

EFG Hermes Pursue Exit Options from Some Markets

Cairo, January 17th, 2023: In its efforts to drive shareholders' value, EFG Hermes continues to look at simplifying its operations and directing its resources to opportunities aligned with our core strength as it aims to increase efficiencies, improve its return on equity metric and better equip itself for the unfavorable global economic environment.

That said, and in line with EFG Hermes' strategic refresh which focuses on evaluating our on ground operational performance in different markets, we took the decision to pursue exit options from two markets namely Pakistan and Jordan, and we are currently in advanced stages of agreeing an exit from a third market that will be announced in due course. Given our strong belief that these markets' economic and capital markets potential remains very high, EFG Hermes will remain committed to serving its institutional clients base pursuant to our expected exits, as we will continue to indirectly execute trades, provide select research coverage, and pursue Investment banking activities in these markets. However, our involvement will just take a different, more capital efficient form.

The exit from Pakistan and Jordan will not have any material impact on the revenues of the Firm, as their combined revenues represented less than 1% of our Group revenues in the nine-months of 2022 and in the full year of 2021; and accounted for 2% and 3%, respectively, of the Brokerage revenues over the same periods. With such minimal revenue contribution, the operations still exerted pressure on our employee and non-employee expense base and consumed bandwidth support resources at the headquarters. In addition, EFG Hermes allocated capital to all operations could be utilized elsewhere to generate higher returns.

The transactions in Pakistan and Jordan are both in the preliminary stage (a binding offer has been received in respect of Jordan and an expression of interest has been received in respect of Pakistan). Both potential transactions are still subject to due diligence and other conditions, meaning that they may not materialize.

Although strategic reviews of our operations will be an ongoing process during 2023 and may result in additional efficiency-enhancing moves, we don't expect to exit any other markets (other than the aforementioned third market that is in advanced negotiations stage) during the course of the coming 12 months and remain strongly committed to the remaining core markets in which we operate. Furthermore we enter 2023 with a balance sheet that is extremely healthy with a net cash position that will be positively (if marginally) impacted by the exits. It is also important to note the three contemplated exits will have minimal impact on our 2023 financial statements.

:For further information

Investor Relations Department

Email: investor-relations@efg-hermes.com

Tel: +20 (0)2 35356710

Fax: +20 (0)2 3535 7017

Head of Corporate Strategy & Investor Relations - Hanzada Nessim

Email: hnessim@efg-hermes.com

Tel: +20 (0)2 35356502

Fax: +20(0)2 3535 7017

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