, providing us with a solid base from which to expand further into the region and capture the attractive opportunities offered," **management concluded.**

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About Contact Financial

Contact Financial Holding SAE (CNFN.CA) is the largest non-bank financial services provider in Egypt changing the way people and business access finance and insurance. Operating since 2001, Contact adopts innovative approaches in extending its services, offering quality services with simple procedures and reaching a wide client base through its various subsidiaries, affiliates and partners. Contact's financing division offers market leading services including consumer financing for new and used passenger and commercial vehicles and an array of consumer durables through Contact Credit, home finishing through Contact Mortgages, as well as commercial finance through Contact Leasing and Contact Factoring. Contact operates in insurance through Sarwa Insurance and Sarwa Life Insurance. Contact also offers an array of corporate financing services including securitization, structured debt and debt investment management. Contact Financial Holding SAE is authorized and regulated by the Financial Regulatory Authority (FRA).

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