

CONTACT FINANCIAL ANNOUNCES 9M-2022 RESULTS

Contact continues to deliver robust growth across both its financing and insurance divisions, showcasing the business' resilience despite a challenging macroeconomic environment

Cairo, 15 November 2022

Contact Financial Holding SAE (CNFN.CA), Egypt's largest non-bank financial services provider, announced today its consolidated financial results for the nine-month period ending 30 September 2022, reporting strong year-on-year operating income growth across its financing and insurance divisions of 26% and 43%, respectively.

9M-2022 Key Financial and Operational Highlights¹

	9M-2021	9M-2022	Change
Financing Division			
Total Portfolio (EGP bn)	9.64	13.68	42%
Financing Operating Income (EGP mn)	776	978	26%
Financing Net Income (EGP mn)	297	304	2%
Insurance Division			
Gross Written Premiums (EGP mn)	376	781	92%
Insurance Operating Income (EGP mn)	108	154	43%
Insurance Net Income (EGP mn)	33	46	39%
Consolidated Results			
Total Operating Income (EGP mn)	886	1,139	28%
Net Income (EGP mn)	330	326	2%
Annualized Return on Average Equity	20.9%	19.1%	-1.8 pts

Contact's financing division recorded total new financing year-on-year growth of 62%, supported by an expanded customer reach and new product roll outs. Despite difficult market conditions, most of the division's segments reported solid year-on-year expansions with the standout performers continuing to be the consumer financing and working capital divisions. As such, financing operating income expanded a solid 26% year-on-year to record EGP 978 million, while net income recorded a 2% year-on-year increase, weighed down by higher costs associated with the new fintech and technology businesses, in addition to reflecting the new accounting standards related to rent expenses. Meanwhile, Contact's insurance division saw total gross written premiums grow a remarkable 92% year-on-year in 9M-2022 recording EGP 724 million against the EGP 376 million recorded in the same period of last year. Both insurance companies reported impressive growth versus the same nine-month period of last year driven by increased market penetration coupled with new product launches. This filtered down to the division's bottom line which expanded 31% year-on-year to record EGP 44 million in 9M-2022.

Commenting on the results, management said: "We are proud of the strong results we have consistently delivered during the first nine months of the year, with both our financing and insurance divisions achieving notable operational and financial growth. The impressive performance, which comes in the midst of a challenging macroeconomic environment both at home and around the world, demonstrates both our business' resilience and our proven ability to successfully implement long-term strategies aimed at driving sustainable growth across our full product offering. On this front, we are particularly happy to note that our investments to expand our direct-to-

¹ During Q4-2021, the Group successfully updated its audited financial statements to present both its segmental Financing and Insurance division performance and its off-balance sheet arrangements, such as portfolios under management and contribution of certain associates, in a manner that better reflects its business activities without the need to issue separate reclassified management accounts. Full-year figures included in this release for both periods reflect such changes.

consumer reach and launch new products that better cater to our growing consumer base are continuing to pay off, and have enabled us to effectively offset the sharp slowdown experienced by our flagship passenger car segment. Meanwhile, our digital platforms continue to enjoy growing popularity and momentum further enhancing our customers' experience and, in turn, boosting customer acquisition and engagement rates. In fact, during the third quarter, 75% of all newly acquired customers were processed using our new AI credit engine, while increased engagement translated in transaction rates of 85% for new customers and 40% for existing ones, with both figures standing well above their respective values this time last year. On a similar positive note, at the insurance division, we continue to generate remarkable growth supported by an increased market penetration and new product launches."

On a product basis, the consumer finance and working capital segments continued to be the top-performers delivering impressive year-on-year new financing growth of 438% and 422%, respectively, during the nine months to 30 September 2022. The notable growth that Contact's consumer financing segment has been able to deliver has come as a direct result of the company's multi-pronged strategy aimed at growing its direct-to-customer touch points in malls and merchant stores, expand its merchant network through several strategic partnerships, and most importantly leverage its enhanced digital capabilities to boost new customer acquisition and transaction rates. In parallel, the company has continued to roll out several new products targeted enabling it to better serve their clients' needs and become a one-stop-shop platform for customer's day-to-day financing needs. New products included tuition payment solutions for schools and universities, club memberships and home finishing solutions. Meanwhile, at the working capital segment, which includes Contact's short-term products under its factoring offering, new financing growth reflected management's efforts to diversify its portfolio by branching out to the industrial and supply chain sectors. Contact Mortgage has seen its new financing extended to clients expand by 167% year-on-year in 9M-2022, as Contact's low-income mortgages and higher home equity loans gain increasing traction and the new 10-year mortgage product ramps up in line with expectations. Contact trucks' new financing grew by a noteworthy 70% year-on-year driven by new commercial vehicles financing solutions, as well as greater geographical reach as highlighted by the growing number of applications coming from branches outside Greater Cairo. Finally, new financing extended by Contact Auto increased by 3% year-on-year despite supply-side challenges impacting the market throughout the first nine months of the year.

On the digital front, the Contact App continued its steady ramp up, with total downloads and registered users as of 30 September 2022 reaching 223 thousand and 162 thousand respectively, against the 51.0 thousand downloads and 39.4 thousand registrations recorded as of 30 September 2021. The digital platform's performance has been transformed by the introduction of the new credit assessment tool, which has led to a sharp acceleration in customer acquisition and transaction rates, while simultaneously boosting the user experience. Newly acquired customers have reached 94.6 thousand in 9M-2022, climbing by 101%, with the credit scoring engine contributing the lion share of both total newly acquired clients and total new financing granted to clients in 9M-2022. Management of the Contact App has been transferred to Contact CrediTech, a newly set up entity to manage the company's digital consumer finance products. Contact CrediTech, which was granted the FRA Consumer Finance license earlier this year, will operate as a standalone entity going forward, implementing an ambitious growth strategy to continue growing the Contact's App contribution to consolidated results.

"While the Egyptian automotive market was weighed down during the first nine months of the year by import restrictions and rising inflation, we remain optimistic that the recent policy changes enacted by Egypt's central bank will support the sector's recovery heading into 2023. In the meantime, our efforts to diversify our portfolio and focus increasingly on non-auto financing, coupled with our growing reach and enhanced product offering see us well placed to continue delivering solid new financing growth in the coming period. We are particularly optimistic about

the attractive prospects offered by our consumer financing and working capital offerings, which are continuing to grow outpacing our expectations,” **management added.**

At the insurance division, Sarwa Life’s GWP recorded EGP 326 million in 9M-2022, climbing by 192% year-on-year, with strong growth primarily driven by medical insurance, as well as a growing contribution from the recently launched SME Life and health products. In parallel, Sarwa Insurance saw its GWP rise by 50% year-on-year to reach EGP 397 million in 9M-2022. The expansion of GWP was largely due to higher market penetration during the period, as well as the launch of Sarwa Insurance’s new medical insurance product and commercial lines of business.

Meanwhile, Contact’s recently relaunched web portal contactcars.com is continuing to deliver on its ramp up strategy with monthly users reaching 1.4 million during the first nine months of 2022. Since its relaunch, Contact has focused its efforts on enhancing the user experience, as well as streamline the portal’s application process to improve user acquisition and consumer engagement. As a result, user return rates recorded 61% during the period with an average visit time of over four minutes. Moreover, continuous improvements made to the AI pricing tool has seen [contactcars](https://contactcars.com) record an average of 33 thousand monthly valuation requests with satisfaction rates consistently above the 80% mark throughout the period. It is worth highlighting that [contactcars](https://contactcars.com) recently announced a landmark partnership with Toyota Egypt Group which will see Contact launch the first bespoke used cars pricing tool in the market. The tool, which will be developed by the data science team at contactcars.com specifically for the requirements of Toyota Egypt, will allow Toyota to offer instant used car valuations helping the company tap into the increasingly popular used car segment. In parallel, the contactcars.com platform continues to be enhanced, and during the third quarter Contact launched the platform’s first car ownership service, giving car owners the option to book both car maintenance and repair services from the comfort of their home. By year end, Contact is planning to revamp the insurance renewal process for their customer base offering them a smoother process for renewing their car insurance through the portal.

“As 2022 draws to an end and we begin to look at coming year, our priorities remain unchanged as we continue to work tirelessly to deepen Egypt’s financing and insurance sectors and generate long-term value across the communities in which we do business. In the coming months we will continue to focus on expanding our product offering, enhancing our digital capabilities, and growing our presence and visibility across new and existing markets. On the new product front, we are looking forward to launching our green financing products to cover solar power plants and modern irrigation systems, as early as next month. This builds on the new product roll outs completed in the third quarter of this year, when we added tuition financing to our roster. In parallel, on the digital front, we are aiming to further enhance both the Contact App and [Contactcars.com](https://contactcars.com) platforms, and simultaneously identify new ways to develop our digital offering. As we have successfully done throughout 2022, this will see us continue to secure strategic partnerships with attractive companies capable of revolutionizing the way that customers access financing and insurance.. Finally, 2023 will be characterized by further geographic expansion for Contact as we look to penetrate new markets across Africa and the GCC. On this front, we are pleased to report a fantastic start to our recent expansion into Kenya in partnership with Mansour Group. This is a historic move for our company which will enable us to offer our products to thousands of customers across this new and underpenetrated market, and which will serve as a base for further growth across the continent. While the ongoing macroeconomic challenges are likely to persist in the coming period, we remain optimistic about the business’ prospects and are excited to continue serving our customers and communities one innovative product at a time,” **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 and mortgages 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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