

## CONTACT FINANCIAL ANNOUNCES 9M-2023 RESULTS

*Contact carried its strong momentum into the second half of the year, achieving solid financial and operational growth for the nine-month period ended 30 September 2023.*

**Cairo, 14 November 2023**

Contact Financial Holding SAE (CNFN.CA), Egypt's largest non-bank financial services provider, announced today its consolidated financial results for the quarter and nine-month period ending 30 September 2023, with the Group reporting strong y-o-y operating income growth of 39% and 54% across its financing and insurance divisions, respectively. From a net income perspective, financing net income rose 33% y-o-y, while insurance net income was up 27% y-o-y. On a consolidated basis, normalized net income<sup>1</sup> rose by 34% y-o-y to EGP 542 million in 9M-2023 continuing to showcase the Group's ability to deliver sustainable growth and value despite the challenging market conditions.

On a quarterly basis, financing operating income expanded by 45% y-o-y, and insurance operating income increased by 68% y-o-y in 3Q-2023. Contact also witnessed solid growth at its bottom-line in 3Q-2023, with net income at the financing and insurance segments reporting y-o-y increases of 80% and 23%, respectively. Meanwhile, the Group's consolidated normalized net income closed the quarter at EGP 158 million, representing a 58% y-o-y expansion in 3Q-2023.

### 9M-2023 and 3Q-2023 Key Financial and Operational Highlights

	9M-2022	9M-2023	Change	3Q-2022	3Q-2023	Change
<b>Financing Division</b>						
Total Portfolio (EGP bn)	13.7	19.7	44%	13.7	19.7	44%
Financing Operating Income (EGP mn)	978	1,363	39%	297	431	45%
Financing Net Income (EGP mn)	304	405	33%	66	118	80%
<b>Insurance Division</b>						
Gross Written Premiums (EGP mn)	724	1,169	62%	219	336	53%
Insurance Operating Income (EGP mn)	154	238	54%	50	83	68%
Insurance Net Income (EGP mn)	46	59	27%	17	21	23%
<b>Consolidated Results</b>						
Total Operating Income (EGP mn)	1,138	1,600	41%	351	509	45%
Net Income (EGP mn)	336	438	30%	78	130	66%
Annualized Return on Average Equity	19.2%	23.6%	4.4 pts	13.2%	20.2%	7.1 pts
<b>Normalized Net Income (EGP mn)</b>	<b>404</b>	<b>542</b>	<b>34%</b>	<b>100</b>	<b>158</b>	<b>58%</b>

In 9M-2023, new financing extended at Contact's financing division increased by 45% y-o-y to EGP 12.1 billion, primarily driven by Contact's Auto, Consumer Finance, and Commercial Trucks segments. Following the strong expansion in new financing, the financing division's operating income grew by 39% y-o-y to EGP 1,363 million in 9M-2023. At the bottom-line, the division reported a y-o-y expansion of 33% in net income, bringing the year-to-date figure to EGP 405 million in 9M-2023. The division also reported strong results on a quarterly basis following similar dynamics to the year-to-date results. New financing extended in 3Q-2023 was up 30% y-o-y, and stood at EGP 4.1

<sup>1</sup> Normalized net income adjusts for the following: Net effect of new rent standard, tech investments, non-recurring marketing expense, the effect of discounting provision on income tax, the effect of ECL consumer provision on income tax, and the special provision in life insurance.

billion. Meanwhile, the division's operating income increased by 45% y-o-y to EGP 431 million, and its net income expanded by 80% y-o-y to EGP 118 million.

Contact's insurance division also reported impressive results during the nine-month period at both of its subsidiaries, Sarwa Life and Sarwa Insurance. In 9M-2023, gross written premiums (GWP) across both insurance companies expanded by 62% y-o-y to EGP 1,169 million. Supported by the strong growth in GWP, the division's operating income for 9M-2023 increased by 54% y-o-y to EGP 238 million. Similarly, insurance net income grew 27% y-o-y in 9M-2023 and closed the nine-month period at EGP 59 million. Meanwhile on a quarterly basis, GWP across both insurance companies increased by 53% y-o-y to EGP 336 million in 3Q-2023. In parallel, insurance operating income expanded by 68% y-o-y to EGP 83 million during the quarter, while insurance net income closed the quarter at EGP 21 million, a 23% y-o-y expansion.

**Commenting on the results, management said:** "Despite the challenging conditions that have persisted since the start of the year, we are happy to report another strong set of financial and operational results which continue to highlight the success of our mitigation, growth, and value-creation strategies as well as the resilience of our market. Looking at our results in more detail, we have witnessed strong portfolio growth at both our Auto and Truck segments, as they continued to benefit from both the gradual recovery of their respective markets and the significant price increases witnessed over the past year. Our Consumer Financing segment continued to report strong growth backed by our rapidly-expanding merchant network, our broader and more diversified product offering, as well as our increased market penetration. In parallel, the ContactNow app continued to ramp up in line with expectations, with the number of new registrations since January reaching 200 thousand and those since inception reaching an impressive 504 thousand in total. Meanwhile, our Contactcars.com platform continued to strengthen and support the Auto Financing segment, and has also started to effectively monetize both classifieds ads and dealer subscriptions. In parallel, our insurance division continued to expand at an impressive rate as it continues to effectively leverage its increased market penetration, enhanced cross-selling capabilities, and ramped up product offering. Finally at our debt capital markets division, we have completed a number of landmark issuances during the first nine months of the year, including the market's first hybrid Consumer Finance and Auto Credit bond. The issuances, which were concluded in the midst of a difficult operating environment, demonstrate our unparalleled ability to tap into capital markets and safeguard Contact's liquidity requirements in spite of the prevailing market conditions."

At the **financing division**, the Auto Loans and Consumer Finance segments were the division's top performers during 9M-2023, as they reported y-o-y new financing growth of 93% and 59%, respectively. Growth at the Auto Loans segment was driven by the gradual easing of import restrictions at the end of 2022 and the beginning of 2023, coupled with increased car prices. In parallel, the Consumer Finance segment's expansion was supported by enhanced customer acquisition capabilities including new physical touch points, a broader product offering, and the ramp up of the ContactNow app, which since the second half of 2022 has been under the management of Contact Creditech. Since January, the segment has enhanced its product offering, rolling out a variety of new products including new financing solutions for motorcycles, watercrafts, weddings, and events, whilst securing multiple new partnerships and leveraging existing ones to provide customers with an increasingly diverse set of solutions. Moreover, the segment's results have also directly benefited from an expanded direct-to-consumer network, which now comprises of 74 fully-fledged branches and 13 strategically located booths. At Contact Trucks, new financing expanded by 17% y-o-y in 9M-2023 largely on the back of a more diverse product offering, coupled with a wider distribution network. On the other hand, Contact's Mortgage segment recorded a 54% y-o-y decline in new financing in 9M-2023 due to the segment halting its low- and middle-income mortgage initiative, which earlier this year had previously been a significant driver of growth. Similarly, new financing extended at Contact's Working Capital segment dropped by 21% y-o-y as the Group shifted towards a more conservative approach given the prevailing

market conditions. On a quarterly basis, the Auto Loans and Consumer Finance segments recorded y-o-y increases in new financing of 97% and 8%, respectively. Similarly, Contact Trucks achieved a 16% y-o-y expansion in new financing extended during the quarter. On the other hand, the Group's mortgage and Working Capital segments saw new financing extended in 3Q-2023 shrink by 60% y-o-y and 47% y-o-y, respectively.

As for the **insurance division**, Sarwa Life's GWP expanded by 85% y-o-y to EGP 604 million in 9M-2023. Strong growth during the period was primarily driven by rising demand for Sarwa Life's medical insurance offering and was further supported by the continued ramp up of the company's new SME life and health products. Furthermore, Sarwa Life's new operational issuance system has come online and is now fully operational. In parallel, Sarwa Insurance witnessed a 42% y-o-y increase in GWP in 9M-2023, bringing the total year-to-date figure to EGP 565 million. GWP expansion during the period came largely on the back of an increased reach and greater market penetration. On a quarterly basis, Sarwa Life recorded a 64% y-o-y increase in GWP to EGP 133 million, while Sarwa Insurance's GWP rose 47% y-o-y to 204 million in 3Q-2023.

On the **digital front**, ContactNow, a rebranded and reworked version of the Contact App, continued to ramp up strongly. ContactNow is the market's first comprehensive digital financial platform and offers a selection of services that cover the entire customer cycle, all complemented by a best-in-class user experience. Through the app, new customers can obtain instant approvals and credit limits using AI. Additionally, the app allows users to manage their accounts and purchases, complete loan installment repayments, settle utility and mobile bills, as well as conduct a variety of other payments. As of 30 September 2023, the app's total registered users stood at 504 thousand, with 200 thousand of those registrations coming in 9M-2023. Meanwhile, the number of instant credit requests submitted through the app reached 373k requests since inception.

At **Contactcars.com**, the average number of monthly users stood at 1.3 million in 9M-2023, while the number of registered users increased by 39% y-o-y during the period. During the quarter, Contactcars.com managed to convert all ads on the platform to paid ads, a major milestone that paves the way for increased monetization. Contactcars.com is also working on geographically expanding its network of subscribed dealers, as well as introducing a new user segmentation service based on AI with the aim of increasing advertising sales and improving the overall user experience. The platform's car dealer business continued to witness solid growth during the nine-month period with the number of subscribed dealers tripling y-o-y.

On the **regional front**, our Kenyan affiliate, Almasi, continues to ramp up strongly. Since inception, Almasi has financed KES 1.7 billion, and has provided us with a platform from which to capitalize on the favourable dynamics of the Kenyan market, as well as expand further into the region over the coming years.

"With just a few weeks remaining in 2023, we are confident that Contact is well on track to deliver on its short- and long-term targets despite persistent macroeconomic challenges. In light of this, our strategic priorities remain unchanged. Expanding and enhancing our digital capabilities continues to be at the top of our list, and we are excited to roll out several upgraded solutions across both ContactNow app and Contactcars.com platforms in the coming months. We will continue to drive growth at our financing division through the introduction of new products and the diversification of our product portfolio. In parallel, we remain on the lookout for attractive investment opportunities that enable us to provide new services to our customers, as well as secure new growth and expansion avenues for the Group" **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 and Contact CrediTech, Mortgage finance through Contact Mortgage, 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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