

**Fawry for Banking Technology and Electronic  
Payments (S.A.E.)**

**Condensed Consolidated Interim Financial Statements  
For the six months ended June 30, 2022  
Together with Limited Review Report**

Translation of Review  
Report Originally Issued in Arabic

Limited review report on the condensed consolidated interim financial statements

To: The Board of Directors of Fawry for Banking Technology and Electronic Payments "S.A.E."

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the condensed consolidated interim statement of financial position as of June 30, 2022, and the related consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months' period then ended, Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements (2410) "Review of Interim Financial Statement Performed by the Independent Auditor of the Entity". Review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly in all material respects the consolidated financial position of the entity as of June 30, 2022, and of its consolidated financial performance and its consolidated cash flows for the Six months' period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements".

Cairo – August 14, 2022.

Kamel Magdy Saleh, FCA

FRA Register No. 289

F.E.S.A.A. (R.A.A. 8510)



**Fawry for Banking Technology and Electronic Payments S.A.E.**  
**Condensed consolidated interim statement of financial position**  
**As of June 30, 2022**

	<u>Note No.</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
		<u>EGP</u>	<u>EGP</u>
<b><u>Assets</u></b>			
<b><u>Non-current assets</u></b>			
Fixed assets	(4)	557 335 766	535 279 313
Intangible assets	(5)	341 813 227	275 780 339
Projects under construction	(6)	32 928 106	16 199 524
Goodwill		24 732 978	24 732 978
Deferred tax assets		26 231 138	24 816 082
Micro finance loans	(11)	140 479 411	100 150 604
Investments in associates and joint ventures	(7)	4 702 242	4 041 289
Investments at fair value through OCI	(8)	56 305 101	47 171 976
Investments at FVTPL	(9)	2 553 125	--
<b>Total non-current assets</b>		<b>1 187 081 094</b>	<b>1 028 172 105</b>
<b><u>Current assets</u></b>			
Inventories		5 155 903	298 046
Accounts and notes receivables	(10)	141 257 300	63 746 140
Micro finance loans	(11)	435 889 665	310 596 197
Advances to billers		414 414 467	372 680 643
Debtors and other debit balances	(12)	128 368 740	96 414 376
Due from related parties	(13)	1 705 204	1 700 445
Investments at FVTPL	(9)	12 833 250	--
Treasury Bills	(14)	1 715 812 313	1 144 724 698
Cash and cash at banks	(15)	1 904 669 875	1 120 900 729
<b>Total current assets</b>		<b>4 760 106 717</b>	<b>3 111 061 274</b>
<b>Total assets</b>		<b>5 947 187 811</b>	<b>4 139 233 379</b>
<b><u>Equity and Liabilities</u></b>			
<b><u>Equity</u></b>			
Issued and paid-up capital	(16)	1 653 652 060	853 652 060
Legal reserve		53 150 023	47 129 042
Reserve for employee stock ownership plan (ESOP)	(24)	93 274 570	52 398 017
Combination reserve		11 745 574	11 745 574
Compulsory reserve for EAS 47 Application Risk		2 612 539	2 612 539
Shares issuance expenses reserve		(5 820 102)	(2 835 763)
Retained earnings		437 447 950	414 309 089
<b>Total equity for the owners of the Parent Company</b>		<b>2 246 062 614</b>	<b>1 379 010 558</b>
Non controlling interest		71 592 022	79 008 776
<b>Total equity</b>		<b>2 317 654 636</b>	<b>1 458 019 334</b>
<b><u>Non-Current liabilities</u></b>			
Deferred Tax Liability		19 938 096	19 952 604
Long term loans		58 363 091	63 758 411
Lease Liabilities		104 462 407	81 540 702
<b>Total non current liabilities</b>		<b>182 763 594</b>	<b>165 251 717</b>
<b><u>Current liabilities</u></b>			
Provisions	(17)	36 030 642	32 430 642
Banks credit facilities	(18)	333 240 004	431 224 733
Short term loans		203 665 485	149 820 206
Accounts and notes payable		33 033 258	73 688 962
Accounts and notes payable- billers		1 856 778 618	1015 103 526
Merchants advances		616 676 766	444 655 635
Retailer's POS security deposits		76 288 232	62 338 803
Creditors and other credit balances	(19)	245 292 090	219 126 376
Lease Liabilities		25 054 072	19 695 737
Current income tax		20 710 414	67 877 708
<b>Total current liabilities</b>		<b>3 446 769 581</b>	<b>2 515 962 328</b>
<b>Total equity and liabilities</b>		<b>5 947 187 811</b>	<b>4 139 233 379</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements and to be read therewith.

**Chief Financial Officer**  
**Abdel Meguid Afifi**

**Chief Executive Officer**  
**Ashraf Sabry**

**Chairman**  
**Saifullah Coutry**

**Fawry for Banking Technology and Electronic Payments S.A.E.**  
**Condensed consolidated interim statement of Profit or Loss**  
**For the Six-months period ended June 30, 2022**

	Note No.	Six-months period ended		Three-months period ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		EGP	EGP	EGP	EGP
Operating revenues	(21)	1 014 292 283	742 560 433	531 295 205	393 568 723
<b>Less:</b>					
Operating costs	(22)	(427 392 975)	(327 380 165)	(223 077 567)	(172 529 751)
<b>Gross margin</b>		<b>586 899 308</b>	<b>415 180 268</b>	<b>308 217 638</b>	<b>221 038 972</b>
<b>Add (Less):</b>					
General and administrative expenses	(23)	(266 850 615)	(165 219 490)	(142 210 172)	(84 671 071)
Employee stock ownership plan expenses (ESOP)	(24)	(40 876 553)	(13 362 204)	(21 762 069)	(13 362 204)
Board of Directors allowances		(1 702 110)	(1 437 067)	( 912 844)	(1 045 000)
Selling and marketing expenses	(25)	(182 747 589)	(124 187 574)	(94 541 371)	(65 587 584)
Social contribution for Health and insurance		(3 247 616)	(2 477 744)	(1 646 177)	(1 442 361)
Provisions formed	(10)	(3 600 000)	(1 750 087)	(2 700 000)	(1 000 087)
Net impairment loss on customers' loans		(15 734 281)	(6 818 904)	(9 278 510)	(3 859 536)
Expected credit losses		(6 036 584)	--	(4 461 936)	--
Net gain from investment at FVTPL	(9)	386 375	--	219 275	--
Net gain from incentives of spreading pos points of CBE initiative		--	21 725 295	--	--
Credit interest	(26)	79 146 911	52 764 004	40 913 103	29 471 233
Finance costs		(17 689 402)	(12 758 795)	(3 142 638)	(7 169 205)
Foreign currency exchange gain		5 463 584	93 975	1 214 689	17 036
Gain on sale of fixed assets		2 979 838	3 144 919	1 006 391	1 237 286
Other revenues		1 096 102	601 947	( 22 583)	373 511
<b>Operating profit</b>		<b>137 487 368</b>	<b>165 498 543</b>	<b>70 892 796</b>	<b>74 000 990</b>
Share of losses on investment in associates and joint venture	(27)	(3 343 798)	(2 718 666)	(1 492 639)	(1 706 934)
Other expenses		--	(2 600 000)	--	(2 600 000)
Lease interest expense		(6 042 240)	(4 086 311)	(6 042 240)	(2 020 954)
The change from investment in associate to investment in subsidiaries		--	22 800 000	--	--
<b>Profit for the period before tax</b>		<b>128 101 330</b>	<b>178 893 566</b>	<b>63 357 917</b>	<b>67 673 102</b>
Current income tax		(30 060 198)	(41 743 295)	(13 154 815)	(16 320 277)
<b>Net profit for the period after tax</b>		<b>98 041 132</b>	<b>137 150 271</b>	<b>50 203 102</b>	<b>51 352 825</b>
<b>Distributed as follows:</b>					
Net profit for the shareholders of the parent Company		52 300 611	113 300 772	24 144 632	37 154 945
Net profit for the non-controlling interest		45 740 521	23 849 499	26 058 470	14 197 880
<b>Net profit for the period after tax</b>		<b>98 041 132</b>	<b>137 150 271</b>	<b>50 203 102</b>	<b>51 352 825</b>
<b>Earnings per share - basic (EGP/share)</b>	(29)	<b>0.03</b>	<b>0.12</b>		
<b>Earnings per share - diluted (EGP/share)</b>	(29)	<b>0.03</b>	<b>0.12</b>		

The accompanying notes form an integral part of these condensed consolidated interim financial statements and to be read therewith.

Chief Financial Officer  
Abdel Meguid Afifi

Chief Executive Officer  
Ashraf Sabry

Chairman  
Saifullah Coutry

**Fawry for Banking Technology and Electronic Payments S.A.E.**  
**Condensed consolidated interim statement of comprehensive income**  
**For the Six months period ended June 30, 2022**

	<u>Six-months period ended</u>		<u>Three months ended</u>	
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period	98 041 132	137 150 271	50 203 102	51 352 825
Other comprehensive income	--	--	--	--
<b>Total other comprehensive income</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total comprehensive income for the period</b>	<b>98 041 132</b>	<b>137 150 271</b>	<b>50 203 102</b>	<b>51 352 825</b>
<b>Distributed as follows:</b>				
Comprehensive income for the owners of the parent Comp	52 300 611	113 300 772	24 144 632	37 154 945
Comprehensive income for the non controlling interest	45 740 521	23 849 499	26 058 470	14 197 880
<b>Total comprehensive income for the period</b>	<b>98 041 132</b>	<b>137 150 271</b>	<b>50 203 102</b>	<b>51 352 825</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements and to be read therewith.



Fawry for Banking Technology and Electronic Payments S.A.E.  
Condensed consolidated interim statement of changes in equity  
For the six months period ended June 30, 2022

	Issued and paid up capital	Legal reserve	Reserve for employee stock ownership plan (ESOP)	Retained amount from retained earnings for capital increase	Combination reserve	Share issuance expenses reserve	Compulsory reserve for EAS 47 Application Risk	Retained earnings	Total equity of the parent company	Non controlling interest	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2021	353 652 060	37 799 312	--	100 000 000	5 841 596	--	2 612 539	268 270 887	768 176 391	28 727 823	796 904 214
<b>Comprehensive income items</b>											
Net profit for the period	--	--	--	--	--	--	--	113 300 772	113 300 772	23 849 499	137 150 271
<b>Total comprehensive income</b>								113 300 772	113 300 772	23 849 499	137 150 271
<b>The Company's shareholders transactions</b>											
Transferred to legal reserve	--	9 329 730	--	--	--	--	--	(9 329 730)	--	--	--
Reserve for employee stock ownership plan (ESOP)	--	--	13 362 204	--	--	--	--	--	13 362 204	--	13 362 204
Capital increase from retained earnings	100 000 000	--	--	(100 000 000)	--	--	--	--	--	--	--
Capital cash increase	400 000 000	--	--	--	--	--	--	--	400 000 000	--	400 000 000
Additions on combination reserve	--	--	--	--	5 903 978	--	--	--	5 903 978	776 022	6 680 000
Dividend distribution	--	--	--	--	--	--	--	(18 745 967)	(18 745 967)	--	(18 745 967)
Non-controlling interest share from dividends distributed in subsidiaries	--	--	--	--	--	--	--	--	--	(19 586 048)	(19 586 048)
Non-controlling interest share from the acquisition of subsidiaries	--	--	--	--	--	--	--	--	--	5 277 297	5 277 297
<b>Total company's shareholders transactions</b>	500 000 000	9 329 730	13 362 204	(100 000 000)	5 903 978	--	--	(28 075 697)	400 520 215	(13 532 729)	386 987 486
<b>Balance as of June 30, 2021</b>	853 652 060	47 129 042	13 362 204	--	11 745 574	--	2 612 539	353 495 962	1 281 997 381	39 044 593	1 321 041 974
Balance as of January 1, 2022	853 652 060	47 129 042	52 398 017	--	11 745 574	(2 835 763)	2 612 539	414 309 089	1 379 010 558	79 008 776	1 458 019 334
<b>Comprehensive income items</b>											
Net profit for the period	--	--	--	--	--	--	--	52 300 611	52 300 611	45 740 520	98 041 131
<b>Total comprehensive income</b>								52 300 611	52 300 611	45 740 520	98 041 131
<b>The company's shareholders transactions</b>											
Transferred to legal reserve	--	6 020 981	--	--	--	--	--	(6 020 981)	--	--	--
Reserve for employee stock ownership plan (ESOP)	--	--	40 876 553	--	--	--	--	--	40 876 553	--	40 876 553
Transferred to retained earnings from share issuance expense reserve	--	--	--	--	--	2 835 763	--	(2 835 763)	--	--	--
Share issuance expense reserve	--	--	--	--	--	(5 820 102)	--	--	(5 820 102)	--	(5 820 102)
Capital cash increase	800 000 000	--	--	--	--	--	--	--	800 000 000	--	800 000 000
Dividend distribution	--	--	--	--	--	--	--	(19 267 071)	(19 267 071)	--	(19 267 071)
Dividend distribution for subsidiaries	--	--	--	--	--	--	--	(1 037 935)	(1 037 935)	--	(1 037 935)
Non-controlling interest's share from dividends distributed in subsidiary	--	--	--	--	--	--	--	--	--	(53 157 274)	(53 157 274)
<b>Total Company's shareholders transactions</b>	800 000 000	6 020 981	40 876 553	--	--	(2 984 339)	--	(29 161 750)	814 751 445	(53 157 274)	761 594 171
<b>Balance as of June 30, 2022</b>	1 653 652 060	53 150 023	93 274 570	--	11 745 574	( 5 820 102)	2 612 539	437 447 950	2 246 062 614	71 592 022	2 317 654 636

The accompanying notes form an integral part of these condensed consolidated interim financial statements and to be read therewith.

**Fawry for Banking Technology and Electronic Payments S.A.E.**  
**Condensed consolidated interim statement of cash flows**  
**For the Six months period ended June 30, 2022**

	Note No	June 30, 2022 EGP	June 30, 2021 EGP
<b>Cash flows from operating activities:</b>			
Net profit for the period before tax		128 101 330	178 893 566
<b>Adjusted by:</b>			
Depreciation and amortization for the period		107 510 502	59 946 358
Provisions Formed	(17)	3 600 000	1 750 087
Net impairment losses - Micro finance loans		15 734 281	6 818 904
Expected credit losses		6 036 584	--
Employee stock ownership plan expenses		40 876 553	13 362 204
Net gain from investments at FVTPL	(9)	( 386 375)	--
Credit interest		(79 146 911)	(52 764 004)
Share of investments in associate and joint venture's losses		3 343 798	2 718 666
The change from investment in associate to investment in subsidiaries		--	(22 800 000)
Unrealized foreign currency exchange gain		(5 463 584)	( 93 975)
Gain on disposals of fixed assets		(2 979 838)	(3 144 919)
Finance expenses		17 689 402	12 758 795
<b>Operating profit before changes in working capital</b>		<b>234 915 742</b>	<b>197 445 682</b>
<b>Changes in Working capital</b>			
Decrease/(Increase) in inventories		(4 857 857)	3 908 180
(Increase) in advances to service providers		(41 733 824)	(106 480 160)
Decrease /(Increase) in debtors and other debit balances		(31 954 364)	9 190 346
(Increase) in accounts and notes receivable		(83 547 744)	(7 399 685)
(Increase) in micro finance loans		(181 356 556)	(76 815 036)
Decrease /(Increase) in due from related parties		( 4 759)	7 894 440
(Decrease) in accounts and notes payable		(40 655 704)	(10 084 434)
Increase in accounts payable- billers		841 675 092	367 061 690
(Decrease) /Increase in merchants advances		172 021 131	(40 387 405)
Increase in retailer's POS security deposits		13 949 429	13 265 467
(Decrease) / Increase in creditors and other credit balances		20 345 612	(39 231 581)
Proceeds from POS's machines under CBE initiative		--	(21 725 294)
		<b>898 796 198</b>	<b>296 642 210</b>
Income tax paid		(77 677 231)	(30 910 068)
Proceeds from credit interest		51 525 002	52 764 004
<b>Net cash provided from operating activities</b>		<b>872 643 969</b>	<b>318 496 146</b>
<b>Cash flows from investing activities</b>			
(Payments) for fixed assets acquisition		(76 761 038)	(58 346 095)
(Payments) for projects under construction		(16 728 582)	(16 370 908)
(Payments) to acquire intangible assets		(86 560 034)	(60 873 442)
Proceeds from sale of fixed assets		10 139 807	9 726 631
Proceeds from POS's machines under CBE initiative		--	68 206 579
Proceeds from selling shares in subsidiary		--	6 674 157
Cash proceeds from acquisition of subsidiary		--	(6 138 341)
Proceeds from loans to related parties		--	37 602 912
(Payments) to increase investments in associates and joint venture companies		(4 004 751)	--
Payments in investments at fair value through OCI		(9 133 125)	(31 416 676)
Payments in investments at fair value through profit or loss statement		(15 000 000)	--
Net movement of treasury bills - more than three months		(444 324 401)	(429 009 173)
<b>Net cash flows (used in) investing activities</b>		<b>(642 372 124)</b>	<b>(479 944 356)</b>
<b>Cash flows from financing activities</b>			
Proceeds from Capital increase		800 000 000	400 000 000
(Payments) of dividend distribution		(74 442 106)	(38 332 015)
Proceeds from loans		48 449 959	168 225 000
(Payments) Proceeds from bank credit facilities		(97 984 730)	73 535 629
(Payments) of lease liabilities		(11 158 698)	(6 485 913)
Finance expenses paid		(17 689 402)	(12 758 795)
<b>Net cash provided from financing activities</b>		<b>647 175 023</b>	<b>584 183 906</b>
Net change in cash and cash equivalents during the period		877 446 867	422 735 695
Cash and cash equivalents at beginning of the period		1 120 900 729	623 737 310
Exchange rate changes on cash and cash equivalents		5 463 584	93 975
<b>Cash and cash equivalents at end of the period</b>	(15)	<b>2 003 811 180</b>	<b>1 046 566 980</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements and to be read therewith.

**Fawry for Banking Technology and Electronic Payments S.A.E.**

Notes to the Condensed Consolidated interim Financial Statements

For the Six months ended June 30, 2022

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**1. General information**

Fawry for Banking and Payment Technology Services S.A.E. was established in accordance with the provisions of Law No. 159 of 1981 and its executive regulation, and was registered at the Commercial Register under No. 33258 on June 26, 2008, the commercial register has changed to 50840 in March 2011. The Company was re-registered at the commercial register of the 6<sup>th</sup> of October under No. 1333 on 19 July 2018.

The purpose of the Company is to provide operations services specialized in systems and communications, management, operating and maintenance of equipment and computers networks services and internal systems of banks, networks, and centralized systems, establish operating systems for banking services through the internet, phone and e-payment services and circulation of secured documents electronically, taking into account the provisions of laws, regulations and decisions and provided that all the licenses necessary for pursuing these activities are issued. The duration of the company is twenty-five years from the Commercial Register date.

The condensed consolidated interim financial statements authorized for issuance at the Board of Directors meeting held on August 14, 2022.

**2. Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with the Egyptian Accounting Standards No. (30).

**3. Basis of preparation of the consolidated financial statements**

The condensed consolidated interim financial statements have been prepared using the same accounting policies that have been applied in the prior year. The condensed consolidated interim financial statements should be read with conjunction with the consolidated annual financial statements as of 31 December 2021.



**4. Fixed assets**

**Cost**

	Land	Building	Networks and Servers	Point of sales machines	Computers	Furniture and Office equipment	Leasehold Improvements	Vehicles	Tools & equipment	Right of use, branches and premises	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
<b>As of January 1, 2021</b>	25 970 500	41 129 500	58 877 460	268 258 281	57 056 291	11 745 945	17 636 870	149 300	641 766	--	481 465 913
The effect of acquisition of subsidiary	--	--	--	--	429 225	1 337 581	13 357 586	--	2 589 010	--	17 713 402
Additions during the year	26 520 000	70 230 000	49 803 111	154 732 416	14 420 387	1 400 926	20 732 737	--	1 363 576	109 653 830	448 856 983
Disposals	--	--	--	(69 955 499)	(12 030)	--	--	--	(340 000)	--	(70 307 529)
<b>As of December 31, 2021</b>	52 490 500	111 359 500	108 680 571	353 035 198	71 893 873	14 484 452	51 727 193	149 300	4 254 352	109 653 830	877 728 769
<b>As of January 1, 2022</b>	52 490 500	111 359 500	108 680 571	353 035 198	71 893 873	14 484 452	51 727 193	149 300	4 254 352	109 653 830	877 728 769
Additions during the period	--	--	19 044 039	35 109 999	10 427 984	3 574 750	8 602 825	--	1 442	39 438 738	116 199 777
Disposals	--	--	--	(8 768 460)	--	(1 059 222)	--	--	--	(1 460 031)	(11 287 713)
<b>As of June 30, 2022</b>	52 490 500	111 359 500	127 724 610	379 376 737	82 321 857	16 999 980	60 330 018	149 300	4 255 794	147 632 537	982 640 833
<b>Accumulated depreciation</b>											
<b>As of January 1, 2021</b>	--	4 198 638	43 627 144	136 549 025	29 565 648	7 099 224	9 855 555	149 298	641 739	--	231 686 271
Depreciation for the period	--	1 467 175	26 937 265	51 063 102	6 398 815	2 699 088	10 572 066	--	1 212 464	21 427 622	121 777 597
Depreciation of disposals	--	--	--	(10 662 383)	(12 030)	--	--	--	(340 000)	--	(11 014 413)
<b>As of December 31, 2021</b>	--	5 665 813	70 564 409	176 949 744	35 952 433	9 798 312	20 427 621	149 298	1 514 203	21 427 622	342 449 455
<b>As of January 1, 2022</b>	--	5 665 813	70 564 409	176 949 744	35 952 433	9 798 312	20 427 621	149 298	1 514 203	21 427 622	342 449 455
Depreciation for the period	--	1 391 994	20 292 073	37 122 589	5 420 607	1 653 447	6 871 475	--	349 829	13 881 341	86 983 354
Depreciation of disposals	--	--	--	(3 467 695)	--	(262 518)	--	--	--	(397 531)	(4 127 744)
<b>As of June 30, 2022</b>	--	7 057 807	90 856 482	210 604 638	41 373 040	11 189 241	27 299 096	149 298	1 864 032	34 911 432	425 305 066
<b>Net book value</b>											
<b>As of June 30, 2022</b>	52 490 500	104 301 693	36 868 128	168 772 099	40 948 816	5 810 739	33 030 922	2	2 391 762	112 721 105	557 335 766
<b>As of December 31, 2021</b>	52 490 500	105 693 687	38 116 162	176 085 454	35 941 440	4 686 140	31 299 572	2	2 740 149	88 226 208	535 279 313

6,871,475.00

## Fawry for Banking Technology and Electronic Payments S.A.E.

Notes to the Condensed Consolidated interim Financial Statements

For the Six months ended June 30, 2022

### 5. Intangible assets

	<u>Software license</u>	<u>Programs</u>	<u>Contractual relationship with clients</u>	<u>Customer List</u>	<u>Trademark</u>	<u>Total</u>
<u>Cost</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<b>As of January 1, 2021</b>	<b>39 032 651</b>	<b>198 977 608</b>	--	--	--	<b>238 010 259</b>
Additions during the year	25 964 158	84 126 350	--	--	--	110 090 508
Change of the scope of grouping of subsidiaries and associate companies	--	--	6 270 000	533 000	19 070 000	25 873 000
<b>As of December 31, 2021</b>	<b>64 996 809</b>	<b>283 103 958</b>	<b>6 270 000</b>	<b>533 000</b>	<b>19 070 000</b>	<b>373 973 767</b>
Additions during the period	5 154 483	81 405 551	--	--	--	86 560 034
<b>As of June 30, 2022</b>	<b>70 151 292</b>	<b>364 509 509</b>	<b>6 270 000</b>	<b>533 000</b>	<b>19 070 000</b>	<b>460 533 801</b>
<b><u>Accumulated amortization</u></b>						
<b>As of January 1, 2021</b>	<b>14 876 938</b>	<b>53 747 158</b>	--	--	--	<b>68 624 096</b>
Amortization for the year	3 429 106	24 248 244	531 815	88 833	1 271 333	29 569 332
<b>As of December 31, 2021</b>	<b>18 306 044</b>	<b>77 995 402</b>	<b>531 815</b>	<b>88 833</b>	<b>1 271 333</b>	<b>98 193 428</b>
Amortization for the period	2 715 486	17 338 666	132 954	22 208	317 833	20 527 147
<b>As of June 30, 2022</b>	<b>21 021 530</b>	<b>95 334 068</b>	<b>664 769</b>	<b>111 041</b>	<b>1 589 166</b>	<b>118 720 574</b>
<b>Net Book value As of June 30, 2022</b>	<b>49 129 762</b>	<b>269 175 441</b>	<b>5 605 231</b>	<b>421 959</b>	<b>17 480 834</b>	<b>341 813 227</b>
<b>Net Book value, As of December 31, 2021</b>	<b>46 690 765</b>	<b>205 108 556</b>	<b>5 738 185</b>	<b>444 167</b>	<b>17 798 667</b>	<b>275 780 339</b>

### 6. Projects under construction

The increase in projects under construction is mainly due to the additions of servers and furniture during the period amounted by EGP 24.9 million with the transfer of fixed assets by amount of EGP 8.3 million.

### 7. Investment in associates and joint ventures

	<u>Type of investment</u>	<u>Ownership %</u>	<u>June 30,2022 EGP</u>	<u>December 31,2021 EGP</u>
Bosta Co.	Associate	9.05%	--	1 814 084
EGY Insure-tech for electronic applications Co.	Associate	20%	1 060 761	1 470 162
Roderz for smart Applications Co.*	Associate	30%	2 673 774	--
Tazcara for information technology Co.	Associate	20%	--	--
Waffarha.com Co.	Joint venture	30%	967 707	757 043
			<b>4 702 242</b>	<b>4 041 289</b>

\*During the period the company Paid the remaining amount of the investment in Roaders Technology Co. amounted of EGP 3.24 million.

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**8. Investments at fair value through OCI**

	<b><u>June 30, 2022</u></b>	<b><u>December 31, 2021</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
El menus Co	15 716 676	15 716 676
Brimore Co.	15 700 000	15 700 000
Bringer Co. (Netherlands)	15 755 300	15 755 300
Mylerz Co.	9 133 125	--
	<b><u>56 305 101</u></b>	<b><u>47 171 976</u></b>

**9. Investments at FVTPL**

	<b><u>No. of shares</u></b>	<b><u>June 30, 2022</u></b>	<b><u>December 31, 2021</u></b>
		<b><u>EGP</u></b>	<b><u>EGP</u></b>
Fawry Banking Investment in Misr Capital Fund	12 500 000	12 833 250	--
Fawry Micro Finance Investment in Misr Capital Fund	2 500 000	2 553 125	--
		<b><u>15 386 375</u></b>	<b><u>--</u></b>
Gain from investment at FVTPL		386 375	--
		<b><u>386 375</u></b>	<b><u>--</u></b>

**10. Accounts and notes receivables**

	<b><u>June 30, 2022</u></b>	<b><u>December 31, 2021</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Accounts receivables - Billers and banks	147 691 701	60 668 946
Notes receivables	322 729	5 783 896
<b>Less:</b> Expected credit losses	(6 757 130)	(2 706 702)
	<b><u>141 257 300</u></b>	<b><u>63 746 140</u></b>

**11. Micro finance loans, (net)**

	<b><u>June 30, 2022</u></b>	<b><u>December 31, 2021</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Loans to customers – Short term	460 118 568	330 689 315
<b>Less:</b>		
Expected credit losses	(24 228 903)	(20 093 118)
<b>Loans to customers – short term</b>	<b><u>435 889 665</u></b>	<b><u>310 596 197</u></b>
Loans to customers – Long term	148 373 770	106 042 857
<b>Less:</b>		
Expected credit losses	(7 892 359)	(5 892 253)
<b>Loans to customers – Long term</b>	<b><u>140 479 411</u></b>	<b><u>100 150 604</u></b>
	<b><u>576 369 076</u></b>	<b><u>410 746 801</u></b>



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Provision movement represented as following:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Beginning balance	25 985 370	13 235 976
Formed during the period	15 734 824	12 749 394
Utilized during the period	(9 596 932)	--
	<u><b>32 123 262</b></u>	<u><b>25 985 370</b></u>

**12. Debtors and other debit balances**

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Advance payments – to Suppliers	2 715 277	2 407 203
Prepaid expenses	19 992 827	9 141 207
Deposits held with others	3 820 788	3 699 788
Value added tax	280 934	--
Withholding tax	22 443 795	38 642 826
Other debit balances	40 886 641	11 263 171
Accrued interest revenue – Microfinance portfolio	13 266 459	9 841 468
Custodies	9 552 424	10 765 565
Accrued Revenue	15 438 543	10 685 892
<b>Less:</b> Expected credit losses	(28 948)	(33 044)
	<u><b>128 368 740</b></u>	<u><b>96 414 376</b></u>

**13. Due from related parties**

<u>Description</u>	<u>Nature</u>	<u>Account type</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
			<u>EGP</u>	<u>EGP</u>
Waffarha.com Co.	Joint venture	Current account	220 211	220 211
ACIS Co.	associate	Current account	3 000 000	3 000 000
Tazcara for Information Technology and Electronic Booking co.	associate	Current account	1 499 068	1 494 309
<b>Less:</b> Expected credit losses			(3 014 075)	(3 014 075)
			<u><b>1 705 204</b></u>	<u><b>1 700 445</b></u>



**Fawry for Banking Technology and Electronic Payments S.A.E.**

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For the Six months ended June 30, 2022

**14. Treasury Bills**

	<b><u>June 30, 2022</u></b>	<b><u>December 31, 2021</u></b>
<b><u>Description</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Treasury bills - with maturities up to three months	97 610 000	32 342 990
Treasury bills - with maturities after three months	1 591 528 542	1 037 616 535
<b><u>Add</u></b>		
Accrued interest - less than three months	1 531 305	246 343
Accrued interest - more than three months	27 621 909	75 526 800
<b>Less:</b> Expected credit losses	(2 479 443)	(1 007 970)
	<b><u>1 715 812 313</u></b>	<b><u>1 144 724 698</u></b>

**15. Cash and bank balances**

	<b><u>June 30, 2022</u></b>	<b><u>December 31, 2021</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Cash (*)	356 663 309	--
Current accounts at banks - local currency	274 876 056	291 482 114
E-Acceptance transactions under settlement	186 359 508	128 704 285
Cash collections - agents	1 039 640 237	583 161 259
Time deposit - local currency	10 039 452	95 086 110
Time deposit - foreign currency	25 165 139	15 155 942
Current accounts at banks - foreign currency	12 305 335	7 523 412
<b>Less:</b> Expected credit losses	(379 161)	(212 493)
	<b><u>1 904 669 875</u></b>	<b><u>1 120 900 729</u></b>

(\*) Cash balance represent in cash with cash collection representatives "the Company's employees" on June 30, 2022.

For the purpose of preparing the cash flow statement, the cash and cash equivalents represented as follows:

	<b><u>June 30, 2022</u></b>	<b><u>June 30, 2021</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Cash and bank balances	1 904 669 875	1 046 566 980
Treasury Bills - less than three months	99 141 305	--
	<b><u>2 003 811 180</u></b>	<b><u>1 046 566 980</u></b>

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For the Six months ended June 30, 2022

**16. Capital**

The issued and paid-up capital amounted to EGP 353 652 060 distributed over 707 304 120 shares with a nominal value of EGP 0.5, and on December 31, 2020, the General Assembly of the company decided to increase the capital by EGP 100 million by distributing free shares financed from the retained earnings of the Company and registered that increase in the commercial register on February 3, 2021, as well as on December 31, 2020, the General Assembly of the Company decided to increase the capital by EGP 400 million by cash increase in nominal value through underwriting to the old shareholders and was registered by this increase in the commercial register on 20 June 2021 to become the issued and paid-up capital of EGP 853 652 060 distributed on 1 707 304 120 shares with a nominal value of EGP 0.5.

On March 3, 2022, the General Assembly of the company decided to increase the authorized capital to be EGP 3 billion, and to increase the issued and paid-up capital by EGP 800 million at nominal value through underwriting to the old shareholders. And was registered by this increase in the commercial register on June 15, 2022, to become the issued and paid-up capital of EGP 1 653 625 060 distributed on 3 307 304 120 shares with a nominal value of EGP 0.5.

**17. Provisions**

	<b><u>Balance as at</u></b> <b><u>January 1, 2022</u></b>	<b><u>Formed during</u></b> <b><u>the period</u></b>	<b><u>Balance as at</u></b> <b><u>June 30, 2022</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Provision for claims	32 430 642	3 600 000	36 030 642
	<b><u>32 430 642</u></b>	<b><u>3 600 000</u></b>	<b><u>36 030 642</u></b>

**18. Banks credit facilities**

The decrease in bank facilities balance amounted by EGP 98 Million is due to the decrease in the utilized facilities during the second quarter of 2022.

**19. Creditors and other credit balances**

	<b><u>June 30, 2022</u></b>	<b><u>December 31, 2021</u></b>
<b><u>Description</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Accrued expenses	62 390 870	46 896 427
Accrued interest	7 140 822	7 344 769
Accrued commissions	52 397 841	50 604 607
Unearned revenue	5 542 548	3 868 268
Health insurance contribution	3 037 189	5 220 402
Tax Authority	58 551 883	75 683 299
Social Insurance Authority	24 248 118	4 325 030
Transactions under settlement	6 471 728	6 096 583
Other credit balances	25 511 021	19 086 991
	<b><u>245 292 090</u></b>	<b><u>219 126 376</u></b>

**Fawry for Banking Technology and Electronic Payments S.A.E.**

## Notes to the Condensed Consolidated interim Financial Statements

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**20. Contingent liabilities**

The contingent liabilities are represented in the uncovered part of the letters of guarantee issued for the benefit of some parties and entities as follows:

	<b><u>June 30, 2022</u></b>	<b><u>December 31, 2021</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Letters of guarantee – local currency	1 236 500 000	1 286 500 000
	<b><u>1 236 500 000</u></b>	<b><u>1 286 500 000</u></b>

Letters of guarantee facilities reached EGP 1.236 million as of June 30, 2022, the utilized amounts from the banks facilities amounted to EGP 931 million Egyptian Pounds in the form of issued letters of guarantee.

**21. Operating revenue**

	<b><u>June 30, 2022</u></b>	<b><u>June 30, 2021</u></b>
<b><u>Description</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Transaction services revenue - collection fees	874 772 492	659 186 712
Other revenues	34 466 497	20 229 234
Insurance brokerage commission	5 325 986	1 725 676
Interest revenue Micro finance	99 727 308	61 418 811
	<b><u>1 014 292 283</u></b>	<b><u>742 560 433</u></b>

**22. Operating cost**

The increase in operating costs is mainly due to the increase of merchants' fees by an amount of EGP 13.8 million, increase in cost of financing microfinance loans by amount of EGP 9.8 million, increase in cash collection costs by an amount of EGP 33.4 million, and increase in depreciation and amortization by an amount of EGP 10.7 million.

**23. General and administrative expenses**

The increase in general and administrative expenses is mainly due to the increase in salaries and wages by an amount of EGP 60.2 million. In addition to the increase in subscription fees, technical support, communication and services Centers by an amount of EGP 4.6 million, and increase in depreciation by an amount of EGP 34 million.

**24. Share - based payment**

The main reason for the increase in share-based payments is due to the recognition of expenses related to the current period amounted by EGP 40.8 million compared to EGP 13.3 million at prior period June 30, 2021 , as the plan started on 10 May 2021.

**25. Selling and marketing expenses**

The main reason for the increase in selling and distribution expenses is the increase of the salaries by an amount of EGP 33.8 million, In addition to the increase of marketing and advertising expenses by an amount of EGP 24.6 million for nothing in return during the period.



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**26. Credit Interest**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Credit interest - current accounts	2 476 193	7 559 610
Credit interest - treasury bills	76 670 718	45 204 394
	<b>79 146 911</b>	<b>52 764 004</b>

**27. Group's share of profit / (losses) in investment in associates and joint venture entities**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	<u>EGP</u>	<u>EGP</u>
Waffarha.com Co.	210 664	(139 650)
Bosta Inc. Co.	(1 814 084)	(2 579 016)
EGY Insure-tech Co.	(454 151)	--
Roderz for smart applications Co.	(1 286 227)	--
	<b>(3 343 798)</b>	<b>(2 718 666)</b>

**28. segment information**

The group has two major sectors representing the important sectors of the group, offering different and services that are managed in a separate way because they require different skills and have different types of clients. The managers of each sector review internal management reports at least once every three months.

The accounting policies of the reportable sectors are the same as the group's accounting policies on December 31, 2021, and the profits of each sector represented in the profits it makes, which reviewed regularly without any distribution of income tax expense, This measure is considered the most appropriate for the purpose of allocating resources to sectors and assessing their performance.

**A. Segment profit or loss statement**

<u>EGP</u>	<u>Revenue</u>		<u>Profit</u>	
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Banking technology and E-payment segment	914 744 975	681 141 622	109 733 371	168 953 349
Micro-Finance segment	99 727 308	61 418 811	18 367 959	9 940 217
<b>Total</b>	<b>1014 472 283</b>	<b>742 560 433</b>	<b>128 101 330</b>	<b>178 893 566</b>
<b>Net profit for the period before tax</b>			<b>128 101 330</b>	<b>178 893 566</b>
Income tax			(30 060 198)	(41 743 295)
<b>Net profit for the period after tax</b>			<b>98 041 132</b>	<b>137 150 271</b>



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**B. Segment Assets**

<b>EGP</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Banking Technology and E-payment segment	5 684 575 106	3 663 817 741
Micro-Finance segment	634 592 091	375 123 368
<b>Assets before disposals</b>	<b>6 319 167 197</b>	<b>4 083 941 109</b>
Elimination of internal transactions between segments	(371 979 386)	(422 861 606)
<b>Assets after disposals</b>	<b>5 947 187 811</b>	<b>3 615 679 503</b>
<b>Total consolidated Assets</b>	<b>5 947 187 811</b>	<b>3 615 679 503</b>

**29. Earnings per share**

Earnings per share is calculated by divide available net profit for parent company shareholders by weighted average number of shares for the period.

	<b>June 30, 2022</b>		<b>June 30, 2021</b>	
	<b>EGP</b>		<b>EGP</b>	
	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>
Net profit for the period	52 300 611	52 300 611	113 300 772	113 300 772
Average number of outstanding shares during the period	1 840 637 453	1 851 849 511	951 748 564	951 748 564
	<b>0.03</b>	<b>0.03</b>	<b>0.12</b>	<b>0.12</b>

**30. Tax Position**

The Company's profits are subject to tax on the profits of legal persons in accordance with the provisions of the income Tax law no. 91 for year 2005, its executive regulations and its amendments.

**Corporate tax**

- The company submits the tax return prepared in accordance with the provisions of law 91 of 2005 on legal dates.

**The period from 2009 until 2012**

- The Company was inspected and tax differences were settled.

**The period from 2013 until 31 December 2017**

- The Company was inspected and tax differences are being paid.

**The period from 2018 until 31 December 2021**

- The books and records of the company have not yet been inspected by the tax authority for the mentioned years, and the company has not received any tax claims or notifications of requesting examination of records those years.

**Payroll tax****The period from inception until 31 December 2020**

- The Company was inspected, and tax differences were settled.

**Financial year until 31 December 2021**

- The books and records of the company have not yet been inspected by the tax authority for the mentioned years, and the company has not received any tax claims or notifications of requesting examination of those years.

**Stamp duty tax**

**The period from inception until 31 December 2014**

- The company's records has been tax inspected from the date of incorporation till 2014.

**The period from 2015 until 31 December 2021**

- The books and records of the company have not yet been inspected by the tax authority for the mentioned years, and the company has not received any tax claims or notifications of requesting examination of those years.

**Sales tax / VAT tax**

**The period from inception until 31 December 2015**

- The company's records have been tax inspected from the date of incorporation till 2014.

**The period from 2016 until 31 December 2019**

- During the prior financial year, the company received a tax claim of 100.1 million Egyptian pounds for tax differences resulting from the examination of the tax for the years 2016 to 2019 the company has objected and appealed to claim on due legal dates, the company believes that the claim has no merit in the light of the tax assessment prepared by the tax advisory and legal opinion from the company's legal advisor in that regard.

**Years 2020 - 2021**

- The books and records of the company have not yet been inspected by the tax authority for the mentioned years, and the company has not received any tax claims or notifications of requesting examination of those years.

**Withholding tax**

- The company's records have not been tax inspected yet by the tax authority for the years from inspection until the date of F.S, and the company has not received any tax claims or notifications of requesting examination of those years.

**31. Significant events**

- In February 2022, the Russian and Ukrainian conflict broke out. Conditions are changing rapidly, leading to high volatility in all markets. Nevertheless, management is closely monitoring and analyzing market developments in this highly volatile situation. However, the Group's management considers that there is currently no indication of disruption to the group's business or failure to meet the Group's obligations to its customers and there are no indications of a material impact on its future operational performance.
- On March 21, 2022, the Monetary Policy Committee of the Central Bank of Egypt decided at its extraordinary meeting to raise the rates of deposit and lending return for one night and the price of the central bank's main operation by 100 points to 9.25%, 10.25% and 9.75%, respectively. The credit and discount rate was also raised by 100 basis points to 9.75%.
- On May 19, 2022, the Monetary Policy Committee of the Central Bank of Egypt decided at its extraordinary meeting to raise the rates of deposit and lending return for one night and the price of the central bank's main operation by 200 points to 11.25%, 12.25% and 11.75%, respectively. The credit and discount rate was also raised by 200 basis points to 11.75%.
- On May 26, 2022 the OGM decides to distribute 19.3 million EGP for the employees.

## **Fawry for Banking Technology and Electronic Payments S.A.E.**

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### **32. Legal position**

During the third quarter of 2019, a company filed a lawsuit against Fawry for Banking Technology and Electronic Payments and one of its subsidiaries "the Company" claiming an amount of EGP 50 million under a contract covering the period from year 2015 to 30 June 2019 in addition to the legal accrued interest on the said amount. No transactions took place under the aforementioned contract, the company and the company's external legal advisor opinion regarding the outcome of this case that it will be in favor of the Company without any financial liabilities on the company in relation to this case.

### **33. Subsequent events after the period**

- During July 2022 the company granted 52 million shares regarding ESOP Program as it was announced during May, 2022.

### **34. Comparative figures:**

Certain comparative figures have been reclassified to conform to the presentation of the financial statements for the current period.