

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

**Condensed Separate Interim Financial Statements
For the nine months ended September 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 September 30, 2022, and the related condensed separate interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine 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 September 30, 2022, and of its separate financial performance and its separate cash flows for the nine months' period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements".

Cairo – November 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 September 30, 2022

	<u>Note No.</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
		<u>EGP</u>	<u>EGP</u>
Assets			
<u>Non-current assets</u>			
Fixed assets	(4)	601 353 232	476 146 746
Intangible assets	(5)	363 137 185	266 718 728
Projects under construction	(6)	28 448 703	16 199 524
Investments in subsidiaries	(7)	226 514 882	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		19 861 573	8 230 058
Total non-current assets		1 314 093 906	993 215 144
<u>Current assets</u>			
Inventories		3 198 362	298 046
Accounts and notes receivable	(12)	50 093 434	37 600 243
Debtors and other debit balances	(13)	75 882 792	53 112 160
Advances to billers		414 939 207	372 680 643
Due from related parties	(14)	19 320 904	25 906 741
Investments at fair value through Profit or loss	(10)	13 042 125	--
Loans to related parties	(11)	139 414 185	121 929 026
Treasury Bills	(15)	1 622 471 650	1 096 455 398
Cash and cash at banks	(16)	1 644 959 031	1 073 389 272
Total current assets		3 983 321 690	2 781 371 529
Total assets		5 297 415 596	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)	124 282 270	52 398 017
Share issuance expenses reserve		(5 818 102)	(2 835 763)
Retained earnings		447 249 835	387 664 366
Total equity		2 272 516 086	1 338 007 722
<u>Non-Current liabilities</u>			
Deferred tax liabilities		14 511 738	14 313 398
Lease liabilities		73 896 728	35 931 789
Total non current liabilities		88 408 466	50 245 187
<u>Current liabilities</u>			
Bank credit facilities	(18)	133 939 341	431 224 733
Provisions	(19)	32 032 696	32 130 642
Accounts and notes payable		26 902 254	70 405 635
Accounts payable - Billers		1 903 284 418	1 009 535 411
Merchant advances		451 322 045	444 655 635
Retailers' POS security deposits		73 672 995	62 338 903
Creditors and other credit balances	(20)	209 398 298	161 366 419
Due to related parties	(21)	72 057 947	136 011 779
Current income tax		23 469 630	33 915 216
Lease liabilities		10 411 420	4 749 391
Total current liabilities		2 936 491 044	2 386 333 764
Total equity and liabilities		5 297 415 596	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

Chief Executive Officer

Chairman

limited review report attached.

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

Condensed separate interim statement of profit or loss

for the nine months ended September 30, 2022

Note No.	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	EGP	EGP		
Operating revenues	(24) 1 056 387 965	818 583 609	393 588 178	296 824 643
Operating costs	(25) (443 193 872)	(354 769 940)	(147 264 763)	(118 624 232)
Gross margin	613 194 093	463 813 669	246 323 415	178 200 411
General and administrative expenses	(26) (317 112 441)	(201 719 030)	(119 888 959)	(80 442 623)
Selling and marketing expenses	(27) (277 727 741)	(201 370 874)	(99 466 666)	(78 628 335)
Employee stock ownership plan expenses (ESOP)	(30) (51 695 624)	(26 595 454)	(22 221 314)	(17 097 103)
Allowances for the Board of Directors	(2 700 064)	(2 102 067)	(1 167 954)	(855 000)
Health insurance contribution	(3 089 975)	(2 355 986)	(1 218 373)	(835 863)
Expected credit loss	(2 108 749)	--	3 319 150	--
Provisions formed	(19) (5 400 000)	(2 500 000)	(1 800 000)	(900 000)
Net gain from incentives of spreading POS points of CBE initiative	--	19 278 912	--	--
Net gain from investments at fair value through profit or loss	542 125	--	208 875	--
Credit interest	(28) 141 449 532	98 368 222	61 066 046	39 924 930
Gain on sale of fixed assets	3 517 302	4 028 125	537 464	883 206
Other revenues	4 904 362	3 320 417	2 426 607	1 132 875
Operating profit	103 772 820	152 165 934	68 118 291	41 382 498
Finance costs	(27 904 977)	(21 938 581)	(7 575 730)	(10 068 412)
Dividends from investments in subsidiaries	29 730 859	12 060 499	--	--
Gain from the sale of subsidiaries shares	--	6 680 000	--	--
Foreign currency exchange	6 046 998	95 409	784 104	79 605
Other expenses	--	(3 632 593)	--	(1 030 593)
Profit for the period before tax	111 645 700	145 430 668	61 326 665	30 361 098
Current income tax	(23 936 416)	(32 594 505)	(14 253 111)	(8 054 737)
Net profit for the period after tax	87 709 284	112 836 163	47 073 554	22 306 361
Earnings per share for the period - Basic	(29) 0.04	0.09		
Earnings per share for the period- Diluted	(29) 0.04	0.09		

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

Chief Finance Officer

Chief Executive Officer

Chairman

Fawry for Banking Technology and Electronic Payments S.A.E.
Condensed separate interim statement of comprehensive income
for the nine months ended September 30, 2022

	<u>Nine months ended</u>		<u>Three months ended</u>	
	<u>September 30,2022</u>	<u>September 30,2021</u>	<u>September 30,2022</u>	<u>September 30,2021</u>
	<u>EGP</u>	<u>EGP</u>		
Profit for the period				
Other comprehensive income	87 709 284	112 836 163	47 073 554	22 306 361
Total other comprehensive income	--	--	--	--
Total comprehensive income	87 709 284	112 836 163	47 073 554	22 306 361

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

Fawry for Banking Technology and Electronic Payments S.A.E.
Condensed separate interim statement of changes in equity
for the Nine months ended September 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	--	--	--	112 836 163	--	--	112 836 163
Total comprehensive income	--	--	--	112 836 163	--	--	112 836 163
Transactions with Company's owners							
Dividends distributions	--	--	--	(14 566 513)	--	--	(14 566 513)
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)	--	--	37 414 270	--	--	--	37 414 270
Total transactions with the Company's owners	500 000 000	9 329 730	37 414 270	(23 896 243)	(100 000 000)	--	422 847 757
Balance as of September 30, 2021	853 652 060	47 129 042	37 414 270	387 676 230	--	--	1 325 871 602
Items of comprehensive income							
Net profit for the period	--	--	--	87 709 284	--	--	87 709 284
Total comprehensive income for the period	--	--	--	87 709 284	--	--	87 709 284
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	--	--	--	--	--	(5 818 102)	(5 818 102)
Reserve for employee stock ownership plan (ESOP)	--	--	71 884 253	--	--	--	71 884 253
Dividends distributions	--	--	--	(19 267 071)	--	--	(19 267 071)
Total transactions with the Company's owners	800 000 000	6 020 981	71 884 253	(28 123 815)	--	(2 982 339)	846 799 080
Balance as of September 30, 2022	1 653 652 060	53 150 023	124 282 270	447 249 835	--	(5 818 102)	2 272 516 086

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 nine months ended September 30, 2022

	Note	Nine months ended	
		September 30, 2022	September 30, 2021
Cash flows from operating activities:		EGP	EGP
Net profit for the period before tax		111 645 700	145 430 668
Adjusted by:			
Depreciation and amortization		140 461 620	86 102 627
Provisions formed	(19)	5 400 000	2 500 000
Unrealized foreign currency exchange		(6 046 998)	(95 409)
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)	51 695 624	26 595 454
Expected credit losses		2 108 749	--
Fair value gain on investment measured at FVPL	(10)	(542 125)	--
Credit interest	(28)	(141 449 532)	(98 368 222)
(Gain) from the sale of subsidiaries shares		--	(6 680 000)
(Gain) on sale of fixed assets		(3 517 302)	(4 028 125)
Finance Cost		27 904 977	21 938 581
Operating profit before changes in working capital		157 929 854	142 056 163
Changes in working capital			
(Increase) in inventories		(2 900 316)	(197 819)
(Increase) / Decrease in advances to billers		(42 138 825)	49 488 807
(Increase) / Decrease in debtors and other debit balances		(22 710 555)	15 962 761
(Increase) in accounts and notes receivable		(14 222 168)	(6 632 383)
Decrease / (Increase) in due from related parties		17 990 060	(29 178 997)
(Decrease) in accounts and notes payable		(43 503 381)	(8 411 886)
Increase in billers payable		893 749 007	331 801 404
(Decrease) / Increase in due to related parties		(63 953 832)	36 561 805
Increase in advances to merchant advances		6 666 410	156 558 700
Increase in retail deposits		11 334 092	17 858 125
Increase in creditors and other credit balances		45 049 540	18 387 371
(Increase) / Decrease in loans to related parties		(17 203 442)	28 327 912
Used from provisions		(5 497 946)	--
Income tax paid		(37 822 373)	(18 065 673)
Proceed from credit interest		140 907 407	98 368 222
Net cash generated from operating activities		1 023 673 532	832 884 512
Cash flows from investing activities			
(Payments) to acquire fixed assets		(192 065 951)	(262 427 970)
(Payments) for projects under construction		(12 249 179)	(1 368 161)
(Payments) to acquire intangible assets		(128 085 112)	(82 014 052)
Proceeds from the sale of fixed assets		10 141 602	9 039 825
Net proceeds from incentives of spreading POS points of CBE initiative		--	68 206 579
(Payments) in investments at fair value through profit or loss.		(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		(66 240 000)	(41 913 449)
Net movement of treasury bills - more than three months		(479 439 990)	(555 191 665)
Proceeds from Dividends from investments in subsidiaries		29 730 859	12 060 499
Proceeds from sale of subsidiaries shares		--	6 680 000
Net cash (used in) investing activities		(859 840 896)	(846 928 394)
Cash flows from financing activities			
Proceeds from Capital increase		800 000 000	400 000 000
(Payments to)\Proceeds from bank facilities		(297 285 392)	(24 225 392)
(Payments) Dividends distributions		(19 267 071)	(14 566 513)
(Payments) of lease liabilities		(10 259 148)	(14 425 611)
(Payments) of finance expense		(22 578 662)	(21 938 581)
Net cash generated from financing activities		450 609 727	324 843 903
Net change in cash and cash equivalents during the period		614 442 363	310 800 021
Cash and cash equivalents at beginning of the period		1 073 389 272	616 985 307
Changing currency difference for cash and cash equivalent		6 046 998	95 409
Cash and cash equivalents at end of the period	(16)	1 693 878 633	927 880 737

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

1. General information

Fawry for Banking Technology and Electronic Payments 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 information technology 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 November 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. These 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)

Cost	Land	Buildings	Networks and Servers	Point of sales machines	Computers	Furniture & Office equipment	Leasehold improvements on rental places	Vehicles	Right of use branches and	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
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	--	44 805 093	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	--	--	19 255 798	137 340 826	8 563 917	10 328 868	16 576 542	--	48 559 801	240 625 752
Disposals	--	--	--	(11 929 076)	--	--	--	--	--	(11 929 076)
As of September 30, 2022	52 490 500	111 359 500	127 929 289	489 044 584	71 350 758	20 799 509	54 198 540	149 300	93 364 894	1020 686 874
Accumulated depreciation										
As of January 1, 2021	--	4 198 637	43 620 064	137 546 784	26 906 892	7 050 123	9 313 727	149 298	--	228 785 525
Depreciation and amortization of the year	--	1 467 175	26 937 265	54 013 427	4 677 934	1 322 442	4 130 083	--	5 171 984	97 720 310
Depreciation of disposals	--	--	--	(10 662 383)	--	--	--	--	--	(10 662 383)
As of December 31, 2021	--	5 665 812	70 557 329	180 897 828	31 584 826	8 372 565	13 443 810	149 298	5 171 984	315 843 452
Depreciation and amortization of the period	--	2 087 991	27 801 141	55 342 898	6 395 380	1 291 949	5 871 888	--	10 003 718	108 794 965
Depreciation of disposals	--	--	--	(5 304 775)	--	--	--	--	--	(5 304 775)
As of September 30, 2022	--	7 753 803	98 358 470	230 935 951	37 980 206	9 664 514	19 315 698	149 298	15 175 702	419 333 642
Net book value										
As of September 30, 2022	52 490 500	103 605 697	29 570 819	258 108 633	33 370 552	11 134 995	34 882 842	2	78 189 192	601 353 232
As of December 31, 2021	52 490 500	105 693 688	38 116 162	182 735 006	31 202 015	2 098 076	24 178 188	2	39 633 109	476 146 746

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

Notes to the condensed separate interim financial statements

For the nine months ended September 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	6 239 186	121 845 926	128 085 112
As of September 30, 2022	71 070 815	431 380 456	502 451 271
<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	4 100 636	27 566 019	31 666 655
As of September 30, 2022	22 406 680	116 907 406	139 314 086
<u>Net book value</u>			
As of September 30, 2022	48 664 135	314 473 050	363 137 185
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 programs, licenses, servers and furniture during the period by an amount of EGP 37.2 million and transfers to fixed assets by amount of EGP 25 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 under writing in the whole amount of the increase. In addition to investment in Dirack for information systems during the third quarter of 2022 by an amount of EGP 13 million, and this in accordance with shareholders agreement the company paid EGP 3 million and the company committed to pay the rest of the amount of investment is EGP 10 million. (Note No.20).

8. Investments in associates and joint ventures

	<u>Type of investment</u>	<u>Ownership %</u>	<u>September 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
			<u>18 473 230</u>	<u>15 233 230</u>

During the first quarter of 2022 the company has Paid the remaining amount of the investment in Roaders Technologies 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 nine months ended September 30, 2022

9. Investment at fair value through other comprehensive income

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

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

10. Investment at Fair Value through Profit or Loss

<u>Company Name</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	<u>EGP</u>	<u>EGP</u>
Fawry Misr Capital fund	12 500 000	--
Fair value gain on investment measured at FVPL	542 125	--
	<u>13 042 125</u>	<u>--</u>

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

11. Loans to related parties

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Fawry for microfinance Co.	139 858 234	122 190 000
Less: Expected credit losses	(444 049)	(260 974)
	<u>139 414 185</u>	<u>121 929 026</u>

12. Accounts and Notes receivables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accounts receivables	53 480 965	37 267 409
Notes receivable	122 729	1 631 404
Less: Expected credit losses	(3 510 260)	(1 298 570)
	<u>50 093 434</u>	<u>37 600 243</u>

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 12.5 million.

13. Debtors and other debit balances

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Advance payments to suppliers	2 149 134	2 407 203
Accrued revenue	12 009 193	4 755 495
Prepaid expenses	16 246 009	7 116 189
Deposits with others	1 386 298	1 346 052
Withholding tax	14 026 582	19 247 935
Other debit balances	20 644 553	7 500 448
Custodies	9 505 865	10 765 565
Less: Excepted credit losses	(84 842)	(26 727)
	<u>75 882 792</u>	<u>53 112 160</u>

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

Notes to the condensed separate interim financial statements

For the nine months ended September 30, 2022

14. Due from related parties

<u>Description</u>	<u>Account type</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
		<u>EGP</u>	<u>EGP</u>
Fawry for Fast Moving Consumer Goods Co. (subsidiary)	Current account	5 597 109	2 406 653
Fawry for Micro Finance Co.	Current account	-	18 960 591
Wafarrha.com Co.	Current account	220 211	220 211
Fawry Brokerage Co.	Current account	536 721	2 760 244
Tazcra Information Technology and Electronic Booking	Current account	1 500 240	1 494 309
Fawry Dahab for Electronic Services	Current account	11 470 797	--
Fawry Consumer Finance	Current account	--	125 000
Less: Excepted credit losses		<u>(4 174)</u>	<u>(60 267)</u>
		<u>19 320 904</u>	<u>25 906 741</u>

15. Treasury Bills

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	<u>EGP</u>	<u>EGP</u>
Treasury bills – with maturities up to three months	48 142 000	--
Treasury bills – with maturities after three months	1 497 599 806	1 022 985 555
Add:		
Accrued interest - less than three months	777 603	--
Accrued interest - More than three months	76 058 499	74 476 798
Less:		
Expected credit losses	<u>(106 258)</u>	<u>(1 006 955)</u>
	<u>1 622 471 650</u>	<u>1 096 455 398</u>

16. Cash and bank balances

<u>Description</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	<u>EGP</u>	<u>EGP</u>
Cash (*)	419 608 969	--
Current accounts at banks – local currency	224 416 374	243 380 392
E-Acceptance (transactions under settlement)	219 993 154	128 704 285
Cash collection agencies	740 681 842	583 161 259
Current accounts at banks – foreign currency	2 046 882	7 233 158
Time deposits – local currency	10 046 027	95 036 110
Time deposits – foreign currency	28 806 306	15 155 942
Less: Expected credit loss	<u>(640 523)</u>	<u>(181 874)</u>
Cash and cash at banks	<u>1 644 959 031</u>	<u>1 073 389 272</u>

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

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

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
	<u>EGP</u>	<u>EGP</u>
Cash and bank balances	1 644 959 031	927 880 737
Treasury bills – less than three months	48 919 603	--
	<u>1 693 878 634</u>	<u>927 880 737</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 1 653 652 060 distributed on 3 307 304 120 shares with a nominal value of EGP 0.5.

18. Banks facilities

The decrease in bank facilities amounted by EGP 297 million is due to the increase in payment of facilities in the Third quarter of 2022.

19. Provisions

	<u>Balance as of</u> <u>January 1, 2022</u>	<u>Formed during</u> <u>the period</u>	<u>Used during</u> <u>the period</u>	<u>Balance as of</u> <u>September 30, 2022</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	32 130 642	5 400 000	(5 497 946)	32 032 696
	<u>32 130 642</u>	<u>5 400 000</u>	<u>(5 497 946)</u>	<u>32 032 696</u>

20. Creditors and other credit balances

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accrued expenses	69 434 442	33 737 380
Accrued commissions	46 977 815	50 604 607
Tax Authority	33 561 608	50 867 801
Unearned revenue	7 808 838	1 756 320
Health insurance contributions	3 089 977	3 233 187
Financial liabilities (Note 7)	10 000 000	--
Transactions under settlement	10 833 568	6 096 583
Other credit balances	27 602 050	15 070 541
	<u>209 398 298</u>	<u>161 366 419</u>

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21. Due to related parties

	<u>Nature of relationship</u>	<u>Account type</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
			<u>EGP</u>	<u>EGP</u>
Fawry for Integrated Systems Co.	Subsidiary	Current account	--	56 137 454
Fawry Dahab for Electronic Services	Subsidiary	Current account	62 118 491	79 555 835
Fawry for consumer finance	Subsidiary	Current account	7 735 804	--
Fawry Plus for banking services	Subsidiary	Current account	2 203 652	318 490
			<u>72 057 947</u>	<u>136 011 779</u>

22. Contingent liabilities

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

	<u>September 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
	<u>1 236 500 000</u>	<u>1 286 500 000</u>

Letters of guarantee facilities to 1.236 million Egyptian pounds as of September 30, 2022, The utilized amounts from the banks facilities amounted to EGP 855 million Egyptian Pounds as 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 Co.	Revenue collection on behalf of related party	(394 132 005)
	Electronic Payment services cost on behalf of related party	216 776 957
	Electronic Payment services revenue	67 989 137
	Dividends Revenue	29 730 859
Fawry Integrated systems Co.	Program acquisition from related party	(93 090 648)
	POS machine acquisition	(137 340 826)
Fawry for Micro Finance Co.	Capital Increase	50 000 000
	Loans to related parties	139 858 234
	Credit interest from related party	(9 960 299)
Fawry Plus for Banking Services Co.	Revenue collection on behalf of related party	(70 229 340)
	Branch management cost	4 478 541
Fawry for Fast Moving Consumer Goods Co.	Electronic payment service revenue	26 189 129

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24. Operating revenues

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
	<u>EGP</u>	<u>EGP</u>
Transaction's services revenues – collection fees	939 583 293	745 232 361
Subscription revenues	74 697 369	53 210 765
Other revenue	42 107 303	20 140 483
	<u>1 056 387 965</u>	<u>818 583 609</u>

25. Operating costs

The increase in operating costs mainly due to the increase in mutual bank commission by amount of EGP 13.3 million, and the increase of merchants fees by an amount of EGP 6 million, the increase of cash collection fees by an amount of EGP 23.5 million and increase in Branches cost by an amount of EGP 29.5 million and increase in Depreciation and Amortization by an amount of EGP 13.2 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 53 million, in addition to the increase in subscriptions, technical support and services Centers with an amount of EGP 13.4 million during the period and increase in insurance expenses by amount of EGP 4.4 million, and increase in Depreciation and Amortization expenses by an amount of EGP 41.6 million.

27. Selling and Marketing expenses

The main reason for the increase in selling and marketing expenses is the increase of the salaries by an amount of EGP 26 million, In addition to the increase of marketing and advertising expenses by an amount of EGP 50.4 million during the period.

28. Credit Interest

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
	<u>EGP</u>	<u>EGP</u>
Credit interest - current accounts and time deposits	10 659 159	4 939 154
Credit interest – treasury bills	120 830 073	81 175 430
Credit interest – loans to related parties	9 960 299	12 253 638
	<u>141 449 532</u>	<u>98 368 222</u>

29. Earnings per share

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

	<u>September 30, 2022</u>		<u>September 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	87 709 284	87 709 284	112 836 163	112 836 163
Average number of shares	2 336 715 885	2 350 405 782	1 209 526 342	1 209 966 108
	<u>0.04</u>	<u>0.04</u>	<u>0.09</u>	<u>0.09</u>

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30. Share-based payments

The main reason for the increase in share-based payments is due to grant 51.8 million shares on 7 July 2022 in addition to that the ESOP program started at 10 May 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 2017

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

The period from 2018 until 31 December 2019

- The Company received the notifications of requesting for examination for the mentioned years and it's preparing for the office/field inspection.

The period from 2020 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 Company received the notifications of requesting for examination for the mentioned years and it's preparing for the office/field inspection.

Sales tax / VAT tax

The period from inception until 31 December 2019

- The company's records have been tax inspected and the tax differences have been paid.

Years 2020 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.

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.

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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 "the Company" and one of its subsidiaries 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.
- During July 2022 the company granted 51.8 million shares regarding ESOP Program.

34. Significant events during the period

On October 27, 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 13.25%, 14.25% and 13.75%, respectively. The credit and discount rate was also raised by 200 basis points to 13.75%.

35. Comparative figures:

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