

CONTACT FINANCIAL ANNOUNCES 9M-2024 RESULTS

Contact's third quarter performance sees the Group return to strong year-on-year growth with operating income and normalized¹ net income expanding 36% and 66%, respectively, supported by an impressive recovery at Contact's financing services, coupled with sustained growth at its insurance business. Additionally, a more stable interest rate environment and a shift in focus towards more high margin products facilitated an increase in portfolio transfer activities.

Cairo, 17 November 2024

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 2024. In 9M-2024, the Group achieved a consolidated operating income of EGP 1.7 billion, a 6% y-o-y increase. Meanwhile, consolidated normalized net income stood at EGP 477.4 million during the nine-month period.

On a quarterly basis, Contact returned to strong year-on-year growth, with consolidated operating income expanding 36% y-o-y to EGP 691.6 million in 3Q-2024, and consolidated normalized net income rising by 66% y-o-y to EGP 260.9 million. It is worth noting that the Group's impressive quarterly performance was boosted by the solid recovery at the financing division as reflected by the 64% q-o-q increase in new lending recorded during the three-month period. This, coupled with a more stable interest rate environment, allowed for an increase in portfolio transfer activities, further supporting financing operating income.

9M-2024 and 3Q-2024 Key Financial and Operational Highlights

	9M-2023	9M-2024	Change	3Q-2023	3Q-2024	Change
Financing Division						
Total Portfolio (EGP bn)	19.7	20.8	6%	19.7	20.8	6%
Financing Operating Income (EGP mn)	1,363	1,340	-2%	431	589	37%
Financing Net Income (EGP mn)	405	313	-23%	118	204	72%
Insurance Division						
Gross Written Premiums (EGP mn)	1,169	1,757	50%	336	541	61%
Insurance Operating Income (EGP mn)	238	363	53%	83	102	22%
Insurance Net Income (EGP mn)	59	120	105%	21	23	12%
Consolidated Results						
Total Operating Income (EGP mn)	1,600	1,696	6%	509	692	36%
Net Income (EGP mn)	438	410	-6%	130	223	71%
Annualized Return on Average Equity	23.6%	18.1%	(5.4 pts)	20.2%	28.3%	8.1 pts
Normalized Net Income (EGP mn)	542	477	-12%	158	261	66%

Looking at the Group's performance by division, on a nine-month basis, the insurance division continued to be the standout performer, posting a 50% y-o-y rise in total gross written premiums (GWPs), which reached EGP 1.8 billion in 9M-2024 supported by strong growth across both Sarwa Life and Sarwa Insurance. This in turn drove year-on-year increases of 53% and 105%, respectively, in the division's operating and net incomes for the nine-month period. This helped offset weaker nine-month results at the financing division, which was weighed down by challenging operating conditions throughout the first half of the year, coupled with the implementation of a more conservative approach and a shift in focus towards higher margin products to mitigate the difficult macroeconomic environment.

¹ Normalized net income adjusts for the following: Net effect of new rent standard, tech investments, tax adjustments, and a special provision.

Meanwhile on a three-month basis, the Group recorded an impressive turnaround in its financing division, which posted a 72% y-o-y rise in net income on the back of higher lending volumes. Enhanced profitability at the division was supported by the resumption of the division's portfolio transfer activities, a revenue line that has historically contributed significantly to the division's profitability. Similarly, the insurance division also witnessed strong growth, in line with the trends seen earlier in the year.

Commenting on the results, management said: "As we enter the final weeks of the year, we are happy to report a strong set of financial and operational figures, with our third quarter results showcasing the start of what we are confident will be a period of strong and sustained growth for our financing division and the business overall. In parallel, during the third quarter of the year our insurance division showed no signs of slowing down, once again delivering impressive year-on-year growth at both the top- and bottom-line. The division's results, which were driven by our expanded market presence, enhanced cross-selling capabilities, and comprehensive product offering, continue to validate our investment in the sector. Turning to our year-to-date performance, the resilient results posted throughout 2024 continue to validate the success of our investment and diversification strategies which over the last several years have enabled us to build a strong business well placed to navigate market and macro challenges to deliver value to our customers, communities, and shareholders. Finally, we are pleased to announce that in September, we successfully opened our first branch in Dubai, marking the Group's first expansion into the GCC market. The Dubai branch will cater to Egyptian expats in the UAE by providing access to a suite of financing and insurance services in Egypt without the need to travel, further enhancing the convenience and accessibility of our services."

In 3Q-2024, the **financing division** witnessed a strong recovery. More specifically, the division reported year-on-year expansions of 7%, 26%, and 83% in new financing extended at its Trucks, Mortgage, and Working Capital segments, respectively. However, total new lending at the division shrank by 13% y-o-y to EGP 3.6 billion on the back of the 14% and 44% y-o-y declines reported at the division's two largest segments, Auto and Consumer Finance, respectively. It is worth highlighting that on a quarter-on-quarter basis, new lending expanded by 64% in 3Q-2024, as macroeconomic conditions continue to normalize following a very challenging start to the year. These challenges were reflected in the Group's year-to-date performance, with total new financing extended at the financing division falling 31% y-o-y to EGP 8.4 billion in 9M-2024. On that front, the Consumer Finance segment witnessed a year-on-year decline of 57% during the nine-month period as a result of the elevated interest rate environment and Contact's decision to actively manage risk levels by tightening its credit processes until market conditions stabilize. On the other hand, the Working Capital segment was the division's stand-out performer in 9M-2024, delivering a year-on-year increase in new financing of 19%. The segment's performance was largely driven by growth in transportation services and club memberships financing.

At the **insurance division**, GWPs at Sarwa life increased by 86% y-o-y to EGP 247.1 million in 3Q-2024, while Sarwa Insurance's GWPs rose by 44% y-o-y to EGP 293.5 million during the quarter. It is worth noting that during the quarter, Sarwa Insurance finalized its medical insurance system and is currently working on connecting it to the healthcare management company's platform, facilitating the swift issuance of medical insurance policies. Additionally, the company has also completed the full digitalization cycle related to receiving price offers, issuing policies, and collecting installments for motor insurance, and has received FRA approval to begin using it. On a nine-month basis, Sarwa Life's GWPs grew by 64% y-o-y to EGP 990.4 million, largely on the back of the substantial growth in term and medical insurance. In parallel, Sarwa Insurance's GWPs expanded by 36% y-o-y to EGP 766.2 million, largely as a result of the company's expanded reach and greater market penetration.

On the digital front, **ContactNow**, Egypt's first comprehensive digital financial platform, continued to deliver strong growth in 9M-2024, with 234 thousand new downloads and 150 thousand new registrations reported during the nine-month period. ContactNow provides users with an unparalleled selection of services covering the entire

customer cycle, complemented by a best-in-class user experience and a constantly growing library of features designed to improve the experience for current users and draw new users to the app. On this front, Contact has recently integrated entertainment services into ContactNow's payment module, marking a significant expansion of the platform's offerings, with customers now able to pay through a variety of payment options, including cash and installments. Additionally, the app's modules have been revamped to deliver a more enhanced user experience, with a focus on improving usability and fulfilling the greatest possible amount of the customers' needs.

At **Contactcars.com**, the number of paid dealer subscriptions increased 52% y-o-y, with average organic traffic on the platform rising by 80% y-o-y in 9M-2024. During the past quarter, Contactcars.com introduced the "Otlobha" product, which helps consumers to swiftly locate the desired car at the best available price. Additionally, Contact expanded the platform's product line for consumers and provided dealers with a new cutting-edge sales channel. Heading into 4Q-2024, the primary focus will be on product growth, with the goal of increasing the number of subscribed dealers in Alexandria, while simultaneously increasing penetration in the Cairo market.

On the **regional** front, the Group's Kenyan affiliate, Almasi, continues to ramp up nicely. Since inception, Almasi has financed a total of 178 contracts worth KES 2.7 billion, with an average loan amount of KES 15 million. Almasi's continued success has provided Contact with a platform from which it can capitalize on the favourable dynamics of the Kenyan market, as well as expand further into the region over the coming years.

"Looking ahead to the final quarter of 2024 and into 2025, we remain confident in the Group's ability to deliver on its short- and long-term targets. The success of our diversification strategy and our capacity to overcome challenging market conditions were reflected in the insurance division's impressive results, as well as the strong recovery that the financing division witnessed during the past quarter. Accordingly, our strategic goals and priorities remain unchanged. On the digital front, we will continue expanding and enhancing the digital capabilities of our market leading platforms, ContactNow and Contactcars.com. In parallel, and as market conditions gradually stabilize, our financing division will continue to be a primary growth and profitability driver, and we remain committed to developing and diversifying our product portfolio through the augmentation of existing products and the introduction of new ones. Finally, after successfully kicking off our UAE operations, with our inaugural Dubai branch marking the Group's initial foray into the GCC market, over the coming period we will continue exploring opportunities to expand further into the GCC region and beyond," **management concluded.**

–Ends–

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).

Investor Relations Contact

Gaser Zater

Investor Relations Manager

Tel: +202 2575 7775

E-mail: ir@contact.eg

investorrelations.contact.eg/en/