

CONTACT FINANCIAL HOLDING ANNOUNCES FY-2021 RESULTS

Contact delivered outstanding operational and financial results in FY-2021, leveraging an expanded reach and product offering

Cairo, 24 February 2022

Contact Financial Holding SAE (CNFN.CA), Egypt's largest non-banking financial services provider, announced today its consolidated financial results for the year ending 31 December 2021, recording a net income after minority interest of EGP 465 million, representing a 32% year-on-year increase and the highest net profit figure on record.

FY-2021 Key Financial and Operational Highlights¹

	FY-2020	FY-2021	Change
Financing Division			
Total Portfolio (EGP bn)	7.73	10.30	33%
Financing Operating Income (EGP mn)	872	1,088	25%
Financing Net Income (EGP mn)	340	442	30%
Insurance Division			
Gross Written Premiums (EGP mn)	284	517	82%
Insurance Operating Income (EGP mn)	75	136	81%
Insurance Net Income (EGP mn)	12.5	36	185%
Consolidated Results			
Total Operating Income (EGP mn)	940	1,228	31%
Net Income (EGP mn)	353	465	32%
Annualized Return on Average Equity	17.9%	21.6%	3.7 pts

At the financing division, increased physical and digital distribution capabilities coupled with an expanded product offering saw total new financing extended in the twelve months to 31 December 2021 reach a record high of EGP 7.1 billion, up 53% versus last year's figure. This supported a 30% year-on-year rise in financing net income, which recorded EGP 442 million in FY-2021 versus EGP 340 million last year. Meanwhile, at the insurance division, gross written premiums witnessed strong year-on-year growth across both insurance companies on the back of new product launches and increased cross-selling. Total GWP stood at EGP 517 million in FY-2021, up 82% from last year, with insurance operating income recording EGP 136 million, standing 81% above last year's figure.

Commenting on the results, management said: "Contact's outstanding performance for the year demonstrate the success of our investment strategy which over the last twelve months has seen us expand our direct-to-consumer reach, growing both our physical presence and digital capabilities, while further developing our offering across our entire product portfolio. On this front, we are proud to note that Contact currently boasts the widest range of consumer finance products in the market, effectively catering to our customers' full financing needs. At our insurance division, we rolled out multiple new products and strengthened our cross-selling capabilities, capitalizing on the growing momentum and market traction observed throughout the entire year. Over the past twelve months, we continued to witness fast-rising demand for both our life and non-life protection products, testament to the important growth potential of Egypt's insurance industry. Our customer-centric strategy combined with our innovative and flexible agenda won us international recognition, with Contact receiving the prestigious Fastest

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 issues separate reclassified management accounts. Full-year figures included in this release for both periods reflect such changes.

Growing Financial Institution in Egypt award from The Global Economics in June 2021. This award is proof positive of the value we generate for the Egyptian consumer finance industry and of the frontline role we have been playing to drive digitalization across the sector.”

On a product basis, Contact Auto recorded a 25% year-on-year rise in new auto credit, supported by robust growth in the passenger car market as well as higher penetration levels coming from direct marketing, new branches, and cross-selling. Rising demand also supported a 58% year-on-year rise in new lending at Contact Trucks, which benefited from the gradual normalization in the domestic market coupled with easing restrictions on cross border trade. Demand for Contact Trucks’ products was further buoyed by a growing offering, which was further expanded during the year to include financing of used light commercial vehicles. At the Consumer Financing segment, which includes Contact Shopping, new financing grew by 177% year-on-year on the back of a significant expansion in Contact’s merchant network combined with the launch of several new products including education loans, club membership financing, insurance credit, and a new home finishing product. As a result, the Company’s market share of total new financing reached 51% for the ten months to 31 October 2021.² In parallel, Contact Mortgage continued to record the fastest year-on-year growth rate at 294%, reflecting rising activity on low-income mortgages and home equity loans. Meanwhile, the recently rolled out long-term, 10-year mortgage product continues to ramp up with its impact set to reflect later in FY-2022. Finally, at Contact Medical, new financing grew 65% versus last year supported by growing demand resulting from an expanded market reach.

The Contact App, which was launched in February of this year as a loyalty and rewards platform, is continuing to grow in popularity, with total downloads as at year-end 2021 reaching 78 thousand, including 67% newly onboarded clients. The platform has helped improve Contact’s customer onboarding, cross-selling and engagement capabilities, further boosting transaction volumes throughout the year thanks to an enhanced user experience and increased access to the Company’s products.

“Across our financing product portfolio, we are continuing to reap the fruits of our strategic investments. In particular, we were happy to note a solid uptick in the number of passenger and commercial vehicles applications generated by branches outside Greater Cairo. Higher penetration levels have helped to mitigate the impact of supply chain disruptions which have been affecting new car sales globally. While supply chain disruptions are set to weigh on the passenger car market in 2022, we expect this to ease gradually over the course of the year. Additionally, we are confident that our longer-term efforts to diversify our revenue streams, will see us continue on our growth trajectory.”

“We were also pleased to observe a steady improvement in our asset risk indicators as the year progressed, which are now well on track to return to their pre-COVID-19 levels. This further highlighting the superior quality of our portfolio and the efficacy of our credit risk assessment procedures, which passed the stress test posed by the COVID-19 crisis with flying colors,” **management added.**

At the Insurance division, Sarwa Insurance’s GWP as at year-end 2021 reached EGP 353 million, up 63% from last year. The year-on-year rise was largely attributable to an 80% increase in motor insurance GWPs, resulting from the company’s increased reach and market penetration. At the same time, Sarwa Life saw its GWPs for the year expand 142% driven by the company’s medical insurance offering, in addition to a growing contribution from the recently launched SME life and health lives.

In line with its digitalization strategy, throughout the past twelve months Contact has continue to invest in its digital capabilities, launching and developing new platforms aimed at driving short- and longer-term growth while further diversifying its revenue streams. Highlights from the year included the relaunch of contactcars.com which includes

² Financial Regulatory Authority (FRA) monthly report on Egypt’s Consumer Finance Market for period between January and October 2021.

a new dealer service offering, a new AI-based pricing tool which already averages 40,000 car valuations per month, as well as a growing range of services for car owners.

“We relaunched contactcars.com in early 2021 as a standalone commercial entity to monetize its extensive reach and capitalise on its remarkable growth potential. Since then, the platform has consistently outperformed our expectations, generating strong interest across its growing service offering. Heading into 2022, we want to continue building on this momentum, and plan to further develop contactcars.com’s offering with the addition of car ownership services. We are also aiming to roll out an updated version of our AI pricing tool, which we expect to launch in the first quarter of the new year,” **management further commented.**

“We enter 2022 with confidence stemming from our outstanding performance in the year just ended, and with a clear strategy to continue growing and generating additional value for our stakeholders. Strengthening our digital capabilities and offering are key area of focus in the new year, with a primary target continuing to be the development of new and current platforms across our financing segments. On this front, our Contact Pay venture is pressing ahead with the rollout of its services, including e-payment solutions to provide, operate and manage payment solutions through integration with Contact channels. The services will first be rolled out at our digital financing channel, Contact App. At the same time, we will also look to grow our digital presence through strategic partnerships with companies who are providing innovative digital solutions that support our markets. In addition to contactcars.com, during the year we have made several investments including Sakneen, Sa3ar, and a further investment in Synapse Analytics. Building on this, in February 2022 we closed a USD 9 million investment in e-commerce super-app Wasla. The tie-up is directly in line with our digital ambitions, and will enable us to engage consumers at the beginning of their e-commerce journey while they search, discover, and shop online. This investment reinforces our quest to enable tech-first ventures in Egypt’s financing ecosystem, and we look forward to supporting Wasla in its rollout of payments and financing tools, bringing the quality and superior customer experience that has come to be expected of Contact. Looking ahead, several other investments are in the pipeline as we continue to look for new ways to better serve our expanding audience, and continue to transform the way consumers and businesses access financial services,” **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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