

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

**Condensed Separate 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 separate 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 separate interim financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the condensed separate interim statement of financial position as of June 30, 2022, and the related condensed separate interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the Six months' period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed separate interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements". Our responsibility is to express a conclusion on these condensed separate 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 separate interim financial statements do not present fairly in all material respects the separate financial position of the entity as of June 30, 2022, and of its separate financial performance and its separate 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. "69"
F.E.S.A.A. (R.A.A. 8510)



Fawry for Banking Technology and Electronic Payments S.A.E.
Condensed separate 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>
Assets			
<u>Non-current assets</u>			
Fixed assets	(4)	510 601 027	476 146 746
Intangible assets	(5)	335 438 628	266 718 728
Projects under construction	(6)	32 728 632	16 199 524
Investments in subsidiaries	(7)	213 514 882	163 514 882
Investments in associates and joint venture	(8)	18 473 230	15 233 230
Investments at fair value through other comprehensive income	(9)	56 305 101	47 171 976
Deferred tax asset		14 861 778	8 230 058
Total non-current assets		1 181 923 278	993 215 144
<u>Current assets</u>			
Inventories		3 198 362	298 046
Accounts and notes receivable	(12)	63 388 535	37 600 243
Debtors and other debit balances	(13)	84 692 105	53 112 160
Advances to billers		414 414 466	372 680 643
Due from related parties	(14)	16 560 877	25 906 741
Investments at fair value through Profit or loss	(10)	12 833 250	--
Loans to related parties	(11)	110 698 370	121 929 026
Treasury Bills	(15)	1 627 158 482	1 096 455 398
Cash and cash at banks	(16)	1 818 454 363	1 073 389 272
Total current assets		4 151 398 810	2 781 371 529
Total assets		5 333 322 088	3 774 586 673
<u>Equity and liabilities</u>			
<u>Equity</u>			
Issued and paid-up capital	(17)	1 653 652 060	853 652 060
Legal reserve		53 150 023	47 129 042
Reserve for employee stock ownership plan (ESOP)	(30)	93 274 570	52 398 017
Share issuance expenses reserve		(5 820 102)	(2 835 763)
Retained earnings		400 176 281	387 664 366
Total equity		2 194 432 832	1 338 007 722
<u>Non-Current liabilities</u>			
Deferred tax liabilities		14 511 738	14 313 398
Lease liabilities		68 629 074	35 931 789
Total non current liabilities		83 140 812	50 245 187
<u>Current liabilities</u>			
Bank credit facilities	(18)	232 734 448	431 224 733
Provisions	(19)	35 730 642	32 130 642
Accounts and notes payable		28 471 833	70 405 635
Accounts payable - Billers		1 820 363 720	1009 535 411
Merchant advances		616 676 766	444 655 635
Retailers' POS security deposits		76 288 232	62 338 903
Creditors and other credit balances	(20)	192 895 118	161 366 419
Due to related parties	(21)	37 844 599	136 011 779
Current income tax		5 675 725	33 915 216
Lease liabilities		9 067 361	4 749 391
Total current liabilities		3 055 748 444	2 386 333 764
Total equity and liabilities		5 333 322 088	3 774 586 673

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

Chief Finance Officer
AbdelMaguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

limited review report attached.

Fawry for Banking and Payment Technology Services S.A.E.

Condensed separate interim statement of profit or loss

for the six months ended June 30, 2022

	Note No.	Six months ended		Three months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		EGP	EGP		
Operating revenues	(24)	662 799 787	521 758 966	345 101 705	271 644 056
Operating costs	(25)	(295 929 109)	(236 145 708)	(158 424 549)	(122 262 551)
Gross margin		366 870 678	285 613 258	186 677 156	149 381 505
Add (Less):					
General and administrative expenses	(26)	(197 223 482)	(121 276 406)	(100 718 853)	(61 321 986)
Selling and marketing expenses	(27)	(178 261 075)	(122 742 539)	(92 819 126)	(64 795 327)
Employee stock ownership plan expenses (ESOP)	(30)	(29 474 310)	(9 498 352)	(15 413 400)	(9 498 352)
Allowances for the Board of Directors		(1 532 110)	(1 247 067)	(792 844)	(855 000)
Health insurance contribution		(1 871 602)	(1 520 123)	(970 586)	(835 297)
Expected credit loss		(5 427 899)	-	(3 287 512)	-
Provisions formed	(19)	(3 600 000)	(1 600 000)	(2 700 000)	(850 000)
Net gain from incentives of spreading POS points of CBE initiative		-	19 278 912	-	-
Net gain from investments at FVTPL		333 250	-	194 000	-
Credit interest	(28)	80 383 486	58 443 292	40 938 644	31 306 575
Gain on sale of fixed assets		2 979 838	3 144 919	1 006 391	1 237 286
Other revenues		2 477 755	2 187 542	1 187 573	1 128 078
Operating profit		35 654 529	110 783 436	13 301 443	44 897 482
Finance costs		(20 329 247)	(11 870 169)	(7 555 426)	(6 566 014)
Dividends from investments in subsidiaries		29 730 859	12 060 499	-	12 060 499
Gain from the sale of subsidiaries shares		-	6 680 000	-	-
Foreign currency exchange gain / (losses)		5 262 894	15 804	1 004 515	(40 754)
Other expenses		-	(2 600 000)	-	(2 600 000)
Profit for the period before tax		50 319 035	115 069 570	6 750 532	47 751 213
Current income tax		(9 683 305)	(24 539 768)	(4 750 746)	(10 922 579)
Net profit for the period after tax		40 635 730	90 529 802	1 999 786	36 828 634
Earnings per share - Basic (EGP/share)	(29)	0.02	0.10		
Earnings per share - Diluted (EGP/share)	(29)	0.02	0.10		

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

Chief Finance Officer
AbdelMaguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

Fawry for Banking and Payment Technology Services S.A.E.
Condensed separate interim statement of comprehensive income
for the six months ended June 30, 2022

	<u>Six months 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>		
Profit for the period				
Other comprehensive income	40 635 730	90 529 802	1 999 786	36 828 634
Total other comprehensive income	--	--	--	--
Total comprehensive income	40 635 730	90 529 802	1 999 786	36 828 634

The accompanying notes form an integral part of these condensed separate interim financial

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

	Issued and paid up capital	Legal reserve	Reserve for employee stock ownership plan (ESOP)	Retained Earnings	Retained amount from retained earnings for capital increase	Shares issuance expenses reserve	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2021	353 652 060	37 799 312	--	298 736 310	100 000 000	--	790 187 682
Items of comprehensive income							
Net profit for the period	--	--	--	90 529 802	--	--	90 529 802
Total comprehensive income	--	--	--	90 529 802	--	--	90 529 802
Transactions with Company's owners							
Dividends distributions	--	--	--	(14 566 466)	--	--	(14 566 466)
Cash increase for Capital	400 000 000	--	--	--	--	--	400 000 000
Capital increase from retained earnings	100 000 000	--	--	--	(100 000 000)	--	--
Transferred to retained earnings and legal reserve	--	9 329 730	--	(9 329 730)	--	--	--
Reserve for employee stock ownership plan (ESOP)	--	--	13 362 204	--	--	--	13 362 204
Total transactions with the Company's owners	500 000 000	9 329 730	13 362 204	(23 896 196)	(100 000 000)	--	398 795 738
Balance as of June 30, 2021	853 652 060	47 129 042	13 362 204	365 369 916	--	--	1 279 513 222
Balance as of January 1, 2022	853 652 060	47 129 042	52 398 017	387 664 366	--	(2 835 763)	1 338 007 722
Items of comprehensive income							
Net profit for the period	--	--	--	40 635 730	--	--	40 635 730
Total comprehensive income for the period	--	--	--	40 635 730	--	--	40 635 730
Transactions with Company's owners							
Capital increase	800 000 000	--	--	--	--	--	800 000 000
Transferred to retained earnings and legal reserve	--	6 020 981	--	(6 020 981)	--	--	--
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)
Reserve for employee stock ownership plan (ESOP)	--	--	40 876 553	--	--	--	40 876 553
Dividends distributions	--	--	--	(19 267 071)	--	--	(19 267 071)
Total transactions with the Company's owners	800 000 000	6 020 981	40 876 553	(28 123 815)	--	(2 984 339)	815 789 380
Balance as of June 30, 2022	1 653 652 060	53 150 023	93 274 570	400 176 281	--	(5 820 102)	2 194 432 832

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

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

		Six months ended	
	Note	June 30, 2022	June 30, 2021
		EGP	EGP
<u>Cash flows from operating activities:</u>			
Net profit for the period before tax		50 319 035	115 069 570
<u>Adjusted by:</u>			
Depreciation and amortization		92 909 893	50 383 498
Provisions formed	(19)	3 600 000	1 600 000
Unrealized foreign currency exchange (gain)		(5 262 894)	(15 804)
Net gain from incentives of spreading POS points of CBE initiative		--	(19 278 912)
Dividends from investments in subsidiaries		(29 730 859)	(12 060 499)
Employee Stock Ownership Plan expenses	(30)	29 474 310	9 498 351
Expected credit loss		5 427 899	0
Fair value gain on investment measured at FVPL	(10)	(333 250)	0
Credit interest	(28)	(80 383 486)	(58 443 292)
(Gain) from the sale of subsidiaries shares		--	---
(Gain) on sale of fixed assets		(2 979 838)	(3 144 919)
Finance Cost		20 329 247	11 870 169
Operating profit before changes in working capital		83 370 057	88 798 162
<u>Changes in working capital</u>			
(Increase) in inventories		(2 900 316)	(203 894)
(Increase) in advances to billers		(41 768 093)	(106 480 160)
(Increase) / Decrease in debtors and other debit balances		(31 577 983)	18 149 656
(Increase) in accounts and notes receivable		(29 728 959)	(10 061 196)
Decrease / (Increase) in due from related parties		20 806 179	(3 940 564)
(Decrease) in accounts and notes payable		(41 933 802)	(14 331 352)
Increase in billers payable		810 828 309	370 697 144
(Decrease) / Increase in due to related parties		(98 167 180)	19 245 386
Increase / (Decrease) in advances to merchant advances		172 021 131	(24 010 222)
Increase in retail deposits		13 949 329	13 265 469
Increase in creditors and other credit balances		28 544 360	9 907 044
Decrease in loans to related parties		11 329 298	28 327 912
Income tax paid		(47 191 939)	(24 910 180)
Proceed from credit interest		53 234 568	58 443 292
Net cash generated from operating activities		900 814 959	422 896 497
<u>Cash flows from investing activities</u>			
(Payments) to acquire fixed assets		(72 405 947)	(58 122 834)
(Payments) for projects under construction		(16 529 108)	(16 370 908)
(Payments) to acquire intangible assets		(89 540 158)	(62 778 335)
Proceeds from the sale of fixed assets		8 280 603	7 070 194
Net proceeds from incentives of spreading POS points of CBE initiative		--	68 206 579
(Payments) in investments at fair value through profit or loss statement		(12 500 000)	--
(Payments) in investments at fair value through other comprehensive income		(9 133 125)	--
(Payments) to increase investments in associates and joint venture companies		(53 240 000)	(34 052 999)
Net movement of treasury bills - more than three months		(406 024 496)	(414 269 926)
(Payments) to acquire investment in subsidiary		29 730 859	12 060 499
Proceeds from sale of subsidiaries shares		--	6 674 157
Net cash (used in) investing activities		(621 361 372)	(491 583 573)
<u>Cash flows from financing activities</u>			
Proceeds from Capital increase		800 000 000	400 000 000
(Payments to)\ from bank facilities		(198 490 285)	73 535 629
(Payments) Dividends distributions		(19 267 071)	(14 566 466)
(Payments) of lease liabilities		(5 600 614)	--
(Payments) of finance expense		(17 152 116)	(11 870 169)
Net cash (generated from) financing activities		559 489 914	447 098 994
Net change in cash and cash equivalents during the period		838 943 502	378 411 918
Cash and cash equivalents at beginning of the period		1 073 389 272	616 985 307
Changing currency difference for cash and cash equivalent		5 262 894	15 804
Cash and cash equivalents at end of the period	(16)	1 917 595 668	995 413 029

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

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

Notes to the condensed separate interim financial statements

For the Six months ended June 30, 2022

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 June 2011. The company was re-registered at the commercial register of the 6th of October under No. 1333 in July 19, 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 interim condensed separate financial statements authorized for issuance at the Board of Directors meeting held on August 14, 2022.

2. Statement of compliance

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

3. Basis of preparation of the separate financial statements

The condensed separate interim financial statements have been prepared using the same accounting policies which have been applied in the prior year. This condensed separate interim financial statements should be read in conjunction with the annual separate financial statements for the year ended December 31, 2021.

4- Fixed assets (net)

	Land	Buildings		Networks and Servers		Point of sales machines		Computers		Furniture & Office equipment		Leasehold improvements on rental places		Vehicles		Right of use branches and premises		Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost																		
As of January 1, 2021	25 970 500	41 129 500	58 870 380	274 933 549	52 997 081	9 774 778	16 956 649	149 300	--	--	--	--	--	480 781 737				
Additions during the year	26 520 000	70 230 000	49 803 111	158 654 784	9 789 760	695 863	20 665 349	--	--	--	--	--	--	381 163 960				
Disposals	--	--	--	(69 955 499)	--	--	--	--	--	--	--	--	--	(69 955 499)				
As of December 31, 2021	52 490 500	111 359 500	108 673 491	363 632 834	62 786 841	10 470 641	37 621 998	149 300	44 805 093					791 990 198				
Additions during the period	--	--	19 044 039	34 109 090	7 301 829	3 364 471	8 586 518	--	39 438 738					111 844 684				
Disposals	--	--	--	(8 768 460)	--	--	--	--	--					(8 768 460)				
As of June 30, 2022	52 490 500	111 359 500	127 717 530	388 973 464	70 088 670	13 835 112	46 208 516	149 300	84 243 831					895 066 422				
Accumulated depreciation																		
As of January 1, 2021	--	4 198 638	43 620 064	137 546 784	26 906 892	7 050 123	9 313 727	149 298	--					228 785 526				
Depreciation and amortization of the year	--	1 467 175	26 937 265	54 013 427	4 677 934	1 322 442	4 130 083	--	5 171 983					97 720 309				
Depreciation of disposals	--	--	--	(10 662 383)	--	--	--	--	--					(10 662 383)				
As of December 31, 2021	--	5 665 813	70 557 329	180 897 828	31 584 826	8 372 565	13 443 810	149 298	5 171 983					315 843 452				
Depreciation and amortization of the period	--	1 391 994	20 292 073	36 018 787	4 021 407	739 708	3 661 505	--	5 964 164					72 089 637				
Depreciation of disposals	--	--	--	(695 467 3)	--	--	--	--	--					(3 467 695)				
As of June 30, 2022	--	7 057 807	90 849 402	213 448 920	35 606 233	9 112 273	17 105 315	149 298	11 136 147					384 465 395				
Net book value																		
As of June 30, 2022	52 490 500	104 301 693	36 868 128	175 524 544	34 482 438	4 722 838	29 103 201	2	73 107 684					510 601 027				
As of December 31, 2021	25 970 500	105 693 687	38 116 162	182 735 006	31 202 015	2 098 076	24 178 188	2	39 633 110					476 146 746				

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

Notes to the condensed separate interim financial statements

For the Six months ended June 30, 2022

5. Intangible assets

	<u>Licenses</u>	<u>Programs</u>	<u>Total</u>
<u>Cost</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
As of January 1, 2021	38 867 471	222 382 308	261 249 779
Additions during the year	25 964 158	87 152 222	113 098 380
As of December 31, 2021	64 831 629	309 534 530	374 366 159
Additions during the period	5 154 483	84 385 675	89 540 158
As of June 30, 2022	69 986 112	393 920 205	463 906 317
<u>Accumulated amortization</u>			
As of January 1, 2021	14 876 938	62 818 775	77 695 713
Amortization for the year	3 429 106	26 522 612	29 951 718
As of January 1, 2022	18 306 044	89 341 387	107 647 431
Amortization for the period	2 715 486	18 104 772	20 820 258
As of June 30, 2022	21 021 530	107 446 159	128 467 689
<u>Net book value</u>			
As of June 30, 2022	48 964 582	286 474 046	335 438 628
As of December 31, 2021	46 525 585	220 193 143	266 718 728

6. Projects Under Construction

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

7. Investments in subsidiaries

The increase in investments in subsidiaries is mainly due to capital increase for Fawry Micro Finance by amount of EGP 50 million, the company subscribed in the all amount of the increase.

8. Investments in associates and joint ventures

	<u>Type of investment</u>	<u>Ownership %</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
<u>Description</u>			<u>EGP</u>	<u>EGP</u>
Bosta Co.	Associate	%9.05	12 423 230	12 423 230
Tazcara for information Technology Co.	Associate	%20	200 000	200 000
Roaderz Technologies Co.	Associate	%30	3 600 000	360 000
Waffarha.Com	Joint Venture	%30	2 250 000	2 250 000
			18 473 230	15 233 230

During the first quarter of 2022 the company has Paid the remaining amount of the investment in Roaders Technology Co. amounted of EGP 3.24 million.

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

Notes to the condensed separate interim financial statements

For the Six months ended June 30, 2022

9. Investment at fair value through other comprehensive income

<u>Company Name</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
	<u>EGP</u>	<u>EGP</u>
El Menuz	15 716 676	15 716 676
Brimore	15 700 000	15 700 000
Brenger	15 755 300	15 755 300
Mylerz	9 133 125	--
	56 305 101	47 171 976

During the second quarter of 2022 the company invested an amount of EGP 9.13 million in Mylerz company.

10. Investment at Fair Value through Profit or Loss

<u>Company Name</u>	<u>Number of Policies</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
		<u>EGP</u>	<u>EGP</u>
Fawry Misr Capital fund	12 500 000	12 500 000	--
Fair value gain on investment measured at FVPL		333 250	--
		12 833 250	--

During the period, company invested in Fawry Misr Capital fund.

11. Loans to related parties

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Fawry for microfinance	110 860 702	122 190 000
Less: Expected credit losses	(162 332)	(260 974)
	110 698 370	121 929 026

12. Accounts and Notes receivables

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accounts receivables – Billers and banks	68 305 043	37 267 409
Notes receivable	322 729	1 631 404
Less: Expected credit losses	(5 239 237)	(1 298 570)
	63 388 535	37 600 243

The increase in accounts and notes receivables is due to the increase in the volume of transactions, which was reflected in the increase in revenue during the period, therefore the accounts and notes receivables increased by EGP 31 million.

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

Notes to the condensed separate interim financial statements

For the Six months ended June 30, 2022

13. 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	2 679 277	2 407 203
Accrued revenue	7 108 483	4 755 495
Prepaid expenses	17 806 322	7 116 189
Deposits with others	1 372 052	1 346 052
Withholding tax	7 014 573	19 247 935
Other debit balances	39 335 198	7 500 448
Custodies	9 400 965	10 765 565
Less: Excepted credit losses	(24 765)	(26 727)
	84 692 105	53 112 160

14. Due from related parties

	<u>Account type</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
<u>Description</u>		<u>EGP</u>	<u>EGP</u>
Fawry for Fast Moving	Current account	5 781 100	2 406 653
Consumer Goods			
Fawry for Micro Finance	Current account	--	18 960 591
Wafarrha.com	Current account	220 211	220 211
Fawry Brokerage	Current account	1 467 378	2 760 244
Tazcra Information Technology	Current account	1 499 069	1 494 309
and Electronic Booking			
Fawry Dahab for Elctronic	Current account	7 595 314	--
Services			
Fawry Consumer Finance	Current account	--	125 000
Less: Excepted credit losses		(2 195)	(60 267)
		16 560 877	25 906 741

15. Treasury Bills

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
	<u>EGP</u>	<u>EGP</u>
Treasury bills – with maturities up to three months	97 610 000	--
Treasury bills – with maturities after three months	1 503 651 108	1 022 985 555
Add:		
Accrued interest - less than three months	1 531 305	--
Accrued interest - More than three months	26 815 668	74 476 798
Less:		
Expected credit losses	(2 449 599)	(1 006 955)
	1 627 158 482	1 096 455 398

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For the Six months ended June 30, 2022

16. Cash and bank balances

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Cash (*)	356 421 642	--
Current accounts at banks – local currency	205 688 751	243 380 392
E-Acceptance (transactions under settlement)	186 359 508	128 704 285
Cash collection agencies	1 032 449 159	583 161 259
Current accounts at banks – foreign currency	2 681 580	7 233 158
Time deposits – local currency	10 039 452	95 036 110
Time deposits – foreign currency	25 165 139	15 155 942
Less: Expected credit loss	(350 868)	(181 874)
Cash and cash at banks	<u>1 818 454 363</u>	<u>1 073 389 272</u>

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

For the purpose of cash flow statements, the cash and cash equivalents comprise the following:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	<u>EGP</u>	<u>EGP</u>
Cash and bank balances	1 818 454 363	995 413 029
Treasury bills – less than three months	99 141 305	--
	<u>1 917 595 668</u>	<u>995 413 029</u>

17. 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 100 million Egyptian pounds 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 400 million Egyptian pounds 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 par value of EGP 0.50.

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.

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18. Banks facilities

The decrease in bank facilities amounted by EGP 198.5 Million is due to the decrease in the utilized facilities in the second quarter of 2022.

19. Provisions

	<u>Balance as of</u> <u>January 1, 2022</u>	<u>Formed during the</u> <u>period</u>	<u>Balance as of</u> <u>June 30, 2022</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	32 130 642	3 600 000	35 730 642
	32 130 642	3 600 000	35 730 642

20. Creditors and other credit balances

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accrued expenses	61 524 886	33 737 380
Accrued commissions	52 397 841	50 604 607
Tax Authority	44 072 557	50 867 801
Unearned revenue	4 355 693	1 756 320
Health insurance contributions	1 871 604	3 233 187
Transactions under settlement	6 471 728	6 096 583
Other credit balances	22 200 809	15 070 541
	192 895 118	161 366 419

21. Due to related parties

	<u>Nature of</u> <u>relationship</u>	<u>Account type</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
			<u>EGP</u>	<u>EGP</u>
Fawry for Integrated Systems	Subsidiary	Current account	20 479 660	56 137 454
Fawry Dahab for Electronic Services	Subsidiary	Current account	--	79 555 835
Fawry for consumer finance	Subsidiary	Current account	9 073 588	--
Fawry Plus for banking services	Subsidiary	Current account	8 291 351	318 490
			37 844 599	136 011 779

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22. Contingent liabilities

Contingent liabilities consist of the uncovered portion of letters of guarantee issued for some certain parties and entities as follows:

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

Letters of guarantee facilities to 1.236 million Egyptian pounds 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.

23. Significant related parties' transactions

Significant related party transactions during the period as follow:

	<u>Nature of the Transaction</u>	<u>Volume of transactions during the period</u>
		<u>EGP</u>
Fawry Dahab for Electronic Services	Revenue collection on behalf of related party	(241 629 576)
	Electronic Payment services cost on behalf of related party	132 181 206
	Electronic Payment services revenue	41 456 833
	Dividends Revenue	(29 730 859)
Fawry Integrated Services	Program acquisition from related party	(62 582 600)
	POS machine acquisition	(34 109 090)
Fawry for Micro Finance	Capital Increase	50 000 000
Fawry Plus for Banking Services	Loans to related parties	110 860 702
	Credit interest from related party	(7 029 593)
	Revenue collection on behalf of related party	(44 223 719)
	Branch management cost	4 478 541
Fawry for Fast Moving Consumer Goods	Electronic payment service revenue	(15 117 577)

24. Operating revenues

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	<u>EGP</u>	<u>EGP</u>
Transaction's services revenues – collection fees	593 546 351	490 375 671
Subscription revenues	69 253 436	31 383 295
	662 799 787	521 758 966

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25. Operating costs

The increase in operating costs mainly due to the increase in mutual bank commission by amount of EGP 1.9 million, and the increase of cash collection fees by an amount of EGP 43.2 million and Depreciation and amortization by an amount of EGP 13.4 million.

26. 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 27 million, In addition to the increase in subscriptions, technical support and services Centers with an amount of EGP 5.1 million, and increase in depreciation and amortization expenses by an amount of EGP 29.1 million.

27. 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 32.5 million, the decrease in selling and marketing commission by an amount of EGP 12.3 million. In addition to the increase of marketing and advertising expenses by an amount of EGP 35.2 million during the period.

28. Credit Interest

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	<u>EGP</u>	<u>EGP</u>
Credit interest - current accounts and time deposits	8 307 948	3 990 188
Credit interest – treasury bills	65 045 945	45 204 394
Credit interest – loans to related parties	7 029 593	9 248 710
	80 383 486	58 443 292

29. Earnings per share

Earning per share is calculated by dividing net profit by the weighted average of outstanding shares during the period.

	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>EGP</u>		<u>EGP</u>	
	<u>Basic</u>	<u>Diluted</u>	<u>Basic</u>	<u>Diluted</u>
Net profit of the period	40 635 730	40 635 730	90 529 802	90 529 802
Average number of shares	1 840 637 453	1 851 849 511	951 748 564	951 748 564
	0.02	0.02	0.10	0.10

30. Share-based payments

The main reason for the increase in share-based payments is due to the recognition of expenses related to first half of the current year amounted by EGP 29.5 million compared to EGP 9.5 million at prior period June 30, 2021 as the plan started on May 10, 2021.

31. Tax Position

The Company's profit is subject to tax in accordance with the income tax law no. 91 for year 2005, its executive regulations and 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 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 for the mentioned period and tax differences were settled..

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.

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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.

32. Legal Position

During the third quarter of 2019, a company filed a lawsuit against Fawry for Banking Technology and Electronic Payments "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. Significant events during the period

- 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 analysing market developments in this highly volatile situation. However, the company's management considers that there is currently no indication of disruption to the company's business or failure to meet the company'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 AGM decided to distribute an amount of EGP 19.3 million to the company's employees.

34. Significant events during the period

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

35. Comparative figures:

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