

## CONTACT FINANCIAL ANNOUNCES FY-2022 RESULTS

Contact ended FY-2022 on a strong note, delivering solid financial and operational full-year growth in a challenging operating environment faced throughout the last twelve months; normalized net income<sup>1</sup> for 4Q-2022 stood at EGP 205 million, representing an impressive 38% year-on-year expansion

Cairo, 15 February 2023

Contact Financial Holding SAE (CNFN.CA), Egypt's largest non-bank financial services provider, announced today its consolidated financial results for the twelve-month period ending 31 December 2022, reporting strong year-on-year operating income growth across its financing and insurance divisions of 33% and 44%, respectively. Meanwhile, consolidated net income recorded EGP 511 million in FY-2022, up a solid 10% from last year's figure, while normalized net income reached EGP 609 million, up 21% year-on-year from FY-2021

### FY-2022 Key Financial and Operational Highlights<sup>2</sup>

	FY-2021	FY-2022	Change
<b>Financing Division</b>			
Total Portfolio (EGP bn)	10.31	14.84	44%
Financing Operating Income (EGP mn)	1,088	1,445	33%
Financing Net Income (EGP mn)	442	480	9%
<b>Insurance Division</b>			
Gross Written Premiums (EGP mn)	517	948	83%
Insurance Operating Income (EGP mn)	136	195	44%
Insurance Net Income (EGP mn)	36	54	50%
<b>Consolidated Results</b>			
Total Operating Income (EGP mn)	1,228	1,643	34%
Net Income (EGP mn)	465	511	10%
Annualized Return on Average Equity	21.6%	21.5%	-0.1 ppts
<b>Normalized Net Income (EGP mn)</b>	<b>501</b>	<b>609</b>	<b>21%</b>

On a quarterly basis, in 4Q-2022 Contact's financing division extended new financing of EGP 3.1 billion, up 61% year-on-year versus 4Q-2021. Strong performances at both the financing and insurance divisions during the final three months of the year saw Contact's total operating income rise 48% year-on-on to record EGP 505 million in 4Q-2022. Strong growth trickled down to the Company's bottom-line, with Contact recording normalized net income of EGP 205 million in 4Q-2022, up 38% year-on-year.

On a full-year basis, at the financing division, Contact extended new financing of EGP 11.4 billion in FY-2022, up 61% year-on-year primarily driven by Contact's Consumer Finance, Working Capital, Commercial Trucks, and Mortgage products. This saw the financing division report operating income growth of 33% year-on-year to reach EGP 1,445 million in FY-2022. Meanwhile, financing net income recorded a 9% year-on-year expansion as robust growth across all revenue components more than outweighed the increase in credit loss provision booked to hedge against increased credit risk during ongoing economic headwinds. At Contact's insurance division, total gross written

<sup>1</sup> Normalized net income adjusts for the following: Net effect of new rent standard, Tech Investments, , Effect of discounting provision on income tax, Effect of ECL consumer provision on income tax, and the effect of a special provision in life insurance.

<sup>2</sup> 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.

premiums (GWP) achieved a notable 83% year-on-year expansion recording EGP 948 million at the end of FY-2022. As such, insurance operating income expanded by a strong 44% year-on-year to reach EGP 195 million, with insurance net income following suit and growing by 50% year-on-year to record EGP 54 million. Robust performances at both the financing and insurance divisions saw Contact's total operating income for FY-2022 record EGP 1.6 billion, a 34% year-on-year increase versus FY-2021. Meanwhile, normalized net income<sup>3</sup> for FY-2022 also recorded impressive growth, expanding 21% year-on-year to reach EGP 609 million.

**Commenting on the results, management said:** "We are delighted to have ended the year on a high note, delivering strong growth and profitability across both divisions while simultaneously taking significant strides on our longer-term growth strategy. Our impressive results in the face of a challenging macroeconomic environment at home and across the world are a direct result of the strategies implemented over the last several years which have seen us strengthen the company's resilience and growth generating capabilities. The success of our efforts was evident in our 2022 results which saw us continue to deliver robust growth at the consumer financing division despite significant challenges at our flagship auto loans segment resulting from macroeconomic challenges in our home market of Egypt. We were particularly pleased to see our continued investments to expand our physical and digital direct-to-customer reach and to broaden our product offering delivering the desired results, enabling us to tap into new segments, boost engagement and retention rates, and deliver an increasingly tailored and top-quality experience to new and existing customers. On a similar note, the ramp up of our insurance division continues to accelerate, generating remarkable growth throughout the year on the back of higher market penetration, increased cross-selling, and new product launches."

On a product basis, the Consumer Finance and Working Capital segments were the top performers during the year, delivering year-on-year new financing growth of 328% and 346%, respectively. The Consumer Financing segment's impressive growth was supported by Contact's multi-pronged strategy aimed at expanding its direct-to-customer reach by setting up new branches at malls and merchant stores, expanding its merchant network through several strategic partnerships, and leveraging its enhanced digital capabilities to boost customer acquisition and transaction rates. These efforts were completed by a suite of new product roll outs including new tuition payment solutions for schools and universities, club memberships, home finishing solutions, as well as a new green financing product offering. At the Working Capital segment, which includes Contact's short-term products under its factoring offering, new financing continues to grow supported by management's efforts to diversify its offering to target a broader range of industries including the industrial and supply chain sectors. Contact's Mortgage segment reported new financing growth of 88% year-on-year in FY-2022 on the back of a further streamlining of the application process and the continued ramp-up of its long-term, 10-year mortgage product. Contact Trucks saw new financing extended grow by 66% year-on-year on the back of a wider distribution network and a more diverse product offering. Finally, despite the persistent demand- and supply-side challenges faced throughout the entire year by Egypt's passenger car market, new financing extended by Contact Auto rose 8% year-on-year reflecting increased car prices.

On the digital front, the Company has recently launched ContactNow, a rebranded and reworked version of the Contact App. ContactNow is the market's first comprehensive, fully-fledged app offering a full suite of financial solutions. ContactNow provides customers with the ability to access Contact's wide range of services using a single app, helping the Company to attract, retain and satisfy a growing pool of customers from a wide range of segments and geographic locations. As at year-end 2022, the app's total registered users stood at 304 thousand, with more than 256 thousand new registrations completed throughout 2022 alone. Today, the app offers credit and bill payment solutions, as well as loyalty programs for customers. In the coming months, ContactNow is aiming to add payment and investment services to its roster, both of which are expected to go live in the second half of 2023. The

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operations of ContactNow are managed by Contact Creditech, a new, FRA-licensed entity set-up in 2022 to manage the Company's digital consumer finance products.

"Our outlook for the consumer financing division in 2023 remains cautiously optimistic. On the one hand, we expect the Central Bank of Egypt's recent policy changes will support the recovery of both the wider Egyptian economy and the country's automotive market. On the other hand, we are confident that our robust portfolio, which is increasingly diversifying from auto loans and towards a wider range of products, and our expanded physical and digital footprint, will enable us to continue delivering solid growth and incremental value to our expanding customer base over the coming year. We are also excited to capture the full value-added of the ContactNow app which we expect to begin to materialize throughout 2023 as the app's complete product offering is launched," **management added.**

At the insurance division, Sarwa life's GWP rose 162% year-on-year in FY-2022, reaching EGP 431 million. Growth was primarily driven by medical insurance, in addition to a growing contribution from the company's SME life and health products. In parallel, Sarwa insurance recorded GWP of EGP 517 million in FY-2022, a 47% year-on-year expansion backed by increased market penetration and the roll out of Sarwa Insurance's new medical insurance product and commercial lines of business.

Finally, the contactcars.com web portal continues to deliver on its ramp-up strategy with the average number of monthly users reaching 1.3 million for FY-2022 and new users acquired during 2022 increasing 61% compared to 2021. Throughout the year, Contact completed several enhancements to the platform's financing application process, data collection and processing capabilities, homepage, and search function. Contactcars.com also recently introduced a digital maintenance booking service and further enhanced its AI pricing tool. Finally, contactcars.com has recently entered into a landmark partnership with Toyota Egypt Group which saw the data science team at contactcars.com develop a used cars pricing tool tailored to the specific requirements of Toyota Egypt, allowing the company to tap into the increasingly popular used car segment.

"While the challenges faced during 2022 are likely to persist throughout the upcoming year, we are confident that we have put in place a strong strategy to help us navigate the difficult operating environment and continue to deliver strong results. As such, our priorities for 2023 remain unchanged. A key item on our list is the constant enhancement of our digital capabilities. On this front, we are looking to strengthen our digital offerings further with the addition of new features and services. We are particularly excited about the launch of ContactNow in January 2023, which represents a huge stride in our strategy of becoming a digital one-stop-shop covering our customer's full financial lifecycle. At the same time, we remain on the lookout for attractive investment opportunities to provide new services to our customers and new growth avenues for the company. Alongside our domestic expansion, we are also keen to continue growing our footprint into new regional markets. Today, thanks to our newly launched Kenyan affiliate, Almasi, and our market-leading Egyptian operations, we have a solid base from which to expand further into the region and capitalize on the attractive opportunities offered. We are also working to introduce several new products to the market, with a particular focus on expanding our green finance portfolio to make green energy solutions more accessible and affordable for our customers. At the same time, we will aim to also expand the product offerings and partnership networks of our more established segments, with a particular focus on building our presence across key, defensive sectors of the Egyptian economy," **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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